

Country report Belgium

Federal Pensions Service



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Topics

1. Belgian pension landscape
2. Short update on impact Covid
3. The government agreement (sept 2020)
4. Recent decisions / changes
5. Pension plans Minister of Pensions

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1. Belgian pension landscape

1st pillar :

Legal pensions

- employees
- self-employed
- civil servants

Repartitioning pay-as-you-go system

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2nd pillar :

Complementary
pensions

Extra legal
Contract (employer)
Capitalisation

3rd pillar :

Individual
pension
products

Extra legal

(stimulated by
tax reductions)

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2. Short update on impact Covid

- Economic impact: recovery of Belgian economy BUT increased **budget deficit** : a rise to more than 10% of GDP in 2020 + will remain high (more than twice the level that would have been reached without Covid crisis)
- Impact on our organisation: working at home: max 40% pre-covid, 100% during Covid, from now on: 60% + hybrid meeting rooms
- Exceptional measures: were extended several times: most of the measures ended in the meantime
- Mortality: no significantly higher mortality in 2021 among our pensioners than pre-covid (in 2020: + 18% in comparison to 2019)

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3. The government agreement

- In full Covid crisis (3/9/2020)
- Goal (taking into account budgetary restrictions) is to :
 - increase average duration of careers (strong link labour market and pensions)
 - increase replacement rate
 - strengthen solidarity (highest/lowest pensions)
 - taking into account and seeking to reduce inequalities between men and women
 - retention of accrued rights of current pensioners

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4. Recent decisions / changes

- Increase of minimum pensions to +/- **1.500 € net** in 2024 (for a 'full' career of 45 years):
+2,65% per year for the period 2021 – 2024 (in combination with indexations and prosperity increases this will add up to a global increase of 22% or more during this period)
- Increase of maximum pensions (via the increase of the wage ceiling) in the same proportion as the minimum.
- Increase of the Income Guarantee for the Elderly (IGE) with 2,58% per year (also 4 years in a row)

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5. Pension plans Minister of Pensions

A. Possibility of early retirement after 42 years career

- Minimum age of 60 years - currently: early retirement is possible
 - at 60 after 44 years career
 - at 61 after 43 years career
 - at 63 after 42 years career

➡ Goal: early retirement also possible after career of 42 years for people who started working early (at the age of 18)

(FYI: legal age = 65, will be 66 in 2025 and 67 in 2030)

- In combination with other reforms ➡ budgetary neutral

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5. Pension plans Minister of Pensions

B. Introducing a new pension bonus

- 2 € per working day
- Starting after 42 years of career
- Max. 3 years

➡ Goal: keeping people longer at work (financially interesting) + solidarity between higher and lower pensions (fixed amount instead of percentage)

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5. Pension plans Minister of Pensions

C. Introducing a part-time pension

- Halftime or 1/5th pension
- Possible after 42 years of career (possibility of early retirement)
- Until the legal pension age

➡ Goal: keeping people longer at work, in good circumstances

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5. Pension plans Minister of Pensions

D. Reform of the minimum pension

- Additional condition of minimum 10 years of work (minimum 104 days a year) to gain access
- Calculation: already a 'full' minimum after 9.360 days of work or assimilated periods (= 2/3th career) instead of 14.040 days

- ➡ Goal: no longer access for people with long careers filled with assimilated periods (unemployment, illness, disability, ...) but little working periods
- ➡ make the minimum pension more interesting for people (often women) who've worked a lot part-time

(Debate in Belgium: is 10 years of 104 days work enough ?)

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5. Pension plans Minister of Pensions

E. Reform of the 'transition allowance'

What ? A **temporary** survivor's pension for the surviving spouse who hasn't reached the age to be entitled to a survivor's pension (currently 48 years -> 50 years in 2025)

AS IS: without child burden: 12 months, with child burden: 24 months

TO BE: without child burden: 18 months (= +6), with child burden: 36 months (= +12), and if at least 1 child ≤ 12 : 48 months (= +24)

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Thank you for your attention !