TIME CREDIT AND LEAVE SCHEMES IN THE BELGIAN WELFARE STATE

Paper presented at TLM.net conference

Quality in Labour Market Transitions: an European Challenge

(Workpackage 6)

25-26 November 2004
Royal Academy of Sciences
Amsterdam

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1. The Belgian Time Credit: Basic Issues

1.1. Introduction: The need for a new work-life balance and transitional labour markets

The basic assumption of the concept of 'transitional labour markets' (TLM) is that full employment in the sense of continuous paid work for all over the entire life course is no longer possible, and also no longer desirable. The above concept of full employment arose in a bread winner based society with full time working men and full time caring women. Processes of individualization such as the risen education level of women and changes in norms and values have led to a strong feminization of the workforce and thus to a shift from single male breadwinner households towards dual earner households. As more women are entering the labour market, more workers are characterized by a lack of time to care or to have some free personal time. In such a changed labour market context of dual earner ship the lack of time holds a danger of 'burn out' which is at the same time at the disadvantage of well-being of families and at the disadvantage of employment levels. The idea is that because of the difficult combination of work and care some workers are reluctant to enter the labour market or they withdraw from the labour market too early. The TLM concept anticipates on the need to combine paid work and personal life. The basic starting point is that paid work should be viewed in the light of other important life spheres, such as care, training, leisure,... Consequently, social policy needs to provide individuals with the necessary instruments that enable them to modulate their working time over the life cycle: the combination of work and other activities should be eased in a smooth way over the life-course.

According to the TLM concept 'a good policy' instrument is assumed to meet at least three criteria:

1. A 'good' policy instrument should facilitate transitions between life-spheres by providing income *protection* in order to prevent transitions from leading to poverty and social exclusion. New entitlements will offer people real opportunities while at the same time making them responsible for their life-long career (see the principle of 'responsible equality of resources', stressed in the TLM publications (Schmid and Schömann, 2003).
2. A 'good' policy instrument should not only provide income protection of transitions, but it should also preserve or even improve the *employability* of people. This implies that such instruments have a 'temporal' character, that they are supported with capacity building and that the ultimate goal is the return to paid work.
3. TLM assumes *mutual responsibility by public and private actors* (public-private mix). An effective and efficient risk management should shift the main function of the state from 'government' to 'governance'. Modern government is defined as the joint management of risks by public and private actors at various levels of organization (Schmid, 2001).

With regards to the work-life balance a good policy instrument according to the TLM perspective should increase individual working time options over the life cycle through social security while at the same time increasing responsibility and employability of the individual.

In this paper, we will present an overall picture of the most important leave scheme within the Belgian welfare state, the time credit system. The first part will focus on some basic issues concerning the time credit system. In a first paragraph, we will draw a picture of the main characteristics of the time credit system. A second paragraph will deal with some evolutions that took place within the system and review them from a TLM perspective. The last paragraph will be devoted to a critical analysis of the recent discussion concerning the idea to reform the present system into an alternative system of time saving.
The second part will focus on some empirical evidences concerning the career break and time credit system. First, we will elaborate on the user profile of the time credit system and career break system on the basis of administrative data. We will discuss the evolution of the number of users, the gender and age profile of the users, the take up of full time and part time leave and the distribution of users over the different sectors. Second, we will discuss the available information on transitions after termination of leave. In a third part we conclude with some final considerations.

1.2. Basic characteristics of the Belgian Time credit

Time credit is the most important leave scheme in the Belgian welfare state. The forerunner of the present time credit system was the career break system, which already started off in 1985. In 2002, this system was reformed for the employees in the private sector into the ‘time credit system’. Employees in the public sector have their own career break arrangements, which are in fact very similar to those in the private sector. Contrary to the system in the private sector, the career break system of the public sector was not reformed into a new time credit system. In this section, we will focus solely on the main characteristics of the time credit system as it exists today for employees in the private sector.

First, the time credit system is rather *flexible*: it offers employees in the private sector the possibility to interrupt their career or to reduce working hours with 50 % for minimum 3 months and maximum one year (this maximum period can be elaborated at the sector level; see later in text). Moreover, it is also possible to reduce working hours with 20 % for minimum 6 months and maximum five years.

Second, contrary to most existing leave schemes, *one does not need a specific reason to take up time credit*. Time credit can thus be taken up for a variety of reasons (care, study, travel, hobby, …).

Third , take up of time credit is a *right* for all employees in the private sector, except for the employees working in small firms with less than 10 employees. However, in order to avoid organizational difficulies, time credit can only be taken up by 5 % of the employees in a firm at the same time. Once the 5 % treshold is achieved, the employer is obliged to work out a priority plan that stipulates which employees are the first in line to exert their right to time credit (Verbrugge, 2002).

Fourth, in order to be entitled to take up time credit, employees have to meet with *minimal work requirements*. Employees who wish to take a full time career break or who want to reduce working hours with 50 %, have to be employed with the same employers for at least 12 months in a period of 15 months prior to application. For employees who opt for a reduction in working time with 20 %, the entitlement conditions are more stringent: they have to be employed at least five years with the same employer at the moment of application, of which the last 12 months on a full time basis (Verbrugge, 2002).

A fifth characteristisc is that employees on leave are entitled to *a flat rate benefit*. The levelof the benefit is dependent on the age of the employee, the formula chosen (full time career interruption, reduction in working hours with 50% or 20%), the number of years worked and the family situation. In general, benefits are higher for employees with a longer work history.

Table 1 Level of the time credit benefit in 2004 (monthly amounts in €)

	< 5 years seniority	> 5 years seniority	
		< 20 years seniority	> 20 years seniority
Full time career interuption	361,73	482,31	
Reduction with 1/5			
• < 50 years	- -	109,81 141,70 (1)	
• 50 and older	- -	109,81 141,70 (1)	154,27 186,17 (1)
Reduction with 1/2			
• < 50 years	166,73	222,32	
• **50 and older**	166,73	222,32	332,11

(1) Single employees or lone parents

Source: RVA (National Office for Employment)

This benefit is paid out by the general unemployment insurance . The integration of the time credit system in the unemployment insurance can be explained by the fact that the former career break system was originally an employment measure (see paragraph 1.3. for more details).

A sixth characteristic is that time credit *differentiates between employees of 50 and older and younger employees with regards to the benefit level as well with regards to benenfit duration.* Within the time credit system, conditions are more favourable for older employees. Employees of 50 and older receive a higher benefit then their younger counterparts. They are also entitled to reduce working hours with 20 % or 50 % without time restrictions[1]. This means that they have the right to reduce working hours from the moment they turn 50 until retirment age (Verbrugge, 2002).

[1] At least, if they have a minimal work history of 20 years.

A next characteristic is that job security is provided through the *job protection regulations* that have been build into the system. Employees are protected from dismissal from the moment they apply for time credit until three months after termination of the career interruption or reduction in working hours. Both the entitlement to a social security benefit and the maintenance of rights in social security indicate that the time credit system is strongly embedded within the social security system. This is also reflected in the way the system is financed: through earmarked contributions. In practice however, these contributions are supplemented with general state subsidies and the financing of benefits has been globalized, which is called a system of global administration (levelling shortages and surplusses over the various social security sectors). This results in an increasing collective solidarity logic and a weakening of a pure insurance character.

A last characteristic is that the concrete modalities of the time credit system are filled in at various policy levels. First the time credit system is shaped by both federal regulations and collective labour agreements negotiated at the sector level. Minimal standards are stipulated by federal law. These minimal standards include the entitlement conditions and the flat rate level of the benefit. The sectoral agreements can result in intersectoral variation with regard to the maximum duration of the time credit. The federal standard defines a period for a time credit of one year, but sectors can enlarge the duration up till maximum five years. In practice however, only a limited number of sectors have actually done this and a large number of sectors has not made any elaboration of the duration at all[2]. Second, in Flanders, the benefit paid out by the unemployment insurance is in some cases supplemented with a benefit paid out by the Flemish government[3]. These specific cases include the take up of time credit in function of care or study. The supplemenatry benefits are called ‘care credit’ and ‘study credit’ respectively. In 2003, more than 21 000 people within the time credit system were entitled to a supplementary Flemish benefit, of which the overwhelming majority (98%) received a care credit (Ministry of the Flemish Government, 2003). As table 2 shows, the level of the benefit depends on the working time regime of the employee in the 12 months prior to application and also varies according to the type of time credit taken up.

Table 2. Level of supplementary Flemish benefit in 2004 (monthly amounts in €)

	Full time employment	Part time employment, minimum 50 % of full time job	Part time employment, > 20% and < 50 % of full time job
Full time career interruption	150	100	50
Reduction with 1/5*	50	-	-
Reduction with 1/2	100	-	-

* Only for employees who are entitled to a care credit

Source: website Flemish Government, 2004

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[2] According to figures of the Family League.

[3] Employees in the public sector who are entitled to a benefit within the career break system of the public sector, can also receive a supplementary Flemish benefit. In order to be entitled they have to work in one the following sectors: the Ministry of the Flemish government, the Flemish public institutions, the communal and provincial authorities in Flanders or the Dutch speaking educational system.

1.3. Evolutions within the career break system

The forerunner of the time credit system was the career break system. The career break system was introduced in 1985. Over the years, the career break system has undergone several changes, indicating that the way the career break system functions within the Belgian welfare state has altered significantly since its introduction in 1985. One of the most remarkable trends is the shift from career breaks as an employment measure to a measure aimed at reconciling work and private life. This shift reflects the changing context in which the reforms took place.

1.3.1. A changing context

The career break system was introduced in a context of economic hardship and its related problems of high unemployment levels and budgetary difficulties. Lowering the high unemployment levels was considered as a key measure to reduce public deficits. Not suprisingly, the main goal of the career break system was to increase employment through the redistribution of labour. The work redistributive objective was ensured through the obligation to replace every employee on leave by a person entitled to an unemployment benefit. Interestingly to note is that, although the career break system was introduced as an employment enhancing tool, it's net employment impact has never been scientifically evaluated. Another important remark is that although a clear economic rationale predominantly influenced the creation of the career break system, the discussion that preceded its introduction was not confined to economic arguments. Especially the Green party and the Christian –Democrats emphasized the role of the career break system as a social instrument to shape family policy and to prevent social exclusion (Vanderweyden, 2000).

With the introduction of the time credit system, the 'quality of life' aspect has been growing more dominant. The context in which the career break system was introduced was indeed quite different from the period of introduction of the career break system.
First, it was established in a context where the generalization of dual earnership has increased the number of employees that have to deal with both work and care responsabilities. Consequently, as can be read in several policy documents at the beginning of the new millennium (Onkelinx, 2000; Landuyt, 2000), the career interruption system is increasingly viewed as a measure that not only increases employment, but also provides households with more time in order to improve their well being. With the introduction of the time credit system by the Law on Reconciliation of Employment and Quality of Life, the idea that the goal to balance paid work and private life should be placed on the same foot as the goal to increase employment levels, has been translated into the legal framework (Vanderweyden, 2000).
Second, the time credit system has also been installed at a moment of a temporal improved economic and budgetary situation. We witnessed a strong employment growth for the year 2001 and in particular 2002 and a general loosening of budgetary restrictions (e.g. social security benefits in several sectors were increased, taxes were reduced, etc..) in an 'optimistic' climate of Belgian public finances, which have succeed in eliminating budgetary deficits since 2000.

1.3.2. From an employment to a quality of life focus

It is clear that with the introduction of the time credit system, the changing focus from employment to quality of life has been absorbed into the legal framework. The time credit system indeed differs at several points from the previous career break system, indicating that the system has evolved from an employment measure to a measure aimed at reconciling work and private life. However, the growing emphasis on the goal to balance paid work and private life, was also revealed through the changes that took place within the career break system before the introduction of the time credit system. The installation of three thematic leaves is undoubtely the most clear example. In this paragraph, we will first discuss the significance of the introduction of the three thematic leaves. We will also present a brief discussion of two important differences between the time credit system and the previous career break system: the abolition of the replacement obligation and the introduction of a right to take leave.

1.3.2.1 The introduction of three thematic leaves

In the second half of the nineties, three thematic leaves were introduced: parental leave, medical care leave and palliative care leave. Contrary to the career break system, the thematic leaves can only be taken up in specific circumstances. As in the general career break system, employees on thematic leave are entitled to a benefit, maintain their rights in social security and are protected from dismissal. Furthermore, the thematic leaves have been introduced as a bonus: they are not counted in the calculation of the total period of leave taken by an employee throughout his career. Important to note is that the conditions of the thematic leaves are more favourable compared to those of the career break system. Employees taking up a thematic leave receive a higher benefit. Furthermore, the use of thematic leaves is less dependent upon the approval of the employers. The use of the career break system can be refused by employers. The use of the thematic leaves can only be postponed and requires a well founded reason (Verbrugge, 2002). In fact, these differences indicate that familial circumstances are considered as a strong legitimate reason for a career interruption in Belgium. Not suprisingly, the thematic leaves have not dissappeared but co-exist with the new time credit system and have still more favourable conditions (higher benefits and less stringent eligibillity criteria). The recently announced intention of the federal government to elaborate the parental leave system also points in the same direction.

Table 3 Flat rate benefit in case of a full time career interruption for employees < 50 years in the private sector, October 2004 (monthly amounts in €)

	< 5 years seniority	> 5 years seniority
Time credit	361, 73	482, 31
Parental leave	501,79	501,79
Palliative care leave	501,79	501,79
Medical care leave	501,79	501,79

Source: National Office of Employment

1.3.2.2 Differences between the career break system and the time credit system

A first difference between both system that illustrates the changing focus from employment to the quality of life is the dissappearance of the replacement obligation. One of the basic characteristics of the career break system was that every employee taking a career break (full time or part time) obtains a benefit from social security if he is replaced by an unemployed person entitled to an unemployment benefit. The replacement obligation did not only illustrate the fact that the career break system was an employment measure but also guaranteed its self financing character, which was an important feature in times of budgetary difficulties. The idea was that each career breaker was paid because an unemployed was leaving unemployment insurance. Over time, several exceptions to the replacement obligation were introduced. The liberalizations of the replacement rule must be seen as a political response to the employer's demands. From the very beginning of the career break system, employers have opposed against the replacement obligation because they feared this obligation would place them in an uncomfortable position if they were unable to find a good substitute. Not surprisingly, the replacement obligation dissappeared completely with the introduction of the new time credit system[4]. Labour unions reacted on the elimination of the replacement obligation because the goal of redistribution of labour was left, which also increases the risk that other employees in the firm become overloaded. Furthemore, it undermines the self-financing character of the system, which leads to an increased pressure on social security. On the other hand, one could state that with the disappearance of the replacement obligation, the system has evolved from a mainly employment measure to a measure aimed at a better combination of paid work and private life.

A second difference between both systems is that *a right to take leave* was installed with the introduction of the time credit system. Within the career break system, taking leave was dependent upon the approval of the employer. Although there was a tendency to install a limited right to career breaks in specific –mostly familial-circumstances through collective labour agreements (Malderie, 1997), a large advancement was made with the introduction of the time credit system. Within this system, taking leave was no longer dependent on the permission of the employer but becomes a right for (almost) every employee. In order to avoid organizational difficulties at the firm level, only 5 % of the employees can take up time credit at the same time. This does not mean however, that the other employees loose their right to take leave once the 5% threshold is achieved. It only means that employers at the firm level have to work out a priority plan that stipulates which employee is the first in line to exercise his right to take up time credit. However, the introduction of a right to take leave implies a negative side: the regulations within the time credit system are at several points less favourable than in the career break system. The most remarkable difference is the maximum period of time during which leave can be taken. In the former career break system, employees could take up to five years of career interruption throughout their career. In the time credit system, this maximum period has been pushed back to one year. This maximum period of 1 year can be elaborated through collective labour agreements negotiated at the sector level or sometimes at the firm level. In practice however, only a limited number of sectors have actually done

[4] Within the system of thematic leaves also, the replacement of employees is no longer required.

this[5]. A second difference is the eligibility criteria, which are far more stringent within the time credit system. Throughout the years, the career break system obtained a larger scope due to the disappearance of minimal work requirements. Within the time credit system however, taking leave is only available to employees who have worked at least 12 months full time in a period of 15 months prior to the application. Employees who opt for a reduction of working time with 1/5 even have to be employed with the same employer for at least five years. A last important difference lies in the flexibility of the system. The time credit system is less flexible compared to the former career break system because the possibility to reduce working hours with 1/3 and 1/4 does no longer exist.

It is clear that the diminution of the maximum period of take up, the more stringent eligibility criteria and the decrease in flexibility are in some way a trade-off with the time credit as a right. All three stipulations must be seen as a way to meet with employers' demands, since most employers were strongly opposed against the installation of a generalized right to take leave...

1.3.2.3 Viewed from the TLM perspective

There is no straightforward answer to the question whether the changes outlined above, have placed the time credit system more or less in line with the TLM concept. It is clear that the time credit system anticipates to the growing need to reconcile work and private life. In this sense, the time credit system fits more into the TLM concept then the former career break system that mainly focused on employment. Of course the career break system was in practice often used to obtain a better combination between work and family. Important however, is that with the introduction of the time credit system, the user perspective has been incorporated into the legal framework and thus reflects a society that explicitly acknowlegdes the need to balance work responsibilities with responsibilities from other life spheres. It also points to a shift in policy discourse whereby formal employment is seen from the perspective of other life spheres *and* from a life course perspective. The idea that employees are not solely focused on formal employment but also have care responsibilities, is most widely accepted. This is also reflected in the introduction of the thematic leaves, of which the use was a right long before the installation of the time credit system.

It is also clear that due to the introduction of a right to time credit, employees are far less dependent upon the approval of their employers to take leave. Time credit acknowledges the fact that people at some point in their life need to invest more in their personal life and subsequently have to be able to decrease the time spent in the labour market without running the risk for facing severe financial penalties or even exclusion from the labour market. However, if we look at the concrete modalities, it is appears that the time credit system offers less possibilities to modulate working time over the life course. Not only has the maximum period of take up been reduced, but also the number of options to reduce working time. Moreover, although the introduction of a right has enlarged its scope significantly, this effect is limited through the installation of more stringent eligibility criteria. Due the requirement of a

[5] According to the Family League more than half of all sectors do not go further than the legal minimum. About 10% of the sectors has elaborated the maximum period to two years, 14 % to three years and only 20% of the sectors have implemented a maximum period of five years.

minimal work history, the time credit system is only available to employees with stable labour market careers. More vulnerable groups on the labour market that are often found in unstable jobs, remain excluded from the system. It seems that the time credit system does not meet with the requirement of 'equality of resources', since it can be expected that not everyone is able to build up enough rights to be entitled to paid leave. Viewed from the TLM perspective, one could also state that these limitations fit within a tendency to a larger *responsabilization* of employees. The time credit system grants a right to take leave for only a limited period of time and requires that employees wishing to take leave earn this right through paid work. Furthermore, the limitations of the time credit system confront the need of employees to reduce their working time à la carte with the economic reality within firms.

1.4. Timesaving as a new and better alternative ?

1.4.1. The existing system under pressure

The time credit system is increasingly subject of public discussion. In a context of weak economic growth and budgetary tensions the growing success and hence the strong rise in expenditure of the time credit system became a first point of discussion. Table 2 indicates that the expenses for time credit have grown substantially since its introduction in 2002.

Table 4 Evolution of the expenditures for the time credit system (yearly amounts in million €)

year	Expenditures
2001	273,61
2002	352,41
2003	432,03

Source: National Office of Employment (RVA)

In Belgium, as well as in many other countries, the budgetary limits for policy improvements are increasingly related to the risen public expenditures related to ageing, in particular pensions and health costs. Estimates show that over the period 2003-2030 the cost of ageing will lead to a net increase of social expenditures of 3.4 % of BNP. (Studiecommissie van de Vergrijzing, 2004). To secure the financial sustainability of social security, a significant budget surplus needs to be realized over a longer period, leaving not much room for increasing expenditures in other systems, like time credit. Moreover, the employers' demand for wage cost reduction is becoming under pressure in a context of rising expenditures.

A second point of discussion deals with the questions to what extent systems like time credit can stimulate employment rates. The employment rate in Belgium is situated at a very low level (60%, compared to 64% on average in European Union). A higher employment rate would increase the financial basis to finance the ageing cost significantly and would allow to retain a generous protection system. What could be the role of a system like time credit in this? A remarkable conclusion is that it is argued that time credit could stimulate people to work more and especially longer, which would lead to an increase in the global employment rate. Under the pressure of the discourse around the 'active welfare state' there has been a shift towards a legitimisation of the time credit on the basis of employment instead of welfare. However, the age pattern of time credit raises serious questions on this matter. Today, time credit is increasingly used by the elderly. Due to its favorable conditions for older workers, the time credit system in fact enlarges the choice for early retirement while policymakers aim at increasing the employment rate among the elderly, which is at present one of the lowest in the European Union. Workers exit the labour market in Belgium at an average age of 57,6 years, or almost eight years before the legal retirement age. The average career of men is only 37 years for men in Belgium, one of the shortest careers in Europe. And Belgian men spent on average about 23 % of their lives in retirement, compared to 19% in the Netherlands and only 16% in Norway (High Council of Employment, 2004). The present knowledge on the working of systems like time credit does certainly not allow us to state that these system leads to more employment over the life cycle. On the contrary, the existing systems can result in adverse behavioural effects. People who would have a longer and non interrupted career without the existence of these schemes, could be stimulated by them to work less.

A third subject of discussion is situated at the level of firms. It is often argued by employers that the time credit results in a loss of productivity. One of the problems is the replacement of a growing group of leave takers who reduce working time with 20%. While it is still feasible to find a replacement for a fulltime or a even a halftime job, it can be very difficult, if not impossible, to find someone who is willing to take up a job with only one fifth of the regular working hours. This is especially true in productive environments that imply a lot of shift work: temporary reductions can less easily be set off by a reshuffling of existing task divisions. This, combined with the fact that most people who reduce working time take a day off on Monday and Friday often leaves employers with no other possibility than to lay down parts of the production process. Not surprisingly, the most frequent critique of employers is that the time credit system has been designed from the perspective of administrative work and does not take the specific characteristics of a productive organization into account. Nevertheless, not all firms are opposed against time credit. Especially larger firms in the service sector (banks for instance) encourage early exit through time credit as a temporary measure in times of economic difficulty.

Because of the increased use of time credit in the present context of savings in social security, the federal government has recently decided to promote the introduction of an alternative system of *'timesaving'*. In the *State of the Union* of the federal government, presented in October 2004, a system of time saving is proposed, not (or at least not in the short run) a as replacement of the existing time credit system or thematic leaves, but as a supplementary system. This proposal is supported by the employer's organizations. The argument is that the actual system of time credit is expanding very rapidly, because it is completely supported by the collectivity. Consequently, it is argued that the employees should be made more responsible for their preferences to take some time off. This could be realized through a personal system of time saving, whereby employees can save up overtime and holidays on a personal "time account". This 'saved time' then can be taken up at a moment when employees need more time to invest in their private life. The concrete measures that are actually proposed in Belgium include the possibility to take up extra-legal holidays and overtime on a later moment in the career and the possibility to exchange holiday bonuses for extra days off. Individual accounts for 'more free time' already exists in the Netherlands ('levenlsoopregeling', whereby employees can save up extra hours and holidays or a part of their wage to take time off at later moment in their career) and in Germany (Matheus, 2003).

1.4.2. Would timesaving be a better alternative ?

The time saving system appears at first side an interesting concept that solves at the same time problems of work-life balance, high wage costs and low activity rates. Contrary to a time credit, time saving accounts do not reduce but just redistribute working time over the life cycle because employees have first to work more in order to save time and work less afterwards. In this way they also stimulate employees to build up a strong labour market attachment as saved time depends on work effortFurthermore, it offers the opportunity to integrate most existing leave schemes (time credit, leave for educative purposes, early retirement,…) into one single model of time saving. It provides employers with the necessary instruments to anticipate to fluctuations of economic cycles and stimulates employees to build up a strong labour market attachment.

At the micro level, a system of time saving also has several advantages (Matheus, 2003). . First, since employees have to save up holidays and overtime or even wages in order to take leave, they are more likely to acutally use their saved time to take some time off. Within the system of time credit, there is a generalized right to take up leave for all employees, but in practice only a limited amount of employees make use of this right. A second advantage is that a system of time saving allows employees to make more transitions during their labour market career, at least if their saving is emptied at a regular basis[6]. Leave systems like time credit, on the contrary, can only be used for a limited number of times. Third, a time saving system deals in a better way with the problem of income loss. The largest problem of existing leave schemes is indeed that the benefit is often much lower than the last earned wage of employees. As a result, taking leave is only possible for those employees who can afford to to take a career break (like employees with a high income partner). Within a system of time saving employees receive the same wage (or a large part) of their last earned wage. In this way, a system of time saving seems more accessible than most existing leave schemes, where employees have to deal with considerable income loss.

However, the system of time saving brings along several disadvantages as well. A first disadvantage is that the scope of time saving systems can be more limited than is the case for time credit which is a right for all employees. Examples in Germany and the Netherlands have shown that often the use of time saving is often limited to employees of particular firms or sectors. In the Netherlands, employees were dependent on the willingness of their employers to offer a time saving arrangement to their employees. With the introduction of the '*levensloopregeling*' ('life cycle arrangement') in January 2005, all employees have the possibility to participate in a time saving system.

[6] Both the time saving system in the Netherlands and in Germany hold limitations with regards to the maximum amount that can be saved or with regards to the maximum period during which time or money can be saved (Matheus, 2003).

A second disadvantage is that not every employee will be able to save time or money. Employees with low wages are de facto excluded from wage saving systems. Employees with a limited amount of free time (for instance employees with large family responsibilities) will not have much time left to save during their labour market career. Nevertheless, these employees are most in need of arrangementsthat allow transitions into and out of the labour market.

The third disadvantage is closely linked with the previous one: time saving system are not gender neutral. As long as care responsibilities are taken up unequally by men and women, an individual system of 'timesaving' increases gender inequalities over the life-cycle. Women do have less opportunities to work more in order to save time for later, because of care responsibilities. Men can save more time but at the disadvantage of taken up care responsibilities. Moreover there is a danger that employees (often women) have not built up sufficient time on the moment they will need it the most, namely at the beginning of their career which is for most persons also the moment of getting children. At first sight one could assume that a system of wage saving provides a solution for the problem of gender inequality. However, due to the existing wage inequality between men and women (men earn generally more then women), women are less able to save up a part of their wages.

Fourth, in a strict individualized system, also the labour relations between employer and employee have a more individual character. It remains unclear whether employees will experience more difficulties to exert their right to take up saved free time in a context of more individualized labour relations compared to a more collectivized time credit system. Finally such a system seems also very complex to administer. For example how to register 'overwork' in various functions and how to control such a system ? As a consequence, one could state that although time saving allows employees to take up responsibility for their life career management, there will be a substantial risk that it will not meet with the requirement of 'equality of resources'.

2. Some Empircial evidences

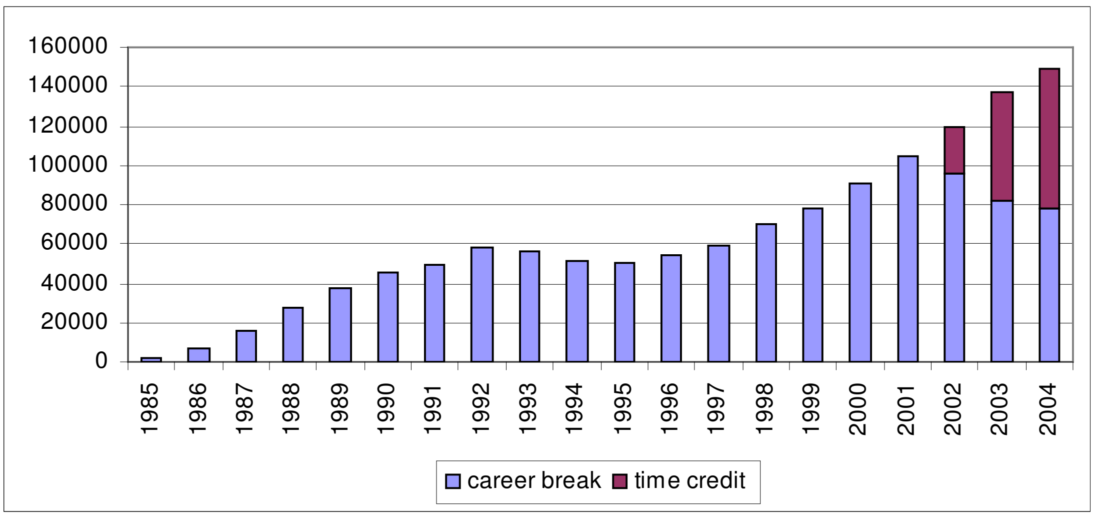
Although the career break system was already introduced in the eighties, it is striking that no systematic evaluation studies are available. This shows that in Belgium there is almost no tradition of policy making based on empirical evidence.

2.1. Administrative data on the user profile

A first source, which can teach us something are administrative data on the users profile of the career break and time credit systems. In the next sections, we will discuss the evolution of the number of users, the gender and age profile of the users, and the take up of full time and part time leave among users.

2.1.1. The scope of the career break/time credit system

Figure 1 Evolution of the number of users of career break time credit, 1985- 2004



Source: National Office of Employment (RVA)

The number of users has risen sharply since the installation of a career break system in 1985. In 1985, the number of users was only slightly more than 2000. In 2004[7], the number of users that could be found in the career break system and the time credit system almost reached 150 000. Despite this spectacular growth, the scope of the system remains rather limited compared to the active population as a whole. In 2003, the active population in Belgium consisted of 4 547 400[8] people (Federal Department of Employment, Labour and Social Concertation). In 2003, 137 232 people took a career interruption; this only 3 % of the active population. Remarkable is the decline in the number of users in the period of 1993 – 1995. It is plausible that this decline is caused by changes in the regulations of the career break system. At the end of 1992, several cost saving measures were introduced: diminuation of the benefit after the first year with 5%, restriction of the period during which the leave benefit can be

[7] Administrative data on the number of users are available until July 2004. For each year, year averages were computed based on data per month. For 2004, this year average only covers the first 7 months of 2004.

[8] Estimated number for 2003.

cumulated with self employment to 1 year, decline in the extra benefits for leavetakers with 2 or more children or with young children(< 3years). In 1996, several changes in the regulations of the career break system such as the elaboration of the forms of working time reduction and the prolongation of the maximum period with one year were introduced. As a result, the declining trend in the number of users could be reversed.

2.1.2. Gender and age profiles

Table 5 Number of users of career break/time credit according to age and sexe, 2004

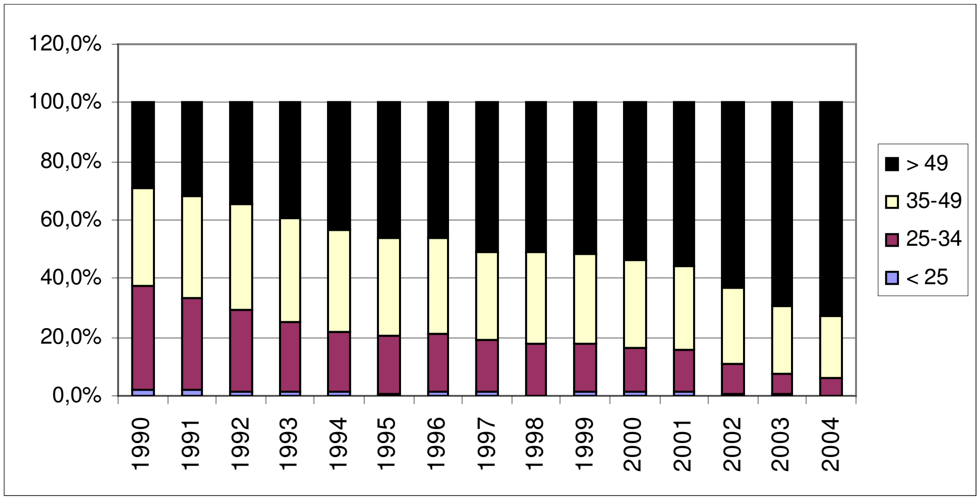
	Career break (private sector)			Time credit		
Age	Men	Women	**Total**	Men	Women	**Total**
< 25	19	153	**172**	98	394	**492**
(%)	*0,2%*	*0,3%*	***0,3%***	*0,3%*	*0,9%*	***0,7%***
25-34	410	6769	**7179**	1658	11 618	**13 276**
(%)	*4,7%*	*16,9%*	***14,7%***	*6,0%*	*27,0%*	***18,7%***
35-49	1753	15 147	**16 900**	5565	16 972	**22 537**
(%)	*20,0%*	*37,8%*	***34,6%***	*20,0%*	*39,4%*	***31,8%***
> 49	6592	17 983	**24 575**	20 551	14 082	**34 633**
(%)	*75,1%*	*45,0%*	***50,4%***	*73,7%*	*32,7%*	***48,8%***
Total	**8774**	**40 052**	**48 826**	27 872	43 066	**70 938**
(%)	***18,0%***	***82,0%***	***100%***	***39,3%***	**60,7%**	***100%***

Source: National Office of Employment (RVA)

We can conclude from table 5 that there all still many leave takers withing the former career break system. Furthermore, women form the majority of users in both the career break and the time credit system, although the share of men is signicantly larger among the users of time credit (39,3 % compared to 18 %). Apparently, the time credit system has attracted a lot of men. Table 5 also reveals that men and women on leave have different age profiles. Male users tend to be older than their female counterparts: around three quarters of men taking leave are 50 or older. For women, the share of older users is much lower. A third conclusion is that among women, there are remarkable differences between the users of the former career break system and the users of time credit with the latter group being significantly younger. Only one third of women using time credit is 50 or older (compared to 45%) and contrary to the users of the former career break system, the largest group is formed by women between 35- 49 years old. Within the time credit system, young women (< 35 years) account for one third of the users, compared to only 16, 9 % within the former career break system.

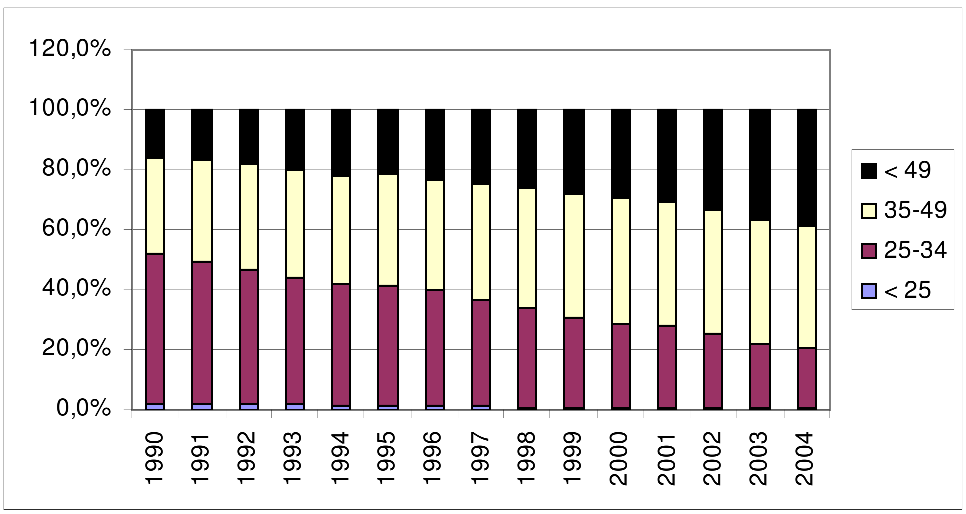
These findings brings us to the question how the gender and age profiles of users have evolved over the years. Administrative data on the users of the career break/time credit sytem, reveal two important evolutions in the users' profile of the system, which are closely interlinked. First, figures 2 and 3 show that the share of the oldest age group (50+) has raised significantly. This tendency is a lot stronger among men then among women. While older men form the majority of male users (72%); women between 25-49 years old still are the largest group of users among women taking leave.

Figure 2 Evolution of the share of the different age groups among men taking leave



Source: National Office of Employment (RVA)

Figure 3 Evolution of the share of the different age groups among women taking leave



Source: National Office of Employment (RVA)

A second evolution is the growing share of men among the users of the time credit system, which is the result of the changing age profiles. Between 2001 and 2004, the share of men increased with almost 20%. Apparently, the new time credit system seems to be less gender sensitive than the former career break system. However, a closer look at the existing data reveals large differences according to age. Although the share of men has risen in all age groups, the largest increase is situated among the oldest users. In this latter group, men form the majority of the users (59%), while in the younger age groups, women form the overwhelming majority of the users. This is easily explained by the fact that number of older employees taking leave, has risen more sharply among men then among women. We can also conclude from this that, since men and women are more equally represented among the oldest age group, the growing share of this group, has an impact on the gendered division of the time credit system. The changing gender profile of the time credit system is thus not in the first place a reflection of a society were care responsibilities are more equally divided between men and women. It rather indicates that existing leave scheme are becoming increasingly dominated by older employees who want to withdraw from the labour market gradually. Hence the time credit scheme becomes a new form of (gradual) early retirement. From the TLM perspective time credits can be used for several reasons, as well for the active generation to combine work and care as for the older generation to reduce working time. The TLM perspective does not formulate any priorities in the use of such new entitlements. However in a context of cost containment, various groups might become 'competing' for the scarce means.

2.1.3. The use of the various systems

Table 6 Use of the different regime within time credit system, men and women, 2004

	Men	Women	Total
Full time	4280 *15,4%*	9778 *22,7%*	14 058 *19,8%*
Reduction 50%	6150 *22,0%*	9050 *21,0%*	15 200 *21,4%*
Reduction 20%	17 252 *62,0%*	20 085 *46,6%*	37 337 *52,6%*
Other regimes	190 *0,6%*	4154 *9,7%*	4344 *6,2%*
Total	**27 872** ***100%***	**43 067** ***100%***	**70 939** ***100%***

Source: National Office of Employment (RVA)

Table 6 indicates that the option to reduce working hours with 20 ¨% is the most popular formula within the time credit system. The full time career interruption and the reduction of working hours with 50 % each attract one fifth of leave takers. Table 6 also reveals differences between men and women in the take up of time credit. The possibility to reduce working hours with 20 % is more popular among men than among women: 62 % of men prefers this option, compared to 46,6 % of women. Among men, a full time career interruption is the least preferred option. Among women, the full time career interruption and the reduction in working hours attract an equal amount of users. An analysis of the use of the different regimes according to age, reveals that young men (<35 years) make substantially more use of the full time career interruption while men older are more likely to reduce working hours with 20 %. However differences also exist among this latter group: men men between 35 -49 years prefer a full time career break over a half time career break, for men of 50 and older, this is the other way round. Among women, differences between the various age groups are less obvious.

2.2. What about transitions?

Static administrative data on profiles do not tell us anything about the patterns and determinants of transitions after termination of the leave, neither does they give us any information on the work history and profiles of those entering leave systems.
Research that covers transitions of leave takers in Belgium is very scarce. Only two studies are available. In 1995, a study of Idea Consult (a private study centre) on Flanders revealed that most women return to work after termination of the leave, although often on part time basis. The study also indicated that the career break system was mainly dominated by high skilled, while low skilled were strongly underrepresented. Only 10% of the users were low skilled (while they represent 30% of the population), 50% were high skilled and 40% were medium skilled (higher secondary studies). A more recent study by the National Office of Employment (2001) has shown that the overwhelming majority of leave takers return to the labour market (87%), of which most of them return to the same employer (75 % of leave takers). About 6% of the people ends up in unemployment. For only a small minority taking leave results in a withdrawal from the labour market. Important to note here, is that these figures concern the transitions of leave takers in the first 6 months after termination of the leave. It is possible that we get a different picture if we look at transitions from a longer time perspective.

The results reveal that the strong link with employment protection guarantees for most leave takers a return to work with the same employer. However these figures do not tell us enough about the 'employability' of workers in the longer run. Even if the return to work is protected, there might be possible changes in the kind of job that will be performed after a period of leave. The content of the job and possibly also the career prospects after a period of absence can change. It is plausible that the duration of the leave is an important element. People who withdraw from the labour market for a long time may lose necessary human capital and working attitudes.

In short, the empirical evidence on the functioning of time credits for transitions on the labour market is very weak for Belgium at this moment. In an ongoing research project we actually are starting with analysing a large administrative panel data base (more than 200.000 individuals), which also covers the users of the career break system. The data are based on the 'Data warehouse Labour market' (DwH-LM). This Data warehouse is a relatively new instrument that provides a permanent link between the databases of several (but not all) social security institutions. The panel permits to study transitions between various (institutional) regulations such as career break, unemployment, early retirement, long-term illness and (formal) paid labour (private and public sector and self-employment). The panel is covering the period 1998-2001 (with 7 quarters before and 8 quarters after the sample date). This implies that only the previous system of career break can be studied, not the new time credit system. The panel data will allow us to study flows of entry and exit into and out of the career break system and moreover the income loss that occurs when transiting from work to the career break system and visa versa can be studied.

Interestingly is that the data base does not only contain information on individual characteristics but also on some household characteristics (presence and number of children, work status of the partner, some income components such as wages, unemployment benefits and child benefits). This would allow us to get a better idea on the relation between ‘equality of resources’ and career breaks. For example, are the only employees who take up the time credit those who live together with a partner whose income is high enough to compensate for the income loss during the period that leave is taken ? An important shortage of the administrative data however is the absence of data on schooling level.

Longitudinal administrative data can learn us more about the functioning of the time credit system, but they will not be able to provide insight into the precise activities people perform when they are on time credit. Such knowledge comes only available in survey data, which can be a useful complement to administrative data. One of the critics sometimes made on time credits is that they are used for complete different purposes, such as work on the black market. As a consequence, the time credit would then be used to earn more money, at the expenses of the social security system. Today we have no empirical evidences for such behavioral effects.

3. Conclusions

The Belgian time credit system appears as a rather unique system within existing leave schemes in the European Union, since it can be taken up for any reason at all. As a consequence, it facilitates a variety of transitions between different life spheres while at the same time reducing the risks that are associated with these transitions through extensive social security measures (entitlement to flat rate benefit, job protection regulations and maintenance of rights in social security). The embeddedness of time credit within the social security system is indeed one its most crucial characteristics and is reflected in the integration of the the time credit system in the unemployment insurance. Through the way it is financed (earmarked contributions supplemented with state subsidies and globalization of benefits) time credit appears as a system with a strong collective solidarity logic.

Since its creation in 1985, the precursor of the time credit, namely the career break system, has undergone many changes and was eventually –in the private sector- replaced by a new system of time credit in 2002. The most important evolution is the shift from a measure aimed at generating employment through redistribution of labour to a measure aimed at a better reconciliation of work and family life. This evolution reflects the changing context in which labour market policy is executed. The widespread proliferation of dual earnership brought attention to the issue of the reconciliation of work and family life and resulted eventually in the redefining of the system of carreer breaks. At the end of the 90s, three thematic leaves were introduced which can only be taken up in function of specific family circumstances. In 2002 the general career break system was reformed. The introduction of a general right to a time credit and the disappearance of the replacement obligation in the new time credit system indicate that the system has changed from a merely employment measure to an instrument in function of a better combination of work and private life..However the trade-off of a general right, which makes employees less dependent on the approval of the employer to take leave, was less generosity in duration (a decline of the maximum period of take up from five to one year), less flexibility (fewer options for working time arrangements) and more stringent eligibility criteria (stronger work history conditions) Especially this latter condition has narrowed the scope of the time credit system significantly.

There is no straightforward answer to the question whether these changes outlined above, have placed the time credit system more or less in line with the TLM concept. With the introduction of a right to time credit, which makes employees far less dependent upon the approval of their employers to take leave compared with the former system of career break, the time credit acknowledges the fact that people at some point in their life need to invest more in their personal life and subsequently have to be able to decrease the time spent in the labour market without running the risk for facing severe financial penalties or even exclusion from the labour market.
With the introduction of the time credit system, the user perspective has been incorporated into the legal framework and thus reflects a society that explicitly acknowlegdes the need to balance work responsibilities with responsibilities from other life spheres. Because of the character of a righ, the time credit system fits more into the TLM concept then the former career break system that mainly focused on employment. Today formal employment is seen more from the perspective of other

life spheres and from a life course perspective. The idea that employees are not solely focused on formal employment but also have care responsibilities, is most widely accepted. This is also reflected in the introduction of the thematic leaves, of which the use was a right long before the installation of the time credit system.

However, if we look at the concrete modalities of time credit it is appears that the time credit system has become less generous with less possibilities to modulate working time over the life course. Not only has the maximum period of take up been reduced, but also the number of options to reduce working time. Moreover, although the introduction of a right has enlarged its scope significantly, this effect is limited through the installation of more stringent eligibility criteria. Due the requirement of a minimal work history, the time credit system is only available to employees with stable labour market careers. More vulnerable groups on the labour market that are often found in unstable jobs, remain excluded from the system. It seems that the time credit system does not meet with the requirement of 'equality of resources', since it can be expected that not everyone is able to build up enough rights to be entitled to paid leave. Viewed from the TLM perspective, one could also state that these limitations fit within a tendency to a larger *responsabilization* of employees. The time credit system grants a right to take leave for only a limited period of time and requires that employees wishing to take leave earn this right through paid work. Furthermore, the limitations of the time credit system confront need of employees to reduce their working time à la carte with the economic reality within firms.

The system of time credit is increasingly the subject of public discussion for various reasons. First, the growing succes and thus rising expenditures in the time credit system is problematic in a context of weak economic growth and budgetary tensions. The increasing expenditures for health and pensions due to ageing leave indeed little room for increasing expenditures in other sectors of social security. A second point of discussion deals with the questions to what extent systems like time credit can stimulate employment rates. Under the pressure of the discourse around the 'active welfare state'it is often argued that time credit could stimulate people to work more and especially longer. However, the age pattern of time credit suggests that time credit in the first place enlarges the options for (part-time) early exit. The present knowledge on the working of systems like time credit does certainly not allow us to state that these system leads to more employment over the life cycle. A third subject of discussion is situated at the level of firms. It is often argued by employers that the time credit results in a loss of productivity. This is especially true in productive environments that imply a lot of shift work: temporary reductions can less easily be set off by a reshuffling of existing task divisions.

Because of the increased use of time credit in the present context of savings in social security, the federal government has recently decided to promote the introduction of an alternative system of *'timesaving'*, whereby employees can save up extra hours and holidays on a "time account" and take them up at moment when they need more time to invest in their private life. In such a way the link between work history and acquired rights is strengthened, which alleviate the pressure on social security.

The question is whether a system of time saving is a better alternative from a TLM perspective. Again, the answer is not straightforward. A system of time saving makes employees more responsible for their own life career management, and provides them with more flexibility, since an indvidualized system of timesaving is more tailor made than a collective system like the time credit system. Furthermore, although the time credit system opens the opportunity to view employment from a life course perspective, this becomes indispensable within a system of time saving. However, from the perspective of ‘equality of resources’, a time saving system seems less attractive. Not everyone enters the labour market with the same resources. First, a time saving system especially disadvantages women. As long as care responsabilities are unequally spread between men and women, women will have less opportunities to save time, whereas men will have more opportunities to save time (eventually to be used to exit the labour market earlier). Second, the ability to save up time is highly dependent on the position people hold in the labour market. Saving up time is less feasible for those employees with a little amount of free time (for example because they have large care responsibilities). Saving up wages is difficult for employees in low paid jobs. Again, the more vulnerable groups (low skilled, women, …) on the labour market will have the least to gain from a time saving system.

Although the career break system was already introduced in the eighties, it is striking that no systematic evaluation studies are available. This shows that in Belgium there is almost no tradition of policy making based on empirical evidence. Administrative data reveal two important evolutions through time, which are closely interlinked. A first important evolution is the increasing participation of older workers in the time credit system. Since men and women are more equally presented among older employees on leave, the growing share of older workers, has an impact on the gendered division of the time credit system. This leads us two a second important evolution. The share of men has risen sharply in the past years , but this is not in the first place a reflection of a society where care responsibilities are more equally divided between men and women. It rather indicates that the time credit system is becoming increasingly dominated by older workers who rather use time credit to withdraw gradually from the labour market. As a consequence, the time credit system seems to be evolving from an instrument to reconcile work and family life to a road to early retirement. Although this does not have to be problematic from a TLM perspective, in a situation of cost containment various might be competing for scarce means. Data on what happens before and after taking leave are very scarce in Belgium. Existing studies indicate that most people return to the same employer after termination of the leave, a feature which is closely liked to the job protection regulations of the Belgian time credit. Recenlty, a large administrative panel data base has become available. This data base, containing information on more than 200 000 individuals will allows us to to study flows of entry and exit into and out of the career break system and also the income loss that occurs when transiting from work to the career break system and visa versa .

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