What is the impact of budget measures on state pensions?

Furthering its goal to keep Belgians working longer, the government has included measures in its budget agreement dated 15 October 2016 that will have an impact on state pensions. This will serve as the basis for consultations with the social partners. Adjustments or amendments may be made to the proposals outlined below on the basis of these discussions.

1. System of unemployment with company top-up supplement

For employees switching to this system from 2018 onwards (formerly known as a bridging pension), the years not worked will have a more serious impact on the final calculation of their state pension.

For all of the years during which they receive the bridging pension, the minimum annual entitlement will be used to calculate the state pension. This is instead of their final – and normally higher – salary, as was previously the case. This method has already been applied under the Di Rupo government for bridging pensions that started prior to the age of 60. This rule will now also be applied for those employees who take the top-up supplement option at age 60 or over.

An exception will be made for anyone who takes the top-up supplement option following mass redundancies.

For example:

An employee takes the top-up supplement option at the age of 60. Their final salary is higher than the pension limit (> EUR 53,528.57 in 2016). Until now, the maximum ceiling level would have applied during the period from age 60 to 65 when calculating their pension. The new rules will now mean that they are only permitted to receive the minimum wage level of EUR 23,374.55 during the period from age 60 to 65. A calculation shows us that this measure means that this employee will build up around EUR 2,000 per year or EUR 168 per month less than under the current rules.

2. Long-term unemployment

Starting from the second year of unemployment, the amount of the eventual pension will be calculated for the years of unemployment on the basis of the minimum rights, and no longer on the basis of the actual salary that the employee earned before becoming unemployed.

3. Increase in state pensionable age for SNCF/NMBS staff on trains and military personnel

The current pensionable age for staff on trains at SNCF/NMBS and military personnel is currently 55 years of age. It has been decided that from 2018, the age to qualify for the state pension will be raised to 57 years. Thereafter, the pensionable age will gradually rise to 63 by 2030, which means an increase in the pensionable age of six months each year from 2019 onwards (57.5 years in 2019, 58 in 2020, 58.5 in 2021 and so on).

4. Continuing to work until the legal pensionable age

Up to now, employees with a full term of contributions (45 years) were not able to earn any further pension rights if they continued to work. This situation will now change. Employees with a full term of contributions (45 years and the equivalent of 14,040 days) may continue to earn additional pension rights for the additional days that they work over and above the 14,040 days.

5. Making supplementary pensions generally available

From 2018, any employee can build up a second-pillar pension if they wish to, even if their employer does not offer this type of plan. The employee will be able to allow a part of their salary to be retained, and will be able to define the amount themselves within certain limits.