



To the members of working group ETUC – social protection

NOTA

2021/01

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referentie

Vergaderdatum

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Document3

23/04/2021

## Preparatory responses for the ETUC meeting on Friday, April 23, 2021 :

### 1 Introduction – principles

It cannot be the intention to start basing retirement income entirely on the second pillar. The first pillar must remain the main source of income, at least for workers.

The level of protection - for Belgium at least - is as follows:

First pillar - employees : Employees - blue collar / white collar / executives - regardless of the type of employment contract - will pay a fixed contribution for all branches of social security during their employment:

- 13.07 % on gross salary ( to be paid by workers - automatically deducted ) -> branch pensions : 7.5 % !!!
- 25 ( 24.92 ) % on the gross salary ( to be paid by employers ) - branch pensions : 8.86 % !!! )

### 2 Information – key figures – data bases

Look at : [www.Pensionstat.be](http://www.Pensionstat.be) (It 's only available in Dutch and French )

The first pillar or statutory pension is the basis of retirement income for all occupational groups. ( employees, self-employed and civil servants ) Also for ACV, the first pillar pension is the most important part of the retirement income. It is not a basic pension, nor is it a welfare scheme to combat poverty at retirement age. Mechanism at play in statutory pensions ( employee scheme ) Key elements :

- earned income

- career ( 45 Years – except Early retirement schemes )
- equivalents periods (periods of inactivity due to illness, unemployment, career breaks).

One can also have a mixed career, in which one has worked partly as an employee, partly as a self-employed person or as a civil servant. -> One will then have a pension that is the sum (to a certain extent) of the different pension schemes.

## 2.1 Core figures - first pillar

In 2020, 4 million pension rights were paid monthly to 2.5 million retirees.

2.7 million pension rights or 64.27% are borne by the employee pension system. The total pension expenditure associated with this amounts to 29.1 billion euros or 60.07% of total pension expenditure. This makes this pension system the largest statutory pension system.

0.7 million pension rights or 19.70% are borne by the pension system for the self-employed. The total pension expenditure associated with this amounts to 4 billion euros or 8.25% of total pension expenditure.

0.5 million pension rights or 16.04% are borne by the pension system for civil servants. The total related pension expenditure amounts to 15.3 billion Euros on an annual basis or 31.68% of total pension expenditure. Thus, this pension system has the smallest number of pension rights but provides the best protection proportionally.

## 2.2 Number of pensioners - How many people receive retirement income? ( first pillar)

In 2020, 2.5 million persons received a retirement income charged to the statutory pension systems.

The proportion of "men" corresponds to 48.17% and is therefore about 3% lower than the number of women.

## 2.3 Core figures – second pillar

Average €23,339 of reserves acquired, but half of the affiliates saved less than €3,344

For all 3.9 million people with supplementary pension rights, the average acquired reserve is €23,339. The median - or the acquired reserve of the middle member - is significantly lower at €3,344. This therefore means that half of the affiliates have so far saved a pension reserve of at least €3,344, while the other half are below that.

Looking at the acquired reserves by gender, we see that both the supplementary pension for men is higher than for women. For men, the average vested reserve is €28,872, for women it is €15,587. The median vested reserve is €4,571 for men and €1,920 for women, respectively. In each age category, men have accrued more supplementary pension rights than women.

Among the 56 to 65 year olds, the age group approaching retirement age, the already accrued pension reserve is the highest. In this age group, the average vested reserve is €58,679, the median vested reserve is €9,146.

### 2.3.1 Sectoral Pension Plans (second pillar)

Very specific to Belgium : **sectoral plans**:

- Since 2004, it has been possible in Belgium to introduce sectoral plans.
- In 2017, 50 sectoral plans exist !
- They represent 1,590,000 workers and 128,800 employers.
- They mainly concern blue collar workers.

- They are generally **DC plans**
- The organizer is often a fund for subsistence security, which is composed of parity.
- The average contribution is currently equal to 1.7% of gross wages. (= compulsory contribution !)
- Supplementary pensions are generally paid out in capital! There are almost no payments in annuities.
- Meanwhile, there are already 1 million passive members.
- The sectoral plans currently represent 4.7 billion euros.

## 2.4 Futur prospects

The government would now like to raise the contributions on average to 3% of the gross salary. However, this is very difficult, because the margins to negotiate wages, is very limited ( 0.4% )!!!

The pension plans that exist at company level are generally much higher and mainly concern white-collar workers.