

ETUC SOCIALL PROJECT - SURVEY FOR NATIONAL CONTACT PERSON

Trade union report for Belgium

National Trade unions that participated in the survey: ACV-CSC, ABVV-FGTB

This survey, for completion by the National Contact Persons on behalf of their trade union, is an important source of the qualitative and quantitative information required for the ETUC's SociAll Project. This is in addition to the extensive information about each countries' pension system that will already be available to the National Experts from established national and international sources.

The survey will provide the National Experts with:

- Background information, specifically from a trade union perspective, about the country's pension system and attitudes to recent trends in pension provision;
- To outline the challenges in the sphere of pension provision that have been identified by trade unions; and
- Set out the trade unions' priorities and proposals.

The survey is divided into three sections that are summarised in Table 1 below. These relate to the corresponding sections of the National Reports, as outlined in the Methodological Note. Section 4 of the National Reports will also be informed by the information that is provided.

Table 1. Outline of the National Survey	
<u>Section 1.</u>	The Country's Pension System: The views of the national trade unions on the strengths and weaknesses of prevailing pension system and the content and the expected effects on the system of recent reforms and those currently under active discussion.
<u>Section 2.</u>	Current Challenges: Trade unions' perception of the main socio-economic and demographic challenges that affect the present and future of pension provision.
<u>Section 3.</u>	Possible Reforms: The trade union's priorities in pension policy and the strategies required to have more effective pension protection in the future.



Section 1. The Country's Pension System

This section of the survey covers the current situation, including questions on the trade unions' views on the strengths and weaknesses of prevailing national pension system. It also asks questions on the content and the expected effects on the country's pension system of recent reforms and those currently under active discussion. It should be taken that the National Experts are already familiar with the country's existing pension system and current issues. The status of the current reforms should be identified as follows:

- **Completed Reforms**, i.e. those implemented since 2010
- **Planned reforms**, i.e. almost certain to be adopted, i.e. having gained enough political support and formulated as draft legislation
- **Reforms under active discussion**, i.e. those that are under discussion, with an indication of the likelihood that the reform will be adopted.

QUESTIONS

GENERAL OVERVIEW

Role of Social Partners in general and trade unions in shaping pension reforms

Q 1.1

Can you describe how trade unions in particular and social partners in general are involved in the pension policy debate and decision-making process in your country and how does the involvement take place (involvement in bipartite/tripartite institutions, consultation by government/parliament, negotiations)?

Since December 2018, we had a government with very limited competencies: until March 2020 a caretaker government; since March 2020 also with limited competencies to take urgent measures to respond to the Covid crisis. This means also that there was no real policy debate on pensions since December 2018.

After the elections of 2014, we were confronted with a right wing government who announced a lot of pension reforms, mostly by unilateral decision making without real involvement of the social partners. For most aspects, the involvement was limited to the mandatory advisory procedures, especially via the Governing Body of the Federal Pension Service (FPD/SFP), the Belgian social security organism for pensions. For officials of the public sector there were the formal negotiation procedures through the overarching Consultation and Negotiation Committee for the public sector (Committee A).

In that period (2014-2018), real involvement of the social partners was limited to the definition of arduous occupations. Workers in arduous professions could retire a little quicker. For the public sector, the negotiations took place in Committee A, which led to an agreement between the government negotiators and part of the trade unions. For the private sector, the government asked the social partners to reach an agreement within the National Labour Council. These negotiations failed. Afterwards, the question arose whether the government would implement the agreement in committee A. Because the Flemish



nationalists (N-VA) left the government in December 2018, this question even became without object.

Since October 1, 2020 we have a new federal government with full competencies, which announced a new pension reform, with involvement of the social partners. The new minister for pensions, Karine Lalieux, was asked to come up with proposals by September 1, 2021. The governmental declaration did not mention a specific initiative for arduous occupations, but Karine Lalieux announced that this would become part of the debate. In the meantime, the government took already first measures to improve the pension benefits: an important increase of the minima with 11%, in four steps, together with an increase in four steps of the cap on the pensions for high wages (cf. infra).

Q. 1.2

Which is the trade union role in the latest pension reform processes (implemented and under discussion)? Provide your own assessment (major role, marginal role, total exclusion) and few examples in case of influence

See 1.1. (little influence)

The former minister of pensions was not accepting any other opinion or viewpoint. Social dialogue was just a part of the process to pass, the content or output of that dialogue didn't matter to him. We hope our involvement will be better for the next reform under the new government.

Q. 1.3

Provide a general assessment of the extent to which the existing pension system addresses the needs of current and future retired people in your country, indicating where and why it falls short.

A general assessment will be enough, as a more detailed section on challenges will follow.

Four basic problems:

1° minimum pension is too low. This inspired the new federal government to increase it with 11%, in four equal steps: 2021, 2022, 2023 and 2024;

2° replacement ratio is too low, especially for employees (private sector + contractuels in the public sector: the pension is based on the average wage during the career and for that reason partially based on the very low wages of a big part of the career; additional problem: higher wages are capped which leads to a further decrease of the replacement ratio. Concerning the last problem: the new government has decided to increase the cap with 9,86%, also in four equal steps (2021, 2022, 2023, 2024);

3° to receive the maximum pension a career of 45 years is needed (with assimilation of certain periods of inactivity), which is rather high in international perspective and especially problematic for female workers (each year under 45 year leads to a reduction of 1/45 of the pension);

4° promotion by the different governments of private pension schemes (second and third pillar) led to very unequal results: between men and women; between high and low wage



earners; between big companies and SME's; and especially between white and blue collar workers

Q. 1.4

- a. What are the main principles and policy drivers that inspired the design of the pension system under analysis? Are they still valid?

Main principles (private sector):

- repartition (not capitalization): still valid
- priority for the first pension pillar: more than ever valid
- pension based on the average wage during the career: still valid, but only acceptable with revalorization of "old wages"
- minimum and maximum: valid, but with revalorization of the amounts;
- career of 45 years: not valid (discriminatory for lot of women; not adapted to the later entry in the labour market of youngsters)
- Bismarck model: based on contributions: still valid (if complemented by a satisfactory system of social assistance for people without enough labour market participation)

- b. Is the European Pillar of Social Rights and the recent European Council's Recommendation on Access to social protection for workers and the self-employed¹ shaping the debate on pensions?

Yes and no. It inspires the trade union positions, especially to campaign for access to social protection for atypical workers which are excluded from any social protection (especially workers for the digital platforms who do not earn more than 6.130 euro a year). But as we wrote earlier, since 2018, there was no real pension debate anymore. In the governmental declaration of the new federal government, there is a small reference to the EPSR and also in the political declaration of the new Minister for Pensions, but nothing in it concerning the Access to Social Protection Declaration. In the political declaration of the new Minister for Social Affairs and Healthcare, Frank Vandenbroucke, there is an important section on international social policy, especially concerning EPSR and also the the Access to Social Protection Declaration (<https://www.dekamer.be/FLWB/PDF/55/1610/55K1610003.pdf>). This is for two reasons important: we suppose that Vandenbroucke will play a crucial role in the new pension reform at the one hand. And it is clear that, as he did before during his career, he will invest a lot in the European debates, especially within EPSCO.

- c. Within trade unions?

Cf. supra. We use the EPSR and the Declaration as tools to make progress, especially in the debates on the increase of the minimum benefits in social security and social assistance (inter alia the minimum pension, the minimum for survivor benefits and the

¹ <https://ec.europa.eu/social/main.jsp?catId=89&furtherNews=yes&langId=en&newsId=9478>



social assistance to elderly) and the social protection of non-covered atypical workers (esp. “payed volunteers” and platform workers).

d. In bipartite or tripartite social dialogue?

Within the National Labour Council, we reached a consensus with the employers’ organisations to oppose to the new legal framework for payed volunteers and for digital platform work (below 63400 euro a year), for which we could use arguments from the European Pillar and the Access to Social Protection Recommendation. In the context of the public consultation of the European Commission launched in January 2020 with a view to providing input on the strategic measures, commitments or initiatives to be adopted at European, national, regional or local level to implement the European social rights foundation, the former Minister for Employment asked the National Labour Council for an opinion on the initiatives to be adopted with a view to implementing this European social rights foundation in practice at both European and national level. This had led to a consensual advice of the National Council of Labour on November, 24, 2020. In the preparation of this advice, we experienced a lot of resistance of the employers which seem to be allergic for any transposition of the European principles in concrete enforceable rules and rights.

Q. 1.5

Summarise the trade unions’ views on the state of the country’s pension system debate in terms of the balance between financial sustainability and social adequacy, coverage and effectiveness.

About financial sustainability: trade unions’ view is basically that this is a false approach. The investment of a society in his first pension pillar is a political choice and not a predetermined maximum due to fiscal or economic constraints.

About adequacy: cf. supra.

About coverage: our pension system has a rather broad coverage, at least for those with labour market participation, with a rather generous system of assimilation of periods of inactivity (and this complemented by a social assistance system with means testing).

Effectiveness: cf. supra

Q. 1.6

Summarise completed reforms (as defined above) and indicate the trade union’s assessment (if any) of their impact on the adequacy, coverage, and effectiveness of pension provision?

1. The conditions for early retirement became stricter: retirement at the age of 60 years needs a career of 44 years; 43 years at the age of 61; 42 at the age of 63. The problem here is not adequacy (later retirement means higher pension) or coverage, but the problem of arduous work.
2. Conditions for survivor pensions became stricter: progressive replacement under the age of 55 years by the so called transition benefit: a temporary “survivor pension”, which is



replaced after a period of 1 or 2 years by an unemployment benefit (with an obligation to search for work). Until now no evaluation: how much widows or widowers did really find a job thanks to this “activation”?

3. Conditions for assimilation of non-active periods became stricter, especially for long term unemployed and for people in the specific schemes for older unemployed. This is very problematic in regard to adequacy. The persons with the highest unemployment risks are often low paid workers with by definition the lowest pensions.
4. In 2015 the Parliament decided to raise the legal pension age (actually 65 years) to 66 years in 2025 and 67 years in 2030. The quantitative impact on adequacy and coverage is rather limited, because the big majority of workers can retire earlier. But... what about the workers who are not able to prove a career of at least 42 years? This means: no pension before the age of 66 or 67 years (with only social assistance as an alternative, after means testing).

Q. 1.7

Summarise reforms and those under active discussion (as defined above) and indicate the trades union’s assessment (if any) of their impact on the adequacy, coverage, and effectiveness of pension provision?

No reforms under active discussion (cf. supra)



Section 2. Current challenges

This section of the survey is about the trade unions' perception of the main socio-economic and demographic challenges that affect the present state and future of pension provision in terms of coverage effectiveness and adequacy (and the effective implementation of the Recommendation on Access to Social Protection for Workers and the Self-Employed).

This should cover:

- *The issues the trade union regards as the more urgent challenges to pensions; and*
- *The main social and occupational groups that, in the view of the trade union movement, need greater attention for more effective pension protection.*
- *The gender dimension of the challenges*

The lists of issues provided for certain questions is non-exhaustive and other issues should be covered, if appropriate

QUESTIONS

Main Challenges

Q. 2.1

- a. What are, in general, the main social challenges in pension provision with respect to the social and economic outlook of your country?

Please consider the needs of people, their rights and living conditions. You can make reference to the topics listed below, noting the relevance in the short, medium and long run, and add some others. Please, explain your choices and, for those that are regarded as the most salient, provide a concise explanation, with data and examples.

- **Population ageing:** big challenge, especially in the period 2020-2040, which comes together with the fall in immigration (due to more restrictive immigration policies). Ageing in itself is not a problem, but the ageing costs are used as an alibi for radical pension reforms.
- **Poverty rates:** poverty rates for citizens with pension benefits are decreasing, due to the fact that couples are entitled more and more to two pensions (based on two professional careers) and to the longer average career of women. In fact, the problem is more and more concentrated on isolated persons and those couples with only one low pension (especially the minimum for a couple is far below the European poverty line, even with the announced increase of 11%).
- **Access to essential services:** the regions invested a lot in long term care facilities for older people, but due to the population ageing, strong investments are still needed. On November 24, 2020, in the Flemish Community a draft of an agreement with the trade unions of the care sector was reached for better wages and more jobs in the care branches. The big driver for those improvements was the Covid19-crisis, with a dramatic impact on the nursing homes for elderly.



- Out-of-pocket expenditure for healthcare and long-term care. The federal government introduced the concept of the “maximum bill” for health care, which is seen by the trade unions as a big progress. The three communities (Flemish, French, German) are responsible for the long term care, but with an investment far below the needs and with strong differences between the communities.
- Low salaries. This is a problem, but less in regard to pensions. More important for the adequacy of pensions is the level of the minimum pension.
- Unemployment. The cut in the assimilation of unemployment periods for the pension rights for the long term unemployed (cf. supra), leads to lower pension benefits, especially for low wage workers (with the highest risks for long term unemployment).
- Increased share of atypical jobs (high rate of involuntary part-time/zero-hour contracts/ A lot of involuntary parttime work is assimilated as full time work for pension rights. The problem is concentrated on those parttime workers with only partial pension rights. As trade unions, we succeeded to obtain better regulations for the right to a minimum pension for those people, but only partially.
- Bogus self-employment. This is experienced as a big problem by the trade unions, but less in regard to pension rights (the focus is on labour rights, as well as social security rights in case of unemployment, sickness, occupation hazard). This has to do with the progressive harmonisation of the pension systems for employees and self-employed. This has led to an opposite problem: pensions for self-employed became better: a higher cap for high incomes as a self-employed, together with lower contributions, especially for higher income.
- Sluggish economic performance. Cf. supra (about sustainability).
- Low average productivity. Cf. supra (about sustainability).
- Increasing inequalities. As trade unions, we see this especially as a problem for the so called second and third pillar (cf. supra).
- Gender gaps in employment/wages: we experience this as a big problem, which has inspired us to add to the campaigns against the wage gaps also campaigns against the pension gap.
- The Covid-19 Pandemic. The central debate in Belgium concerns actually the future of our model of long term care for elderly people (because of the high mortality in the residential institutions for long term care). But soon, the question “who will pay the bill for this crisis” will come together with the question “who will pay the bill for the ageing”.



Challenges to Formal coverage

Q. 2.2

Please answer the questions shortly framing the relevant situation(s) in the demographic/ social/ macroeconomic context and always keep into account the gender perspective wherever relevant and possible. In your reply, please, consider in particular but not only employees, self-employed and atypical workers, as well as the gender dimension (de facto)

a. Are there any major gaps in formal coverage?

The social security system had a rather broad coverage, for employees as well as for self-employed, but based on social security contributions. This leads to exclusion of several categories of workers without the normal social security contributions:

1° students at work: only “solidarity contributions” and no pension rights

2° digital platform workers: if working in the new legal schema (since 2018) under 6.3400 euro a year (cf. supra) no taxes, no contributions, no pension rights. This scheme was annulled by the Constitutional Court from 1.1.2021 on and will be replaced by a system with, with a new cap (5389 euro a year), with 10% taxes, but still without any contribution, nor social security rights.

3° associative work (“paid voluntary work in not-for-profit-organisations). If working in the new legal schema under 6.340 euro a year (cf. supra) no taxes, no contributions, no pension rights. This scheme was also annulled by the Constitutional Court from 1.1.2021 on (cf. 2°). The new government announced a new legal framework, but the political orientations are not quite clear yet.

4° C2C-services (occasional activities of citizens for citizens): If working in the new legal schema under 6.340 euro a year (cf. supra) no taxes, no contributions, no pension rights. This scheme was also annulled by the Constitutional Court from 1.1.2021 on (cf. 2°). This scheme was not very attractive. The new government has not announced any initiative to elaborate an alternative scheme after the annulation.

5° people who help a self-employed without a labour contract and under the age of 20: if not married, no contributions and no pension rights

6° self-employed for which the activity is not a professional activity: no contributions, no pension rights.

Those workers are supported, if necessary, by the social assistance system after means testing (“income guarantee elderly”). The Act of 27 January 2017 amending the Act of 22 March 2001 establishing an income guarantee for the elderly (IGO/GRAPA) introduced, in addition to the nationality conditions, a residence condition in order to be entitled to the IGO/GRAPPA. The person concerned had to:

- have his main residence in Belgium
- have had an actual stay in Belgium for at least 10 years
- of these 10 years must be continuous for at least 5 years

In judgment no. 6/2019, the Constitutional Court annulled the additional residence conditions in the case of income guarantee for the elderly. The Court considers that the residence condition is not compatible with the standstill principle set out in Article 23 of



the Constitution. That principle prohibits the competent legislator from significantly reducing the level of protection without there being reasons in the public interest to do so. The additional residence condition is also contrary to Regulation 883/2004/EU on the coordination of social security systems, according to the Court.

- b. What categories of workers, i.e. employees, self-employed and atypical workers, are formally excluded from the coverage of pension schemes by reason of their contract, or are only offered voluntary coverage by pension schemes? Which are the main groups (for example migrant, low-skilled, women) affected?

Which categories: cf. A.

Which main groups:

- Formal exclusion of social security:
 - o Especially young workers with atypical contracts. Of the students with labour contracts 57,3 % are women.
 - o Associative work + C2C: 70,3% are men
 - o For other atypical contracts (esp. digital platforms): no data available.
 - For IGO/GRAPA: exclusion of new migrants.
- c. What determines/ how would you explain these gaps in formal coverage?
For social security: combination of political choices, lobbying by employers organizations, reluctance to pay the normal social security contributions and weak organization of those vulnerable groups.
- For social assistance: anti-migrant tendencies.
- d. What are their main social consequences/impact?
Weakening of social security systems because of lower incomes from contributions.
A variation of Gresham's law: bad work (without adequate protection) drives out good work (with normal security contributions).
Lower pensions for those who stayed part of their career in those not-covered work situations.
- e. Do you see issues for fiscal sustainability of a system covering of a system covering people in all forms of employment?
No, at the contrary. (see d.)
- f. Please provide data
No data available



Challenges to Effective coverage

Q. 2.3

- a. Is it possible to highlight any major effectiveness issues?
Please, consider effects that, for example, possible entitlement conditions, wage levels, contribution levels, may have on non-standard workers, the self-employed, atypical workers, women.
No specific issues. See above.
- b. Who do these effectiveness issues affect? Are there categories of workers or self-employed that are at particular risk of limited effective coverage of pension benefits? *You can make reference to the topics and groups listed below, noting the relevance in the short, medium and long run, and add some others. Please, explain your choices and, for those that are regarded as the most salient, provide a concise explanation, with data and examples.*
- Women: progressive increase of the minimum age to be entitled to survivor pensions (up to 55 years). At the request of the trade unions, the Constitutional Court annulled the further increase in the minimum age for the survivor's pension from 45 years to 55 years in the period 2025 to 2030 for the specific vulnerable group of persons who do not participate in the labour market or who participate only partially (which are in majority women).
 - Younger workers: see above
 - Self-employed workers: helpers under the age of 20 (see above)
 - Bogus self-employment: coverage is guaranteed by the specific social security systems for the self-employed, but with much lower legal pensions.
 - Atypical workers: see above.
 - Precarious workers: fixed-term contracts and temporary employment contracts are entitled to the same pension rights
 - Agricultural employment: no specific problems.
 - Working poor: in Belgium, the problem of the working poor is concentrated in two groups: self-employed (because of a less adequate social security system, except for pensions) at the one hand and parttime work at the other hand (because of pro rata pension rights).
 - Migrant workers: no specific problems.
 - Low skilled workers: cf. working poor.
 - Other
- c. What are the main causes of the risk of ineffective coverage of workers?
You can make reference to the topics listed below, noting the relevance in the short, medium and long run, and add some others. Please, explain your choices and, for those



that are regarded as the most salient, provide a concise explanation, with data and examples.

- Significant lack of transparency in the access to relevant information: this is not experienced as a major problem.
 - Aggregation of contributions across schemes: idem
 - Waiting period: idem
 - Calculation rules: big problem, esp. the condition of a career of 45 years for a full pension, low minima and maxima, together with the problem that the pension is based on the average wage during the career without revalorisation (see above).
 - Requirements to access old-age or seniority pensions: increase of the legal pension age from 65 tot 67 (see above) and the stricter conditions for early retirement (see above).
 - Lack of reconciliation of professional and family life: Belgium has a well developed system of career breaks and part time schemes, with assimilations for building pension rights (but under persistent pressure by the employers' organisations and right wing parties). The core problem is the vulnerability of women who never entered the labour market or left it at a certain moment in there career, without building pension rights. The new federal government announced the introduction of an additional condition for the right to a minimum pension: a minimum number of working periods during the career. The details are not clear yet. The trade union are afraid that especially women and vulnerable workers will become the victim of this.
 - Incomplete work careers: see above
 - Low wages: is not a problem of coverage but of low pensions.
 - Missing financial capacity to safe in (voluntary) pension schemes: we don't see this as a problem, because we don't see voluntary pension schemes as a solution.
- d. How far are the following contingencies significant in leading to ineffectiveness of pension provisions? *Please, explain your choices and, for those that are regarded as the most salient, provide a concise explanation, with examples.*
- Maternity, paternity, parental leave: not a problem (assimilation for the pension rights)
 - Study or training period: the longer youngsters wait to enter the labour market, the lower the pension will be. Unless those students pay additional social security contributions later in their career, which leads to an additional statutory pension. Training periods during the career (payed educational leave, "time credit" for training) are assimilated for pension rights.
 - Sickness: assimilation

- Unemployment: until 2010, periods with unemployment benefits were assimilated, with a pension right based on the former wage. The two former governments limited this assimilation for long term unemployed and for unemployed elderly with an additional allowance of their former employer (SWT/RCC): pension rights for those periods are based on a fixed amount of 25 833,78 euro a year.
- Care duties (elderly, children, disabled, etc...). Belgium has a well-developed system of career breaks and part time work for care, with assimilation for pension rights. But a lot of 'care work' is done outside those specific schemes. A key problem in this respect concerns the women who have temporarily or permanently left the labour market (even without a contract with an employer) to devote themselves to caring for children, the disabled or the elderly. They do not build up rights for those periods, with all the consequences for the later pension. There is, however, a specific system for workers who have temporarily left the labour market to raise a small child (up to 3 years; up to 6 years for disabled or severely ill children). They can also build up pension rights, but only after payment of a personal contribution. However, this system is rarely used because of the cost of the personal contribution.

e. What are their major **social** impacts of ineffective pension provisions?

The Belgian labour market is characterised by a weak position of the low-skilled. Unemployment is very concentrated there, particularly long-term unemployment. These people already have the lowest wages and therefore the lowest pensions. The lower the assimilation for the pension of unemployment periods as a result of the measures taken by governments over the past decade, the lower the pension.

It is and remains the women who remain outside the labour market for all kinds of caring tasks, with negative effects on their pension rights (see above). This group is gradually decreasing, but very unevenly. This results in a strong concentration among low-skilled women and/or migrant women (in particular first generation migrants).

f. Do you see issues for **fiscal sustainability of a fair and effective social protection system**?

To repeat: it is not a question of sustainability, but of political choice. And those choices can also contribute to sustainability (f.e. making labour market participation more attractive).

g. Is the lack of transparency or satisfactory information about pension entitlements and obligations limiting *effectiveness of* pension provision; and, if so, which categories of workers and the self-employed are most affected?

This is not experienced as a core problem. On the other hand, our pension system excels in terms of digitalization, compared to many other public services. Care must



be taken to ensure that this does not lead to gaps in services to the digitally illiterate and/or people without digital devices.

Challenges to Adequacy

Q. 2.4

- a. Is there a prevailing/institutional/constitutional reference or definition of adequacy that is used as standard in your country? How do you define adequacy?

We can say that there is more or less a consensus on the absolute minimum level: to respect the European poverty line. And even then it is increasingly contested by some right-wing parties. On the one hand it is contested that this is a relative limit, which evolves as the country's median income rises. On the other hand, it is sometimes advocated that all kinds of allowances for the poorest should also be charged for checking the benefits against this poverty line.

There is very little consensus on other aspects of adequacy. Employers on the one hand and right-wing parties on the other hand often argue that a minimum is sufficient and that the rest of the pension must be built up on the basis of private insurance, collectively or individually. In our view, pension adequacy means higher minimum pensions at the one hand and pensions which are more in line with the former wages at the other hand (with generous assimilations).

- b. Do you use any specific indicator to assess it in your country?

We prefer European standards for comparability, also in regard to the SDG's 2030.

- c. Please provide the TU's view of the significance of the two main adequacy indicators used by the Commission (Theoretical Replacement Ratio/TRR; Aggregate Replacement Ratio/ARR – Pension Adequacy Report - PAR 2018).

No specific TU view on this.

- d. How would you define “ageing in dignity”?

Adequate pensions, affordable and accessible health care, investing in “social capital” (combatting isolation) and quality of long-term care, customized to the personal needs and the capabilities (including those of the families).

- e. Do you have in mind any specific indicator that could help in assessing “ageing in dignity” in your country?

No specific TU view on this.

- f. What are the major deficiencies (if any) in the provision of adequate pensions?

See above and below



g. What determines these deficiencies?

You can make reference to the topics listed below, noting the relevance in the short, medium and long run, and add some others. Please, explain your choices and, for those that are regarded as the most salient, provide a concise explanation, with data and examples.

- Lack of provision of minimum pension: minimum pension should be augmented, with a career of 42 years as a new standard (instead of 45 years)
- Volatility of complementary pensions: we don't evaluate the adequacy of our pension system on the base of the quality of the complementary pensions.
- Low rates of return from funded pensions: big problem for workers with higher wages.
- Wage levels: we campaign for higher minimum wages, but even more important is the problem of part time workers (with pro rata pensions).
- Contribution levels: we experience this as a specific problem for the self-employed with a degressive system of social security contributions: the higher the income, the lower the percentage.
- Worked hours: see above
- Repartition of contributory obligations on employer/employee: this is not experienced as a problem.
- Length/continuity of careers: especially the 45 years' condition is seen as a problem (see above).
- Purchasing power erosion: this is not seen as a problem (yet). Quid corona?
- Lack of indexation: we were confronted (again) with a so called 'index jump': no indexation for 2%, due to a decision of the former right wing government. We managed to restore the indexation system afterwards.
- Cost of living: indexation is very important to safeguard adequacy, but it is based on the average consumption (and in Belgium with exclusion of some products: fuel, tobacco and alcohol). We experience as a particular problem the rising housing costs for retired people without their own home, in particular those who cannot rely on social housing and are therefore dependent on the private rental market. This is most acute in the big cities.
- Services for old age provided publicly/without out of pocket expenses. We experience two major problems: strong increase of the individual costs at the one hand (more than what people can afford with their pension) and growing privatization and commercialisation of long-term care services at the other hand.
- Need of personal/private (out-of-pocket-expenses) for health and long-term care. We notice a rather positive evolution in the sense that the idea of the maximum invoice was introduced for people with lower income in the healthcare sector. At the Flemish level, for non-medical care, the intervention



via a public system of care insurance has been developed. The problem is that there is still no counterpart for the other communities.

- h. **Who** do these deficiencies affect? Please, consider employees, self-employed and atypical workers

Women are affected by the high access and calculation conditions. But also higher income groups because of the calculation ceiling (the cap). Nevertheless, they mostly have higher second pillars. The self-employed get minimum pension out of solidarity because their (declared) revenue is low. Unfortunately, their social contributions systems is an example of inverse solidarity: degressive and with a maximum. Self-employed with low incomes pay proportionally more than rich self-employed.

Atypical workers have a very bad coverage.

- i. What are the major social impacts of these deficiencies?

Low pension levels, social contributions limits and by consequence less income by social contributions that leads to austerity measures.

- j. Do you see issues for **fiscal sustainability of a fair and adequate social protection system**?

The high council of finances pointed out in a report that there are too many exceptions in our fiscal and social system.

<https://www.conseilsuperieurdesfinances.be/fr/publication/avis-reduction-des-prelevements-sur-le-travail-et-les-possibilites-de-financement>

Other challenges

Q. 2.5

What are the **challenges and the opportunities related to occupational pension policy/schemes** concerning their contribution to formal coverage, effective coverage, adequacy (and transparency) of pension systems?

Although the coverage of occupational pensions has grown significantly over the last decades, contributions are for many workers insufficient to attain a capital that is worth calling a pension. In 2019 the median second pillar capital was of 3 448€; if we look only at workers that is 2 455€.

The inequality that exists in labor market and pensions is reinforced by second pillar pensions and private savings pensions. It's questionable to support those additional pensions by social and fiscal exemptions knowing that their social redistribution is inversed.

Men are better covered then women. High first pillar pensions are more covered then low. The legal guaranties on return for the workers are constantly requested due to the financial markets situation.

<https://sigedis.be/fr/pensions/chiffres-cles>



As for transparency, citizens can consult their estimated pension (first and second pillar) on my pension. However, some work remains to be done on the communication between pension institutions and affiliates to pension plans. Conditions of pension plans are often complicated and hard to understand, pension sheets are often not clear concerning costs, it can be hard to get information about investment strategies,...

Q.2.6

Is there any other particular (set of) challenge(s) that you deem key or that should be addressed as a priority in order to give impetus to upward convergence?

a. *Please, explain the reasons of your answer.*

Race to the bottom on wages and social contributions

Gross wages and social contributions are essential for good pensions.

b. Please provide data.

<https://www.sdworx.be/fr-be/presse/2020/2020-05-14-la-remuneration-flexible-plus-que-double>

<https://socialsecurity.belgium.be/sites/default/files/content/docs/fr/publications/remun-sdworx-2019-fr.pdf>

Q.2.7

How is the Covid 19 emergency impacting your priorities?

Focus now is to ensure that workers get a decent income and don't get fired. If they do so, a good unemployment insurance is needed, as well as decent pension coverage for these periods. The former government lowered pension rights for those unemployed for more than one year and partly for older unemployed with a additional allowance of their company or branch (cf. supra).



Section 3. Possible Reforms

*This section seeks information about the trade union's priorities in pension policy; and their involvement in the policy making process and the strategies to have more adequate and effective pension protection for all. **The examples given under each question are for assistance and other issues should be covered, when appropriate.***

QUESTIONS

Q. 3.1

What are the main demands/actions/reforms that the trade unions propose in order to meet the challenge(s) highlighted in the answers to Section 2?

- Substantial increase of the minimum pension for all workers with a full career, also self-employed but with a fair social contribution system.
- Lifting old pension amounts
- Better wages and career options for women to give them better pension rights
- A program of feasible ages to work less at the end of the career by time credit (after 55 years), to preretirement (after 60 years), to go on pension (after 65 years)
- An extra financing for the extra temporary cost for ageing in social security

Provide a concise description from those listed below, plus any other that you consider relevant in light of your replies in the previous set of questions. Please, explain your choices and, for those that are regarded as the most salient, provide a concise explanation, with examples

- Minimum schemes
- Employment related or income-based schemes
- Occupational pension provision
- Pensionable age and early retirement schemes
- Regulation of the labour market and active labour market policies
- In-kind benefits, long-term care and social assistance
- Other

Please, explain also how the proposed reform would address the challenge(s) identified in your replies to the previous set of questions

*- keeping in mind the possible effects linked to age groups/ gender/ forms of employment and
 - providing an assessment and considering effects of main issues from the topics listed below, in the light of your replies in the previous section, plus any other that you consider relevant. Please, explain your choices and, for those that are regarded as the most salient, provide a concise explanation, with examples.*

- Formal coverage for specific categories of workers and self-employed
- Effective coverage
- Adequacy of benefits
- Inequalities (gender pension gaps, pension rights of younger cohorts of workers, coverage of atypical jobs)



Q 3.2

What would be the main fiscal sustainability drivers necessary to support your policy proposals? What would be the issues arising? What the desirable sources of financing?

Different sources are possible:

- Stop austerity measures on pensions and social security to ensure good protection
- Attack fiscal fraud and fiscal fraud mechanisms
- Choose fiscal justice – taxing revenues the same way
- Higher social contributions for employers. They got a reduction (from 32 to 25 %) for free without any conditions.
- Limit social and fiscal exceptions to contributions and tax payments

Q.3.3

Are there any major actors supporting or opposing your proposal and why?

Right wing parties and employers seeing social contributions and taxes as a pure cost to avoid and not an investment, even in Covid times.

