



Guaranteed income insurance for the self-employed

extension until the age of 67 possible

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Self-employed people can extend guaranteed income insurance until the age of 67

The legal retirement age in Belgium is currently 65 years, but will increase to 66 in 2025 and 67 in 2030. It therefore makes sense to also extend your guaranteed income insurance until the age of 67. This will mean that you remain insured until the statutory retirement age against loss of income caused by an inability to work due to illness or accident. In other words, you will be insured if you become incapacitated for work in the last few years before your retirement, and the insurer will continue to pay out any disability allowance until your actual retirement. If you do not extend your guaranteed income insurance, you may end up relying on a limited statutory benefit from the health insurance fund between the current end date of your contract and the age of 67.

Why guaranteed income insurance?

Disability during our working life can affect any of us. By the end of 2021, around 485,000 people in Belgium were incapacitated for work: 1 in 15 Belgians between the ages of 20 and 64 were absent on a long-term basis due to illness or accident. Moreover, the statutory contribution in the event of work disability is limited. For the self-employed, the health insurance fund's payment currently varies between EUR 46 and EUR 76 per day, depending on the family situation and the duration of the disability. This represents a serious financial blow for an incapacitated self-employed person.

Guaranteed income insurance, also known as disability insurance, allows you to create a financial safety net to make up for the loss of income resulting from an inability to work. The insurer will pay out a monthly replacement income that varies according to the duration and degree of disability, reducing the gap between your normal remuneration and the total replacement income that you receive from the health insurance fund and the insurer.

Code of conduct within the insurance sector

Assuralia, the insurance companies' professional association, has drawn up a code of conduct in order to extend the upper age limit for guaranteed income insurance for the self-employed to the new statutory retirement age of 67. This code of conduct came into effect on 1 January 2024 and runs until 31 December 2026.

With this code of conduct, Belgian insurers have undertaken to make a proposal to every self-employed person with a guaranteed income insurance policy that expires before the age of 67 to extend the policy's age limit to 67 years; they will make this proposal between 2024 and 2027, and at the latest when the age limit currently specified in the policy is reached.

Most disability insurance policies currently have an age limit of 65 years, which is the current statutory retirement age. Older policies may even specify an age limit of 60 to 64 years.

In practice

Offer

It is up to the insurer when and how to inform policyholders about the possibility of extending their current guaranteed income policy to the age of 67. Most insurers will inform the self-employed person that he or she has a certain period of time within which to request a quotation from the insurer for the extension of the age limit. This communication will take place in phases, depending on the policy's current age limit and the age of the insured person.

If the insured decides not to extend the age limit of the current guaranteed income insurance, he or she will no longer be covered for any disability arising in the period between the current age limit specified in the policy and his or her statutory retirement age. Current disability allowance payments will also be stopped at the current age limit specified in the policy and will therefore not continue to be paid until the statutory retirement age.

It is possible to change your mind later and ask the insurer for an extension of the current policy's age limit, but in that case the favourable conditions specified in the code of conduct will no longer apply and the insurer may impose new medical conditions.

For insured persons who are currently incapacitated for work, the code of conduct states that it is up to insurers whether to propose an extension of the age limit or not. Most insurers will not make an offer for insured persons who are currently incapacitated for work.

Medical clearance

Under the code of conduct, the age limit for disability insurance can be extended to the statutory retirement age of 67 without new medical clearance. However, the insurer may take the insured's individual claim record into account. Any new additional premiums and/or exclusions resulting from this will only apply for the period of extension from the age limit originally specified in the policy. Any existing additional premiums and/or exclusions in the current policy will remain in effect.

Premium

The extension of the retirement age to the statutory retirement age of 67 will usually lead to a new and higher premium. This new premium will apply as soon as the self-employed person agrees to the insurer's quotation.

If a significant premium increase is involved and the insured indicates that the new premium is too expensive but that he or she would still like a policy with an extended age limit, the insurer can propose an alternative with, for example, a lower insured disability allowance or a longer qualifying period (the period of disability during which the insured is not entitled to any payment from the insurer).

Other forms of cover

If the disability cover is linked to a Pillar 2 pension contract (e.g. an individual pension policy), then it is sensible – and in some cases mandatory, depending on the insurance policy – also to extend the pension accrual period until the new statutory retirement age of 67. As your broker, we can advise you further on how this extension affects the return on your pension, the 80% calculation of your supplementary pension plan and other points. We can also discuss with you the possible extension of the supplementary death and premium waiver cover.

Our advice

As soon as you receive a communication from your insurer about extending your guaranteed income insurance until the statutory retirement age of 67, your Employee Benefits Account Manager can give you more detailed advice about extending the disability cover and any other forms of cover such as pension, death and premium waiver. If you have any questions about this code of conduct in the mean time, you can of course also contact your regular contact person.

Do you also have employees for whom you have arranged collective guaranteed income insurance? If so, you may find it helpful to explore the options for extending the age limit to 67 for this policy together with your Account Manager.

More information

Do you have any questions? If so, contact your regular contact person at Vanbreda.



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