ACCRUED-TO-DATE PENSION ENTITLEMENTS IN SOCIAL INSURANCE: FACT SHEET

[Belgium]

Reference year 2015

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1. Table 29 column A: Defined contribution schemes (funded, non-general government)

1. General description of the scheme and the calculation model	
a. Coverage of the scheme	
*A minimum return is guaranteed by Belgian law on contributions paid in the framework of all occupational pension schemes. (**Art. 24**, Loi relative aux pensions complémentaires et au régime fiscal de celles-ci et de certains avantages complémentaires en matière de sécurité sociale (L.P.C.) du 28 avril 2003).* *Hence, all pension schemes are to be classified as defined benefits schemes and column A is left blank.*	
b. Institutional set-up	
Data sources/ suppliers	
Which institution is running/managing the calculations?	
2. Any other comments	

2. Table 29 column B: Defined benefit schemes and other non-defined contribution schemes (funded, non-general government)

1. General description of the scheme and the calculation model
a. Coverage of the scheme

Regarding the type of schemes

Belgian employers must use an external vehicle to fund their pension obligation by taking out group insurance or by creating a separate Institutions for Occupational Retirement Provision (IORP).

Table 29 covers the following occupational pension plans:

Name of pension plan and plan manager	Mandatory/Voluntary (regarding beneficiaries)
Company pension plan operated by an IORP	Mandatory
Industry-wide pension plan operated by an IORP (*plan de pension sectoriel/sectorale pensioenstelsel*)	Mandatory
Company pension plan operated by an insurance company (through branche 21 or 23 group insurance)	Mandatory
Industry-wide pension plan operated by an insurance company (through branche 21 or 23 group insurance) (*plan de pension sectoriel/sectorale pensioenstelsel*)	Mandatory
Pension plan operated by an insurance company operating according to Royal Decree '69 through branche 21 group or life insurance	Mandatory
Pension plan for self-employed company executives operated by an IORP (dirigeants d'entreprises)	Mandatory

Pension plan for self-employed persons operated by an IORP	Voluntary	

The covered schemes include old age, survivor and disability pensions.

Regarding regulation:

Regulation laws deals with two distinct issues: the organization of private pension system (2nd pillar) and its social legislation aspects and the prudential supervision of pension institutions.

Regarding social legislation, the framework for occupational pension is given by:

Employee:
• Title II of the *Law of 28 April 2003* on supplementary pensions and on the tax regime applicable to such pensions and to certain additional social security benefits (abbreviated WAP/LPC).
• *Royal Decree of 14 November 2003* implementing the Law of 28 April 2003 on supplementary pensions and on the tax regime applicable to such pensions and to certain additional social security benefits.
• *Royal Decree of 14 November 2003* establishing the solidarity benefits linked to social supplementary pension schemes.
• *Royal Decree of 14 November 2003* establishing the rules concerning the financing and management of so lidarity commitments.

Self-employed
• Title II, Chapter 1, Section 4, of the *Programme Law (I) of 24 December 2002* (abbreviated WAPZ/LPCI).
• *Royal Decree of 15 December 2003* establishing the solidarity benefits linked to social supplementary pension agreements.
• *Royal Decree of 15 December 2003* establishing the rules for the financing and management of a solidarity scheme linked to a social pension agreement.
• *Royal Decree of 12 January 2007* on supplementary pension agreements for self-employed workers.

The Financial Services and Markets Authority (FSMA) is tasked with the supervision of supplementary pensions from the social **legislation** point of view.

Regarding prudential supervision

Insurance companies are under supervision of the National Bank of Belgium and subject to the *Law of 9 July 1975 on the Supervision of Insurance and Reinsurance Companies* and its implementing decrees. IORP are under supervision of the Financial Services and Markets Authority and subject to the *Law of 27 October 2006 on the Supervision of Institutions for Occupational Retirement* and its implementing decrees

b. Institutional set-up	
Data sources/ suppliers	*The data are provided by the National Bank of Belgium and the Financial Services and Market Authority.*
Which institution is running/managing the calculations?	*The institution responsible for Table 29 is the National Accounts Institute of Belgium. It has entrusted the National Bank of Belgium and the Federal Planning Bureau, with the completion of the supplementary table.* *Columns G and H are compiled by the Federal Planning Bureau. The other columns are compiled by the National Bank of Belgium.*
c. Major formulas: Benefit formula; Indexation of benefits	
Benefit formula	*Not available (see pt. 6)*

Indexation of benefits	*Not available (see pt. 6)*

d. Type and structure of the calculation model
Not available (see pt. 6)

2. Assumptions and methodologies applied

a. Discount rate
Not available (see pt. 6)

b. Wage growth
Not available (see pt. 6)

c. Valuation method: ABO/PBO
Not available (see pt. 6)

3. Data used to run the model

a. Mortality tables
Not available (see pt. 6)

b. Entitlement statistics; other relevant statistics
Not available (see pt. 6)

4. Reforms incorporated in the model

Not available (see pt. 6)

5. Specific assumptions

a. How are careers modelled?
Not available (see pt. 6)

b. How are survivor pensions calculated?
Not available (see pt. 6)

c. How is the retirement age modelled over time?
Not available (see pt. 6)

d. Other specific features of the model
Not available (see pt. 6)

6. Any other comments

Aggregates are derived from the business accounts of insurance companies (regarding group insurance) and pension funds (IORP).

Insurance companies and IORP are, to a very large extend, allowed to apply their own technical assumptions. The available administrative data does not provide information about these.

Table 29 compilation methods are aligned with those in use in the core non-financial accounts.

Analysis showed that the estimation of imputed contributions as a balancing item is not suitable in the Belgium case and are set to 0. Row 8 – change in entitlements due to revaluation – is used as the balancing item.

Because the data sources available do not allow to distinguish them from other schemes, column B also records Defined benefits schemes for General government employees classified in financial corporations which should be recorded in column E. Therefore, column B is flagged "D".

3. Table 29 column D: Defined contribution schemes (funded, general government)

Does not apply to Belgium.

4. Table 29 column E: Defined benefit schemes (funded, for general government employees, classified in financial corporations)

6. Any other comments
Column E should record mandatory funded defined benefits schemes for General government employees and civil servants managed by financial corporations.
In Belgium, in most cases, these schemes relate to some (but not all) pension schemes of local authority workers.
However, our data sources (the financial statements of financial corporations) do not allow to distinguish the latter from other non-general government schemes operated by financial corporations.
Consequently, these schemes are recorded together with non-general government schemes in column B and Column E is flagged NaN/L.

5. Table 29 column F: Defined benefit schemes (funded, for general government employees, classified in general government)

1. General description of the scheme and the calculation model	
a. Coverage of the scheme	
Column F records mandatory defined benefits schemes operated by General government non-autonomous pension funds.	
b. Institutional set-up	
Data sources/ suppliers	*Aggregates are derived from the business accounts of pension funds.*
Which institution is running/managing the calculations?	*The institution responsible for Table 29 is the National Accounts Institute of Belgium. It has entrusted the National Bank of Belgium and the Federal Planning Bureau with the compilation of the supplementary table. Columns G and H are a responsibility of the Federal Planning Bureau.*
c. Major formulas: Benefit formula; Indexation of benefits	
Benefit formula	*Not available (see pt. 6)*
Indexation of benefits	*Not available (see pt. 6)*

d. Type and structure of the calculation model	
Not available (see pt. 6)	
2. Assumptions and methodologies applied	
a. Discount rate	
Not available (see pt. 6)	
b. Wage growth	
Not available (see pt. 6)	
c. Valuation method: ABO/PBO	
Not available (see pt. 6)	
3. Data used to run the model	
a. Mortality tables	
Not available (see pt. 6)	
b. Entitlement statistics; other relevant statistics	
Not available (see pt. 6)	
4. Reforms incorporated in the model	
None	
5. Specific assumptions	
a. How are careers modelled?	
Not available (see pt. 6)	
b. How are survivor pensions calculated?	
Not available (see pt. 6)	
c. How is the retirement age modelled over time?	
Not available (see pt. 6)	
d. Other specific features of the model	
Not available (see pt. 6)	
6. Any other comments	
Aggregates are derived from the business accounts pension funds which are, to a very large extend, allowed to apply their own technical assumptions. The available administrative data does not provide information about these. Table 29 compilation methods are aligned with those in use in the core non-financial accounts. Analysis showed that the estimation of imputed contributions as a balancing item is not suitable in the Belgium case and are set to 0. Row 8 – change in entitlements due to revaluation – is used as the balancing item.	

6. Table 29 column G: Defined benefit schemes (unfunded, for general government employees, classified in general government)

1. General description of the scheme and the calculation model	
a. Coverage of the scheme	
Column G covers the civil servants' pension scheme relying on the budget of the federal government. This scheme consists of the old-age pension (including old-age pensions of civil servants granted because of physical inability) and the survivor's pension. The pension expenditures for this scheme amount to 21.5% of total first pillar pension expenditures reported in national accounts for 2015. *Column G does not include the ADL of civil servants whose pension scheme does no longer depend on the budget of the federal government. These values are reported under the social security schemes, column H.*	
b. Institutional set-up	
Data sources/ suppliers	*Data is used from the Datawarehouse marché du travail et protection sociale of the Crossroads Bank for Social Security. It contains a little more than 600 000 representative individuals, with retrospective data that is complete for wage earners and only partial for civil servants and self-employed workers. The dataset is enriched*

	with information from the 2011 population census and a dataset containing fiscal information.
Which institution is running/managing the calculations?	*The institution responsible for Table 29 is the National Accounts Institute of Belgium. It has entrusted the National Bank of Belgium and the Federal Planning Bureau, with the completion of the supplementary table. Columns G and H are a responsibility of the latter.*

c. Major formulas: Benefit formula; Indexation of benefits	
Benefit formula	*The retirement pension is calculated on the average wage of the last ten years of work (five years for people born before 1962) and is proportional to the career, with the considered service years in the numerator and a tantième of 60 in the denominator.* *Some civil servants have a preferential denominator (55 in teaching and 48 years for magistrates and in academic services).* *Civil servants can be granted a minimum pension, which is a fixed amount, provided they have 20 years of service. The pension benefit is also subject to a relative maximum of 75% of the reference wage and pensions are capped to an absolute maximum pension, which is a fixed amount.*
Indexation of benefits	*Civil servants' pensions are automatically adjusted to the health index and to the real wage increases of the active civil servants (the péréquation).*

d. Type and structure of the calculation model
MIDAS is a microsimulation model, meaning that it models on the level of individuals grouped in households rather than on aggregate data. It is also a dynamic population model with dynamic cross-sectional ageing. This means that it is based on a cross-sectional dataset representing a population of all ages at a certain point in time.

2. Assumptions and methodologies applied
a. Discount rate
A discount rate of 3 % in real terms is used.

b. Wage growth
Future wage growth is modelled at a rate of 1 % on long term

c. Valuation method: ABO/PBO
PBO

3. Data used to run the model
a. Mortality tables
MIDAS uses EUROPOP2015 data in the projections used for table 29.

b. Entitlement statistics; other relevant statistics
The entitlement statistics are taken from the 2023 national accounts (government accounts).

4. Reforms incorporated in the model
The Act of 10 August 2015 "aimed at raising the legal retirement age, conditions for the early retirement pension and the minimum age for the survivor's pension". The reforms that have an impact on the benefits covered by Table 29 are considered: i) the statutory retirement age will increase from 65 to 66 by 2025 and further to 67 by 2030 and ii) the minimum age to be granted a survivor's pension will be gradually raised from 45 to 55 by 2030.

The Constitutional Court of Belgium annulled in his judgment of 30 November 2017 certain articles of the law of 10 August 2015 concerning the further raise of the minimum age to be eligible to receive a survivor's pension (from 50 to 55 years in 2030). The precise situation of this minimum age is at this moment still unclear. The Minister of Pensions has declared to take the necessary measures following this judgment.

The judgment was published on 30 November 2017 and hence, has no effect on the reported values as those reflect the situation on 31 December 2015.

5. Specific assumptions

a. How are careers modelled?

Future career evolution is projected by the microsimulation model MIDAS.

b. How are survivor pensions calculated?

Deaths are simulated through MIDAS' demographic module. If an (ex-)civil servant dies, the surviving partner becomes eligible for a survivor's pension. If the surviving partner has reached a minimum age, she/he will receive the survivors' pension. If she/he is younger than this minimum age, she/he will not receive a survivor's pension but a transitional benefit. The age condition was 45 for the 2015 and will gradually increase to 55 by 2030.

A divorced spouse can also be entitled to a survivor's pension under certain conditions. These conditions will not be discussed here. The minimum age condition plays a similar role in these situations. This age condition was also 45 for the 2015 and will gradually increase to 55 in 2030 (see remark on the judgment of the Constitutional Court of Belgium on 30 November 2017).

c. How is the retirement age modelled over time?

The statutory retirement age in Belgium is currently 65 (both men and women and all pension schemes). In 2015, a pension reform act was passed in parliament. The statutory retirement age will increase from 65 to 66 by 2025 and to 67 by 2030. The minimum age to be granted a survivor's pension will be gradually raised from 45 to 55 by 2030 (see remark on the judgment of the Constitutional Court of Belgium on 30 November 2017).

d. Other specific features of the model

For old-age and survivor's pensions for public sector workers (French):
https://www.sfpd.fgov.be/fr

6. Any other comments

It is possible for a civil servant to start working for a European institution and to have his pension rights accrued in the Belgian pension scheme recognised by the European institution or its pension fund. The corresponding amount of contributions will then be transferred from the Belgian pension scheme towards the European pension scheme. These transfers explain why row 6 will not balance for total economy.

7. Table 29 column H: Social security pension schemes (unfunded)

1. General description of the scheme and the calculation model	
a. Coverage of the scheme	
Column H covers the social security pension schemes for both wage earners and the self-employed. Both pension schemes consist of old-age pensions and survivors' pensions. The column also includes pension entitlements of the civil servants whose pension scheme does no longer depend on the budget of the federal government.	
Of the total pension expenditures on first pillar pensions reported in the national accounts for 2015, 70.5% are allocated to the scheme for wage earners and civil servants whose pension scheme does no longer depend on the budget of the federal government and 8% to the scheme for self-employed.	
b. Institutional set-up	
Data sources/ suppliers	*Data is used from the Datawarehouse marché du travail et protection sociale of the Crossroads Bank for Social Security. It contains a little more than 600 000 representative individuals, with retrospective data that is complete for wage earners and only partial for civil servants and self-employed workers. The dataset is enriched with information from the 2011 population census and a dataset containing fiscal information.*
Which institution is running/managing the calculations?	*The institution responsible for Table 29 is the National Accounts Institute of Belgium. It has entrusted the National Bank of Belgium and the Federal Planning Bureau, with the completion of the supplementary table. Columns G and H are a responsibility of the latter.*
c. Major formulas: Benefit formula; Indexation of benefits	
Benefit formula	*Wage earners*
	The pension of wage earners is computed at 75% of the reference wage for the head of household with a dependent spouse and 60% in all other cases. The reference wage is calculated on the wages actually earned during the career up to a wage ceiling.
	These wages are adjusted to current prices. The sum of those adjusted wages over the career is multiplied by 1/45 (a full career is 45 years).
	A guaranteed minimum pension exists for the pensions accrued over a career which equals at least two thirds of a full career in the wage earners' scheme. A minimum right per working year also exists if some conditions are met. Besides these two minimum pension rights, retirement pensions are also subject to a maximum pension.
	Self-employed individuals
	The pension of self-employed individuals is computed at 75% of the reference wage for the head of household with a dependent spouse and 60% in all other cases. The working years before 1984 are valued at a fixed income, while for the working years as from 1984 the pension right is based on the business income used to compute social security contributions and income tax, up to an income ceiling. The income is adjusted to current prices.

	The pension is capped to a maximum pension and a minimum pension can be granted when the person can prove at least two thirds of a full career as a self-employed individual and/or wage earner.
Indexation of benefits	*Pension benefits are automatically adjusted to the health index and partially adjusted to living standards according to the 'Generation Pact'.*

d. Type and structure of the calculation model

MIDAS is a microsimulation model, meaning that it models on the level of individuals grouped in households rather than on aggregate data. It is also a dynamic population model with dynamic cross-sectional ageing. This means that it is based on a cross-sectional dataset representing a population of all ages at a certain point in time.

2. Assumptions and methodologies applied

a. Discount rate

A discount rate of 3 % in real terms is used.

b. Wage growth

Future wage growth is modelled for self-employed individuals at a rate of 1 % on long term and 0.5 % for wage earners.

c. Valuation method: ABO/PBO

PBO

3. Data used to run the model

a. Mortality tables

MIDAS uses EUROPOP2015 data in the projections used for table 29.

b. Entitlement statistics; other relevant statistics

The entitlements statistics are taken from the 2023 national accounts (government accounts).

4. Reforms incorporated in the model

The Act of 10 August 2015 "aimed at raising the legal retirement age, conditions for the early retirement pension and the minimum age for the survivor's pension". The reforms that have an impact on the benefits covered by Table 29 are considered: i) the statutory retirement age will increase from 65 to 66 by 2025 and further to 67 by 2030 and ii) the minimum age to be granted a survivor's pension will be gradually raised from 45 to 55 by 2030.

The Constitutional Court of Belgium annulled in his judgment of 30 November 2017 certain articles of the law of 10 August 2015 concerning the further raise of the minimum age to be eligible to receive a survivor's pension (from 50 to 55 years in 2030). The precise situation of this minimum age is at this moment still unclear. The Minister of Pensions has declared to take the necessary measures following this judgment.
The judgment was published on 30 November 2017 and hence, has no effect on the reported values as those reflect the situation on 31 December 2015.

5. Specific assumptions

a. How are careers modelled?

Future career evolution is projected by the microsimulation model MIDAS.

b. How are survivor pensions calculated?

Wage-earners

The rules on survivors' pensions were changed in 2015. After the death of the spouse who either earned a wage or received a replacement income (pension included) in the wage earners' scheme, the surviving spouse is

entitled to a survivor's pension if some conditions are met. The most important is the minimum age. If the surviving partner has reached a minimum age, she/he will receive the survivor's pension. If she/he is younger than this minimum age, she/ he will not receive a survivor's pension but a transitional benefit. The age condition was 45 for the year 2015 and will be gradually increased to 55 by 2030 2030 (see remark on the judgment of the Constitutional Court of Belgium on 30 November 2017).

A survivor's pension is calculated as 80% of the deceased person's retirement pension, computed at the family rate (which means 80% of 75%, or 60% of the reference wage), or, if he was still working, at 80% of the retirement pension she/he would have had, should she/he have worked until the age of 65.

Self-employed individuals

In this system, the rules on survivors' pensions were also changed in 2015. After the death of the spouse who was self-employed, the surviving spouse is entitled to a survivor's pension if some conditions are met. The most important is the minimum age. If the surviving partner has reached a minimum age, she/he will receive a survivor's pension. If she/he is younger than this minimum age, she/he will not receive a survivor's pension but a transitional benefit. The age condition was 45 for the year 2015 and will be gradually increased to 55 by 2030 2030 (see remark on the judgment of the Constitutional Court of Belgium on 30 November 2017).
The calculation takes into account the career of the deceased person and his/her business income.

c. How is the retirement age modelled over time?
The statutory retirement age in Belgium is currently 65 (both men and women and all pension schemes). In 2015, a pension reform act was passed in parliament. The statutory retirement age will increase from 65 to 66 by 2025 and further to 67 by 2030. The minimum age to be granted a survivor's pension will be gradually increased from 45 to 55 by 2030 (see remark on the judgment of the Constitutional Court of Belgium on 30 November 2017).

d. Other specific features of the model
Institution managing the pension schemes for wage-earners: (French): https://www.sfpd.fgov.be/fr Institution managing the pension schemes for the self-employed: (English): https://www.nisse.be/en

6. Any other comments
It is possible for a wage earner or self-employed to start working for a European institution and to have his pension rights accrued in the Belgian pension scheme recognised by the European institution or its pension fund. The corresponding amount of contributions will then be transferred from the Belgian pension scheme towards the European pension scheme. These transfers explain why row 6 will not balance for total economy.

8. Table 29 column K: Entitlements of non-resident households

2. Any other comments
Non-significant prior to the reference year 2016. Recorded in core-accounts and financial accounts from 2016 onwards.

9. Links to (national) publications providing further information on the pension schemes

Information on the pension schemes for civil-servants and wage-earners (French):

https://www.sfpd.fgov.be/fr

Information on the pension schemes for the self-employed (English):

https://www.nisse.be/en