

BELGIUM – AN OVERVIEW OF EMPLOYEE BENEFITS

State and Mandatory Benefits	From 2009, retirement age is 65 for men and women. An employee with a full working career of 45 years receives an old age pension of 60% of adjusted career average earnings up to the social security ceiling for benefits (EUR 47,171.84 in 2010 and EUR 47,960.29 in 2011). Spouses' pensions are provided on death before or after retirement. All employees are eligible for medical and hospital care reimbursements.
Typical New Pension Plan	New plans typically provide retirement benefits on a defined contribution basis. Retirement benefits are normally taken as a lump sum at retirement. Defined contribution plans must guarantee minimum returns: 3.75% pa on employee contributions and 3.25% pa on employer contributions. Most plans provide a spouse's pension plus a lump sum death benefit of up to two years' pay.
Typical Costs	For state retirement and survivors' pensions, employers pay 8.86% of earnings and employees pay 7.50%. For disability benefits and medical care, employers pay 6.15% of earnings and employees pay 4.70%. Employers also pay contributions of around 10% of earnings for other benefits. Employer and employee contributions to private plans are typically 1% of pay up to the social security ceiling and 4% to 6% on the excess, but with wide variation.
Tax Implications	Employer and employee contributions for state benefits are tax deductible. Employer and employee contributions to private plans are tax deductible, but subject to a maximum benefit of 80% of final pay. Lump sum retirement benefits are subject to a flat-rate tax. Pensions are taxed as income. Premiums for medical care are not tax deductible but benefits are tax-free.
Labour Law Issues	Since 2007, all private plans must comply with the legal framework introduced by the Vandebroucke Law. A decision to introduce a pension plan must be made by collective agreement if there is a works council, with no discrimination between categories of eligible employees. Benefits from employee contributions vest immediately. Benefits from employer contributions vest after one year.
Pooling Potential	There is limited scope for multinational pooling.
International Financial Reporting	EU/EEA rules apply. For listed companies, International Financial Reporting Standards apply in both consolidated and separate company statements. For unlisted companies, IFRSs are permitted in consolidated statements but are not permitted in separate statements.
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