

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

*[Belgium]*

*Reference year 2018*

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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	
<i>a. Coverage of the scheme</i>	
<p>A minimum return is guaranteed by Belgian law on contributions paid in the framework of all occupational pension schemes. (<b>Art. 24</b>, 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).</p> <p>Hence, all pension schemes are to be classified as defined benefits schemes and column A is left blank.</p>	
<i>b. Institutional set-up</i>	
<i>Data sources/ suppliers</i>	
<i>Which institution is running/managing the calculations?</i>	
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	
<i>a. Coverage of the scheme</i>	
<p><u>Regarding the type of schemes</u></p> <p>Belgian employers must use an external vehicle to fund their pension obligation by taking out group-insurance with an insurance company (classified in S.128) or by creating a separate Institutions for Occupational Retirement Provision (IORP, classified in S.129).</p> <p>Table 29 column B covers the following occupational pension plans:</p>	
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 <i>(plan de pension sectoriel/sectorale pensioenstelsel)</i>	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) <i>(plan de pension sectoriel/sectorale pensioenstelsel)</i>	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 (2<sup>nd</sup> 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 solidarity 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*. 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*.

**b. Institutional set-up**

<i>Data sources/ suppliers</i>	<i>The data are provided by the National Bank of Belgium and the Financial Services and Market Authority.</i>
<i>Which institution is running/managing the calculations?</i>	<i>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.</i>  <i>Columns G and H are compiled by the Federal Planning Bureau. The other columns are compiled by the National Bank of Belgium.</i>

**c. Major formulas: Benefit formula; Indexation of benefits**

<i>Benefit formula</i>	<i>Not available (see pt. 6)</i>
<i>Indexation of benefits</i>	<i>Not available (see pt. 6)</i>

<i>d. Type and structure of the calculation model</i>	
<i>Not available (see pt. 6)</i>	
<b>2. Assumptions and methodologies applied</b>	
<i>a. Discount rate</i>	
<i>Not available (see pt. 6)</i>	
<i>b. Wage growth</i>	
<i>Not available (see pt. 6)</i>	
<i>c. Valuation method: ABO/PBO</i>	
<i>Not available (see pt. 6)</i>	
<b>3. Data used to run the model</b>	
<i>a. Mortality tables</i>	
<i>Not available (see pt. 6)</i>	
<i>b. Entitlement statistics; other relevant statistics</i>	
<i>Not available (see pt. 6)</i>	
<b>4. Reforms incorporated in the model</b>	
<i>Not available (see pt. 6)</i>	
<b>5. Specific assumptions</b>	
<i>a. How are careers modelled?</i>	
<i>Not available (see pt. 6)</i>	
<i>b. How are survivor pensions calculated?</i>	
<i>Not available (see pt. 6)</i>	
<i>c. How is the retirement age modelled over time?</i>	
<i>Not available (see pt. 6)</i>	
<i>d. Other specific features of the model</i>	
<i>Not available (see pt. 6)</i>	
<b>6. Any other comments</b>	
<p>Aggregates are derived from the business accounts of insurance companies (regarding group insurance) and pension funds (IORP).</p> <p>Insurance companies and IORP are, to a very large extent, allowed to apply their own technical assumptions. The available administrative data does not provide information about these.</p> <p>Table 29 compilation methods are aligned with those in use in the core non-financial accounts.</p> <p>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.</p> <p>Because the data sources available do not allow to distinguish them from other schemes, column B also records Defined benefits General government schemes operated by financial corporations which should be recorded in column E. Therefore, column B is flagged “D”.</p>	

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### 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 of 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, DB General government schemes managed by financial corporations are recorded together with non-general government schemes in column B.*

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

<b>1. General description of the scheme and the calculation model</b>	
<i>a. Coverage of the scheme</i>	
Column F records mandatory defined benefits schemes operated by General government non-autonomous pension funds.	
<i>b. Institutional set-up</i>	
<i>Data sources/ suppliers</i>	Aggregates are derived from the business accounts of pension funds.
<i>Which institution is running/managing the calculations?</i>	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.
<i>c. Major formulas: Benefit formula; Indexation of benefits</i>	
<i>Benefit formula</i>	Not available (see pt. 6)
<i>Indexation of benefits</i>	Not available (see pt. 6)
<i>d. Type and structure of the calculation model</i>	
Not available (see pt. 6)	
<b>2. Assumptions and methodologies applied</b>	
<i>a. Discount rate</i>	
Not available (see pt. 6)	
<i>b. Wage growth</i>	
Not available (see pt. 6)	
<i>c. Valuation method: ABO/PBO</i>	
Not available (see pt. 6)	
<b>3. Data used to run the model</b>	
<i>a. Mortality tables</i>	
Not available (see pt. 6)	
<i>b. Entitlement statistics; other relevant statistics</i>	
Not available (see pt. 6)	
<b>4. Reforms incorporated in the model</b>	
None	
<b>5. Specific assumptions</b>	
<i>a. How are careers modelled?</i>	
Not available (see pt. 6)	
<i>b. How are survivor pensions calculated?</i>	
Not available (see pt. 6)	
<i>c. How is the retirement age modelled over time?</i>	
Not available (see pt. 6)	
<i>d. Other specific features of the model</i>	
Not available (see pt. 6)	
<b>6. Any other comments</b>	
Aggregates are derived from the business accounts pension funds which are, to a very large extent, 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	
<i>a. Coverage of the scheme</i>	
<p>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 25.7% of total first pillar pension expenditures reported in national accounts for 2018.</p> <p>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.</p>	
<i>b. Institutional set-up</i>	
<i>Data sources/ suppliers</i>	<p>The microsimulation model estimating accrued-to-date pension entitlements uses administrative data for 2011 provided by the Datawarehouse Labour Market and Social Protection of the Crossroads Bank for Social Security. It includes over 600 000 representative individuals, with retrospective data that is complete for wage earners though only partial for civil servants and self-employed workers. The dataset is supplemented with information from the 2011 population census and fiscal information.</p>
<i>Which institution is running/managing the calculations?</i>	<p>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.</p>
<i>c. Major formulas: Benefit formula; Indexation of benefits</i>	
<i>Benefit formula</i>	<p>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 <i>tantième</i> of 60 in the denominator. Some civil servants have a preferential denominator (55 in teaching and 48 years for magistrates and in academic services).</p> <p>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.</p>
<i>Indexation of benefits</i>	<p>Civil servants' pensions are automatically adjusted to the health consumption price index and to the real wage increases of the active civil servants (the <i>péréquation</i>).</p>
<i>d. Type and structure of the calculation model</i>	
<p>MIDAS is a microsimulation model, meaning that the modelling is done on the level of individuals clustered 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.</p>	

<b>2. Assumptions and methodologies applied</b>
<i>a. Discount rate</i>
<i>A fixed discount rate of 2% in real terms is used.</i>
<i>b. Wage growth</i>
<i>Future wage growth is modelled at a rate of 1.5% in long term (from 2037 on).</i>
<i>c. Valuation method: ABO/PBO</i>
<i>PBO</i>
<b>3. Data used to run the model</b>
<i>a. Mortality tables</i>
<i>MIDAS uses EUROPOP2019 data in the projections for Table 29.</i>
<i>b. Entitlement statistics; other relevant statistics</i>
<i>The entitlement statistics for 2018 are taken from the national accounts (government accounts) and Federal Pensions Service. Other statistics, such as on social contributions and transfers between schemes, come from the national accounts, Federal Pensions Service and National Institute for the Social Security of the Self-employed.</i>
<b>4. Reforms incorporated in the model</b>
<i>None.</i>
<b>5. Specific assumptions</b>
<i>a. How are careers modelled?</i>
<i>Future career evolution is projected by the microsimulation model MIDAS, using the projection of the aggregate numbers of civil servants by age and gender provided by the meso-economic model MALTESE (in its version set up in the framework of the Working Group on Ageing Populations and Sustainability), as well as behavioural equations for transitions between states.</i>
<i>b. How are survivor pensions calculated?</i>
<i>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 46.5 in 2018 and will gradually increase to 50 by 2025.</i>
<i>A divorced spouse can also be entitled to a survivor's pension under certain conditions. The minimum age condition plays a similar role in these situations. This age condition was also 46.5 in 2018 and will gradually increase to 50 in 2025.</i>
<i>c. How is the retirement age modelled over time?</i>
<i>The statutory retirement age in Belgium is currently 65 (both men and women and all pension schemes). It will increase from 65 to 66 by 2025 and to 67 by 2030.</i>
<i>d. Other specific features of the model</i>
<b>6. Any other comments</b>
<i>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.</i>

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

1. General description of the scheme and the calculation model	
<i>a. Coverage of the scheme</i>	
<p>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.</p> <p>Of the total pension expenditures on first pillar pensions reported in the national accounts for 2018, 66.3% 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.</p>	
<i>b. Institutional set-up</i>	
<i>Data sources/ suppliers</i>	<p>The microsimulation model estimating accrued-to-date pension entitlements uses administrative data for 2011 provided by the Datawarehouse Labour Market and Social Protection of the Crossroads Bank for Social Security. It includes over 600 000 representative individuals, with retrospective data that is complete for wage earners though only partial for civil servants and self-employed workers. The dataset is supplemented with information from the 2011 population census and fiscal information.</p>
<i>Which institution is running/managing the calculations?</i>	<p>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.</p>
<i>c. Major formulas: Benefit formula; Indexation of benefits</i>	
<i>Benefit formula</i>	<p>- Wage earners</p> <p>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 real or assimilated wages 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).</p> <p>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. There is no explicit maximum pension amount, though the wage ceiling mentioned above imposes an implicit maximum.</p> <p>- Self-employed individuals</p> <p>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 rights are based on the business income used to compute social security contributions and income tax, up to an income ceiling. The income is adjusted</p>

	<p>to current prices.  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. There is no explicit maximum pension amount, though the income ceiling mentioned above imposes an implicit maximum.</p>
Indexation of benefits	Pension benefits are automatically adjusted to the health consumption price index and partially adjusted to living standards according to the 'Generation Pact'.
<b>d. Type and structure of the calculation model</b>	
MIDAS is a microsimulation model, meaning that the modelling is done on the level of individuals clustered 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.	
<b>2. Assumptions and methodologies applied</b>	
<b>a. Discount rate</b>	
A fixed discount rate of 2% in real terms is used.	
<b>b. Wage growth</b>	
Future wage growth is modelled for wage earners and self-employed at a rate of 1.5% in long term (from 2037 on).	
<b>c. Valuation method: ABO/PBO</b>	
PBO	
<b>3. Data used to run the model</b>	
<b>a. Mortality tables</b>	
MIDAS uses EUROPOP2019 data in the projections for Table 29.	
<b>b. Entitlement statistics; other relevant statistics</b>	
The entitlement statistics for 2018 are taken from the national accounts (government accounts) and Federal Pensions Service. Other statistics, such as on social contributions and transfers between schemes, come from the national accounts, Federal Pensions Service and National Institute for the Social Security of the Self-employed.	
<b>4. Reforms incorporated in the model</b>	
None.	
<b>5. Specific assumptions</b>	
<b>a. How are careers modelled?</b>	
Future career evolution is projected by the microsimulation model MIDAS, using the projection of the aggregate numbers of civil servants by age and gender provided by the meso-economic model MALTESE, as well as behavioural equations for transitions between states.	
<b>b. How are survivor pensions calculated?</b>	
<p>Wage-earners</p> <p>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</p>	

*transitional benefit. The age condition was 46.5 in 2018 and will be gradually increased to 50 by 2025.*

*A survivor's pension represents 80% of the deceased person's retirement pension, computed at the family rate (which means 80% of 75%, equivalent to 60% of the reference wage), or, if she/he was still working, at 80% of the retirement pension she/he would have had if she/he had work until the legal age of retirement.*

*Self-employed*

*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 46.5 in 2018 and will be gradually increased to 50 by 2025.*

*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). It will increase from 65 to 66 by 2025 and further to 67 by 2030.*

**d. Other specific features of the model**

**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**

**1. General description and the calculation model**

**a. Coverage of the scheme**

*Pension schemes of foreign companies operated by pan-European IORPs established in Belgium.*

**b. Institutional set-up**

<i>Data sources/methods</i>	<i>Aggregates are derived from the business accounts of pension funds (IORP) and Balance of Payment data. The Financial statements of the IORP and BOP data allows the identification of stocks and flows relating to pension schemes of non-resident households.</i>
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<i>Which institution is running/managing the calculations?</i>	<i>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.</i>  <i>Columns G and H are compiled by the Federal Planning Bureau. The other columns are compiled by the National Bank of Belgium.</i>
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**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>