

Many workers still take advantage of early retirement schemes. When they do, employers pay an additional monthly pension to the early retirees. And they always pay a price for this: the administrative burden falls on the shoulders of the HR department and / or payroll service. Outsourcing is an effective alternative.

Outsourcing

Although the current government has been trying its best to increase the retirement age, many workers continue to take advantage of early retirement regulations each year. There are also some companies that ask employees to leave early, for example as part of a restructuring plan. In both cases, companies take on a significant financial and administrative commitment with respect to their employees.

TPA is not only an effective choice in terms of reducing the administrative workload, it also offers a company financial benefits

In many companies this creates a need to outsource the administrative duties. Vanbreda Risk & Benefits acts as an independent partner for such companies to outsource their obligations through a group pension plan. This is a personal insurance policy in which the employer transfers its full financial and administrative burden for their early retirement pension to an insurer by making a single payment.

Practical implications

The issue of early retirement is often onerous for the personnel department. Many early retirees have additional or complex questions and keep a close eye on the timing of their monthly pension payment.

A TPA agreement involves such tasks being taken over, like making payments, generating and sending payslips, monitoring index-related increases, etc. In addition, early retirees can contact a central help desk for all questions about their payments

Financial implications

TPA is not only an effective choice in terms of reducing the administrative workload, it also offers a company financial benefits. The calculation of the total cost takes account of the mortality risk and uses a discount rate. Future payments are discounted to today's date. The resulting premium or purchase amount is a single payment that is fully tax deductible. The liabilities disappear from the balance sheet in a single year and, following after the restructuring, the company can start again with a clean slate.

When there are negotiations with employee representatives about a restructuring plan, the existence of a group pension plan can certainly reassure the unions. The early retirees are guaranteed their pension payments, even if the company subsequently closes down.

When it comes to the closure of a Belgian subsidiary of a foreign company, outsourcing these obligations is more than merely desirable. Where the company has to provide a bank guarantee to the social partners, the pension plan is an acceptable alternative. And the additional costs or securities that the bank could demand the company are no longer an issue.

How can Vanbreda Risk & Benefits help you?

Companies faced with the complex issues surrounding early retirement can rely on the expertise of Vanbreda Risk & Benefits. We prepare the specification document for 'outsourcing of the calculation and payment of early retirement pensions', interrogate the entire insurance market, make a comparative study, present our advice and implement the final decision;

Contact us

Vanbreda Risk & Benefits
Employee Benefits
Plantin en Moretuslei 297
2140 Antwerp
Tel. 03 217 67 67
www.vanbreda-riskandbenefits.be