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Unemployment and Pensions Protection in Europe: the Changing Role of Social Partners

Belgium



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Belgium

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Executive Summary

Introduction

This report aims at describing and interpreting how occupational welfare (OW) schemes, especially supplementary pension schemes (SPS) and temporary unemployment (TU) schemes are developing in Belgium and what has been and still is the role of various actors, focusing mainly on social partners and the State.

The report shows that the debate on OW has emerged recently in Belgium, mainly focused on supplementary pensions and health insurance provisions. The issue of SPS is a political and financial one. Over the past decade, the government has encouraged employers to introduce pension schemes for their workers in response to the ageing population and the expected difficulties in financing state pensions in the future. Regarding unemployment protection, the TU scheme is a particular form of general statutory unemployment insurance protection. It also has features related to occupational welfare and is limited to workers employed in companies initiating a specific procedure to access the TU scheme. It is not an essential issue in Belgian social dialogue.

The results are based on research and reports published since 2003, available administrative and statistical data, and documents made public by the social partners. Relevant collective agreements in the retail and automotive sectors were analysed and interviews with trade unionists carried out.

Context information

The Belgian welfare regime belongs to the “conservative-corporatist” cluster which is characterised by: protection of the socio-economic status achieved by workers in the market; a high-level of state intervention mediated by families; relatively generous social insurance provisions against social risks; and an important role played by social partners in the management of the system. The deterioration of public finances has led to a gradual retrenchment of welfare provisions and an accentuated emphasis on boosting demand for employment and on the ‘activation of benefits’. This has resulted in some changes in the domains of pensions, healthcare, unemployment benefits and social assistance. Belgium has a partial Ghent system: while unemployment insurance is compulsory and payments could alternatively be made by a state agency rather than trade unions, the latter retain an important role in the provision of benefits and the governance and management of the welfare institutions. Belgian union density is at an intermediate level (55.1%) and 96% of workers are covered by collective agreements. Collective bargaining is highly structured with a central level at the top covering the whole of the private sector. As social bargaining became more difficult during the economic crisis, there has been a trend for greater

involvement by the government when the social partners have failed to reach a national agreement. Another significant historical evolution in Belgium is the planned disappearance of the traditional distinction between blue and white-collar workers in labour organisation and regulation, including the structuring mechanisms of collective bargaining.

OW is designed only as a complement to public welfare programmes. On the whole, the share of voluntary private expenditure (2.1% of GDP in 2011) has risen since the mid-nineties and the introduction of SPS into the Belgian system.

Key findings

Since 2003, SPS received a boost following the adoption of the so-called *Vandenbroucke* law on complementary pensions. Currently, 2,525,394 workers belong to an SPS, representing 75% of workers (against 30% in 1999). Nearly half of them are covered by a sectoral pension scheme. Various factors affect positively the coverage among workers: a high level of education, full-time and open-ended contracts, large size firms, occupation and status. Despite the broad coverage, sectoral pensions are almost completely absent in some sectors of the economy and atypical workers continue to be excluded. Recent developments moving towards abolishing the distinction between blue-collar and white-collar workers may influence the evolution towards a general application of second pillar schemes. This raises the issue of costs, as the level of employers' contributions for blue-collar workers is typically lower than that for white-collar workers. Over these last three years, the debates have also focused on the guaranteed interest rate on contributions, questioned by employers and insurance groups.

In the aftermath of the crisis, Belgium introduced a set of temporary anti-crisis measures enabling firms facing economic difficulties to reduce working time. One of these measures was the extension of the TU system to white-collar workers. Rather than prolonging the existing schemes, the choice was made by the government in January 2012, after lively social dialogue, to extend permanently the TU scheme to white-collar workers. Although statutory, the TU scheme could be seen as a hybrid construction. It concerns only workers employed by the company launching the procedure. But these workers are not really considered as unemployed as they are not subject to active job-search obligations and keep their contractual relation with the employer. In 2014, 135,118 TU payments were made. White-collar workers have only been a minor part of the TU scheme until now (2.4% in 2014). Economic difficulties are the most important reason for employers to put their workers and employees on TU. Men are clearly overrepresented among the recipients (77.2%). The machine-engineering sector including the automotive industry is among the biggest users of TU for economic reasons, while it is less frequent for the 'wholesale and retail trade' sector.

Conclusion and Outlook

The strengthening of the second pillar is one of the main measures in the pension reform responding to the current economic and demographic challenges. From a legal standpoint, the Belgian legislator has proved extremely proactive. As a result, the State plays a crucial role as a regulator. To encourage a maximum of employers and sectors to provide an SPS for their workers, SPS in Belgium enjoy favourable fiscal and para-fiscal treatments. The coverage figures suggest that the democratization of the second pension pillar has been successful. Although contributions have increased in sectors, the average contribution per worker has not changed since 2011, and remains at about 1% of the payroll compared to 4% for corporate plans. These sectoral plans therefore provide inadequate benefits. Due to this inadequacy of benefits, the development of the second pillar is not seen as a priority by trade unions. The latter argue for a reinforced first pillar and fear that the promotion of second and third pillar schemes could be used as an excuse to weaken the first pillar and lead to outright privatization of pensions. In fact, occupational pensions started to spread very late when statutory schemes were already well developed with broad support from trade unions. Their reluctance was reinforced when the issue of the guaranteed interest rate on contributions was questioned. This crystallised the debates and poisoned social dialogue for nearly 3 years.

Although access to the TU scheme is open to all workers, there are however very marked differences among them. The TU scheme remains overwhelmingly used for blue-collar workers. This could be partly explained by the long-standing restriction of TU to blue-collar workers, while access was recently opened to white-collar workers. The predominance of blue-collar workers implies also that the main economic sectors using the measure are sectors with higher numbers of these, such as the manufacturing or construction industry. It is unlikely that there will be a change in the future in this matter.

There are no specific trade union strategies on SPS and TU, the main concern being the maintenance of wage-levels and acquired workers' rights in the current context of stagnating crisis. The progressive disappearance of the distinction between blue and white-collar workers will be the main focus of trade union preoccupations in the forthcoming years. It is a fundamental reorganisation of Belgian labour relations. In other words, for trade unionists there are more urgent matters than SPS and TU for Belgian social dialogue.

Further reading and contact details

Devoet C. (2014) *Pensions complémentaires*, Brussels, Bruylant.

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1. Introduction

The present report aims at describing and interpreting how occupational welfare schemes, especially supplementary pension schemes and temporary unemployment schemes, are developing in Belgium and what has been and still is the role of various actors, focusing mainly on social partners and the State.

The report is structured as follows. The first two sections focus respectively on the main characteristics of the Belgian welfare state and its industrial relations system. The third one gives a broad overview of occupational welfare in general in Belgium, whereas the fourth focuses on supplementary pensions and unemployment protection schemes. The last section takes a more cross-cutting view of occupational welfare in Belgium and shows the interplay between social, fiscal and occupational welfare on one hand, and between social dialogue and occupational welfare on the other hand, while also looking at the governance of occupational welfare schemes.

The methodology and the data collection strategy followed in drafting the report were broad-based:

- the report is based on a review of available national literature including research and reports published in Belgium since 2003;
- it takes into account available administrative and statistical data, including national surveys and international comparative databases;
- documents produced and made public by the main national trade unions and employers' associations in relation to supplementary pensions and unemployment insurance were taken into consideration;
- collective agreements related to these occupational welfare issues in the retail and automotive sectors were analysed;
- interviews with trade unionists holding responsibilities at national and sectoral level were carried out.

2. Welfare State and Industrial Relations

2.1 Welfare State

2.1.1 General description

In the typology of welfare regimes Belgium is usually classified in the Bismarckian 'conservative-corporatist' cluster of countries (Esping-Andersen 1990). As such, the Belgian welfare system is characterised by:

- protection of the socio-economic status achieved by workers in the market;
- a high-level of State interventions mediated by the household;
- relatively generous social insurance provisions against social risks related to old-age and invalidity, survival in case of widowhood, sickness, health care, unemployment, work-related accidents, maternity/paternity, and need for long-term care;
- more universal provisions such as family allowances and a residual social assistance scheme;
- an important role played by social partners in the management of the social protection institutions.

The social protection system is mainly funded by workers' and employers' social contributions supplemented by State transfers. The share of these State transfers in the total social protection receipts has strongly increased since the Nineties ⁽¹⁾. From the 1970s, features closer to 'social-democratic' regimes were gradually introduced in the Belgian context (Reman and Pochet 2005). Notably, the application of the principle of equivalence between social contributions and benefits was gradually watered down and the system itself started to change from a 'classic social insurance system' (based on income maintenance) into a 'minimum income protection and universal coverage system', providing a certain degree of protection to labour market 'outsiders' ⁽²⁾. The deterioration of public finances and the requirements of the Treaty of Maastricht led to a gradual retrenchment of welfare provisions and a redefinition of the minimum income protection objective in the 1990s. An accentuated emphasis on boosting the demand for employment (mainly through the reduction of employers' social security contributions), and on the 'activation of benefits' arose (Hemerijck and Marx 2010). At the end of the 1990s, a debate around

-
1. In 1990 the receipts coming from the State (central and local) budgets represented 32.5% of the total social security receipts. In 2012 this share was 46.8%. During the same period the share of receipts from households decreased strongly (from 32.2% to 20.5%), as did, to a lesser extent, receipts from corporations (from 35% to 32.7%) Eurostat ESSPROS online database, retrieved 31/08/15.
 2. E.g., a minimum income guarantee (the so called *Minimex*) was introduced in 1974.

the concept of the 'Active Social State' (a notion underlying the need for combining insurance and solidarity and coping with new social risks) started in Belgium (Reman and Pochet 2005) and, although in a rather 'hesitant' way (Hemerijck and Marx 2010), some changes in that direction occurred in the domains of pensions, healthcare, unemployment benefits and social assistance (Reman and Pochet 2005) ⁽³⁾.

Table 1: Total public, mandatory private and voluntary private social expenditure: per head, at constant prices (2005) and constant PPPs (2005), in US dollars and as % of GDP

	1990	2000	2007	2011
Belgium				
<i>% GDP</i>	26.5	26.2	27.6	31.5
<i>Per head</i>	6705.4	8070.5	9362.2	10555.2
Average 9 countries				
<i>% GDP</i>	24.2	25.9	26.1	28.6
<i>Per head</i>	5731.0	7342.6	8409.9	9104.5
Average 8 countries				
<i>% GDP</i>	25.3	26.6	26.9	29.6
<i>Per head</i>	6292.0	7955.9	9074.9	9783.2
Total OECD				
<i>% GDP</i>	17.5	21.5	21.9	24.6
<i>Per head</i>	3963.4	6111.5	7255.9	7968.8

Without Poland.

Source: OECD SOCX, Data extracted on 21 Oct 2015 14:14 UTC (GMT) from OECD, Stat.

2.1.2 Pensions system

A three-pillar Bismarckian system

The Belgian pension system is usually classified in the Bismarckian systems. These assume that people have a right to social security insofar as they acquire that right at work. They are characterized by earnings-related pension benefits, generally subject to maximum limits (Lannoo *et al.* 2014). It is a three-pillar system (Figure 1). Public schemes for retirement and survivors' pensions constitute the first and by far the most important pillar. The second pillar consists of a variety of occupational schemes covering about 75% of private sector employees and close to

3. In this regard, the 'Right to social integration law', passed in 2002 and introducing a new minimum income guarantee scheme, can be considered as an emblematic step (Gilson and Glorieux 2005).

45% of the self-employed. The third pillar is made up of personal retirement savings and life insurance schemes (European Commission 2015).

Figure 1: The Belgian Pension System

<i>First pillar</i>	<i>Second pillar</i>	<i>Third pillar</i>
Statutory scheme	Occupational schemes Firm-based individual schemes Sectoral/company collective schemes	Individual schemes Life insurance Savings-based pension schemes
Mandatory	Occupational Voluntary	Personal voluntary
PAYG	DC/DB schemes	

PAYG: pay-as-you-go scheme; DC schemes: defined-contributions schemes; DB: Defined benefits schemes.

Source: authors' elaboration.

The first pillar (the statutory system organised by public institutions) encompasses three provisions: the retirement pension, the survivor's pension, and a scheme called 'Guaranteed Income for the Elderly' (GIE). The provisions concerning the retirement pension and survivor's pension are different for employees, for the self-employed and for civil servants. The legal retirement age is 65, both for men and women. Where early retirement was possible from the age of 60 before the year 2013, this will be brought up to 62 by 2016 (in increments of six months per year). Employees and the self-employed need to prove payment of contributions for at least 35 years in order to be eligible for early retirement. This career requirement will be brought up to 40 years by 2016.

For employees, the amount of the benefit is calculated as a percentage of the average individual wage over the period between 20 years of age and the normal pension age. This percentage is 75% for retired employees who have dependants without other income; 60% for all other employees. The benefit for self-employed persons is determined differently, on the basis of a low, flat-rate business income per year for the years prior to 1984 or of their (capped) business income for the subsequent years. Again, 75% is paid as a family pension, while 60% is paid for individuals. In other words, the calculation of employee and self-employed pensions presumes a full career to be 45 years of work. For civil servants, benefits are not based on wages over the whole career, but on the average wage in the last ten years of service – up from five years before the new reform measures.

The statutory pension system contains several arrangements to ensure that the amount of the pension benefit reaches and is maintained at a certain level. An important mechanism to ensure

adequate benefit levels is that of the minimum entitlement per year of work. Because pensions are calculated as a percentage of previously earned (capped and re-evaluated) wages, low wages can lead to low pension rights. The mechanism compares the re-evaluated wage in a particular year with the minimum wage, and takes into account the highest amount. A minimum pension is granted to persons who have worked at least 30 years (at least half in full-time employment). When pension rights are not sufficient, a person has the right to a means-tested Guaranteed Income for the Elderly (GIE), paid on top of whatever pension entitlement is acquired. This is slightly more generous than normal social assistance benefits. Once established, first-pillar pension benefits are adapted to the evolution of consumer prices and to the evolution of wages.

Second pillar pensions encompass all forms of supplementary pension rights financed by employers. These are the pension arrangements in which a worker can or must participate on the grounds of his or her professional activity. The second pillar is regulated by the 2003 Act on Supplementary Pensions ⁽⁴⁾ which creates socio-economic protection for supplementary pensions agreed on at company or sectoral level, and which determines the rules under which a second pillar system can be constituted. It also introduces fiscal measures to encourage take-up of the second pillar system, having observed that second pillar systems were until then almost exclusively joined by high wage earners – those for whom the replacement rate of the statutory system is the lowest. Supplementary pensions can be paid out either as a rent or as a lump sum.

The third pillar of the pension system includes various saving schemes, treated in varying ways by the tax system. In this respect, individual life insurance is to be distinguished from savings-based pension schemes. While the concept is similar, tax treatment of both arrangements is quite different.

Evolution

Policy evolution and reforms in the Belgian pension system are characterised by an incremental approach rather than by big changes. The changes made to the pension system by the Di Rupo government since December 2011, while certainly significant and important, cannot be characterised as a major reform, as the underlying principles of the system have not been affected (Segaert 2014). The changes enacted in 2011 sought in particular to limit early retirement. The reform stepped up efforts to increase effective retirement ages and the duration of working lives. These measures were not discussed with the social partners. Only the method of application was the object of discussion after protests from unions. The reform was therefore made without the agreement of the social partners, although they were able to make their voices heard in the tripartite consultation (Reman 2013).

4. Law of 28 April 2003 on supplementary pensions and the tax regime applying thereto and to certain additional benefits concerning social security.

In October 2014 the Michel government produced its agenda for pension and social security changes, announcing its intention to gradually increase the age for the state pension from 65 to 67 years by 2030, with the minimum age for early retirement similarly being increased to 63 years by 2018 with a minimum of 42 years of service. In addition the employer contributions for social security are to be reduced to 25% by 2018. Further reforms were voted in 2015. These included the abolishing of the pension bonus allowing unlimited prolongation beyond 45 years of the period in which one can continue to work and build pension entitlements, and dropping restrictions on combining pension with work income after the pensionable age or the completion of 45 contribution years (European Commission 2015) .

The pension reforms launched at the end of 2011 also affected second- and third-pillar pensions. The fiscal advantage given to contributions made to second and third pillar systems will be reduced, and pensions taken up before the age of 62 will be taxed at a higher rate. Through these measures, second and third pillar pensions are made less attractive, but do not seem to have been severely discouraged (Segaert 2014).

Role of social partners

The role of social partners is very important for the first pillar. Regarding the regime for salaried workers, the social partners, and the government as well, participate in the Social Security Management committee, which is responsible for ensuring the efficient allocation of the financial resources of the whole salaried workers regime. The National Pension Office for salaried workers, responsible for pension allocation and payment, is jointly managed by the social partners. Within the public sector, consultative committees are in charge of pensions issues for the whole sector. In the self-employed regime, representatives from self-employed workers, farmers, family organizations and free social insurance funds for self-employed workers are on the board of directors of the National Institute of Independent Social Insurance.

The involvement of social partners is also important in the second pillar, especially regarding additional pensions that need collective agreement at the company or sector levels.

Finally, social partners are not involved in the third pillar organized outside of the professional framework (Reman 2013).

2.1.3 Unemployment protection

In Belgium, protection against unemployment is embedded in the system of social protection, characterised by a two-tier structure combining Bismarckian social insurance with a residual non-contributory minimum income guarantee. Unemployment insurance (UI) is provided through a

contributory compulsory scheme. **There is no specific scheme of unemployment assistance in Belgium.** However, (long-term) unemployed people without sufficient means could apply to the means-tested non-contributory guaranteed minimum income scheme. The Belgian system is thus a mixture of an insurance based and a means-tested scheme.

Figure 2: Belgian unemployment protection

Universal Means-tested Minimum income guarantee scheme*			
Statutory Unemployment insurance	Statutory Temporary unemployment scheme		
<i>Unemployment protection</i>	<i>Short time working schemes</i>	<i>Other redundancy/dismissal schemes</i>	<i>Active labour market schemes</i>

*: This scheme is included in unemployment protection as it can act as a kind of unemployment assistance scheme when unemployment benefits, which in Belgium are not limited in time but nevertheless progressively reduced, reach their lower limits.

Source: authors' elaboration.

Evolution

The original UI scheme was introduced after WWII as part of the social security provisions for workers, and retains the same characteristics nowadays, although there have of course been changes since the original version of the scheme. The reforms concern mainly modifications of certain parameters of the UI scheme (e.g. tightened eligibility, increased conditionality for job-seekers, with sanctions in case of non-compliance, limitation of level of benefits) in the direction of a more pro-active system (Vielle *et al.* 2006). Recent reforms have continued this path: increased tightening of eligibility (extension of the qualifying period for young people after education) and reduction of the level of benefits (quicker degressivity of benefits across time). But these reforms have not affected in depth, until now, the fundamental nature of UI in Belgium (Faniel 2010; Hemerijck and Marx 2010) ⁽⁵⁾.

5. For a detailed overview of the reforms in the UI system in Belgium since WWII, see ONEM (2010).

Importance and coverage

In 2014, 407,321 individuals were unemployed, compared to 290,420 persons in 2000 (ILO definition). They represented 8.5% of the active population in 2014, against 6.9% in 2000. One in two unemployed people is long-term unemployed (49.9% in 2014) ⁽⁶⁾. During the same period, the number of recipients of minimum income benefit increased from 124,797 persons in 2000 to 184,675 persons in 2014 ⁽⁷⁾. Nearly all the unemployed population is covered by the UI scheme (more than 90%). In a European perspective, Belgium has also one of the higher shares of unemployed people (without a job for less than one year) receiving unemployment benefits: 59% in 2014 compared to an EU average of 38% (Maquet 2015). The unlimited duration of UI entitlement is also a peculiarity of the Belgian system in the European framework.

The general access to the scheme depends on the fulfilment of certain basic conditions ⁽⁸⁾, previous work experience (or assimilated days) and the age category of the unemployed. The qualifying periods vary according to the age of the insured person, between 312 working days during the previous 21 months, and 624 working days over the previous 42 months. If individuals do not (or not yet) meet these requirements and, depending on the overall income of their households, they could ask to benefit from the means-tested minimum income guarantee.

In spite of these complex rules, the system of UI remains on the whole very accessible in Belgium given its mandatory nature, although it has developed increased conditionality and less generous benefits across time. Moreover, specific groups of the unemployed are entitled to benefits if they are actively searching for a job ⁽⁹⁾, or not ⁽¹⁰⁾.

Generosity

A unique feature in Europe of Belgian UI is the unlimited duration of entitlement, at least as long as the beneficiary actively looks for work and notably follows a pathway leading to work. However, the amount of the UI benefit declines over time, to reach a flat-rate benefit, close to the minimum

6. Eurostat, LFS data online, retrieved 20/09/2015.

7. SPP Social Integration, online data, retrieved 20/09/2015.

8. To be involuntarily unemployed; to be without work; to be registered as a jobseeker; to be fit for work; to be available for the labour market; to be aged between 18 and 65; to be actively seeking work; to reside in Belgium; and to be without remuneration, ONEM website.

9. Temporary unemployed; those entitled to 'waiting' insertion allowances after education; workers choosing to work part-time to escape unemployment; early retirement following a restructuring with job search obligation if requested after March 2006.

10. temporary exemption for personal social and family reasons; older unemployed (58 years old or more, from 50 to 57 years old if unemployed for at least one year and with a professional experience of at least 38 years); older unemployed receiving early retirement following a restructuring if requested before March 2006 and applying for the older unemployed exemption.

guaranteed income, after 48 months of unemployment. Only household heads keep benefits that are proportional to their previous wage for an unlimited period. Other persons receive reduced benefits and lose them altogether after a given period if they cannot prove that they are still actively looking for work. The level of UI benefits is set using a formula taking into account a combination of parameters related to prior earnings and work history during a 'qualifying period', as well as age categories and household situations of the recipients.

The following table presents the details of the declining phases of unemployment benefits with respect to duration of unemployment, as well as indicative daily amounts.

Table 2: Degressivity of unemployment benefits and amounts - 2015

	Level of unemployment benefits
Duration unemployment from 1 to 12 months	<p><i>Phase 1: months 1 to 3</i></p> <p>Totally unemployed persons receive 65% of their last salary during the first three months of unemployment.</p> <p><i>Phase 2: months 4 to 12</i></p> <p>They receive 60% of their last salary.</p>
Duration unemployment from 13 to 48 months and more	<p><i>Phase 1: months 13 to 24</i></p> <p>Cohabitants with dependants receive 60% of the last salary earned; single persons receive 55%; cohabitants without dependants receive 40%.</p> <p><i>Phase 2: months 25 to 48</i></p> <p>During the next four phases of up to 24 months altogether, the benefits decrease in four stages.</p> <p><i>Phase 3: after maximum 48 months of unemployment</i></p> <p>Totally unemployed person receives only a flat-rate benefit.</p>
Daily amounts*	<p><i>Cohabitants with dependents:</i></p> <p>Maximum: € 61.66 (first three months) decreasing to € 44.84 (months 43-48). Minimum and flat-rate benefit: € 43.65.</p> <p><i>Single persons:</i></p> <p>Maximum: € 61.66 (first three months) decreasing to € 38.22 (months 43-48). Minimum and flat-rate benefit: € 36.66.</p> <p><i>Cohabitants without dependents:</i></p> <p>Maximum: € 61.66 (first three months) decreasing to € 22.11 (months 43-48). Minimum: € 27.49 (first three months) decreasing to € 20.99 (months 43-48). Flat-rate benefit: € 19.37.</p>

*: Maximum and minimum amounts depend on previous work experience and contributions.

Source: ONEM web site.

The decline in the level of unemployment benefits is particularly important for the category of cohabitants without dependents. This progressive decline of unemployment benefit generosity is also observable if we consider the net replacement rate (NRR) of unemployment benefits in 2013 (table2). The NRR of unemployment benefits declines with duration of unemployment and levels of previous earnings. For a duration of unemployment lower than 13 months, the NRRs are relatively similar, but they decline significantly after the first year of unemployment. After five years of unemployment, the NRR are particularly low, except for single parents with previous earnings close to the minimum wage limit (67% of 'average worker' earnings).

Table 3: The net replacement rate (NRR*) of unemployment benefits – 2013 - %

	<i>Wage levels prior to unemployment **</i>	<i>Months of unemployment</i>			
		<i>2 months</i>	<i>7 months</i>	<i>13 months</i>	<i>60 months</i>
Single	<i>67%</i>	90	84	84	58
	<i>100%</i>	67	62	62	43
	<i>150%</i>	49	46	46	32
Single + 2 children	<i>67%</i>	95	87	83	76
	<i>100%</i>	74	69	65	59
	<i>150%</i>	57	53	50	46

*: NRR is usually defined as the ratio of net income while out of work (mainly unemployment benefits if unemployed or means-tested benefits if on social assistance) divided by net income while in work.

** : as a % of average worker (OECD concept).

Source: European Commission, DG ESAI, online database on tax and benefits ⁽¹¹⁾.

Although unemployment benefits do ensure a decent replacement of lost earnings, this is mainly during the first months of unemployment for workers with previous wages around the statutory minimum wage. Unemployment benefits, alongside the other social protection schemes, still do not, to some extent, prevent poverty among the unemployed. In 2012, around one third of the unemployed were in poverty (35.3%). After a declining period in the early 2000s, the poverty rate of unemployed persons (those declaring themselves to be unemployed for at least 6 months in the previous year) followed a rising curve in the following years, in spite of a brief reduction in 2009-2010. In 2012, the poverty rate of the unemployed was at the same level as in 2000, and at the start of the economic crises in 2007- 2008 ⁽¹²⁾.

11. http://ec.europa.eu/economy_finance/db_indicators/tab/

12. Eurostat, EU-SILC online database, retrieved 20/09/2015.

Funding and management

As part of a typical Bismarckian system of social protection, the UI scheme is mainly financed by social contributions paid by workers and employers, with also complementary funding by the national government. This reflects the tripartite nature of industrial relations and social pacts in Belgium.

Social partners are involved in the management of the *National Social Security Office* (NSSO) and the *National Employment Office* (NEO). Social partners are represented on the management committees of these institutions, with representatives from the administration and the government. The NSSO plays a central role within the social security system as it undertakes the collection, management and distribution of social security contributions paid by the workers and the employers. The NEO is in charge of the implementation of unemployment insurance and the distribution of funds to bodies paying the unemployment benefits. The involvement of social partners gives them an important role to play in the implementation of the rules on UI, and to a certain extent the manner they are applied. This is sometimes paradoxical, as trade unions may oppose publicly a measure while working on its application in these committees (Eurofound 2012).

The strong involvement of social partners in the administration and management of the UI system, including the payment of benefits, and the relatively high level of union density, usually classifies Belgium as part of a particular cluster of countries (alongside Denmark, Sweden and Finland) known as the **Ghent system**. The Ghent system is the name given to an arrangement in some countries whereby the main responsibility for welfare payments, especially unemployment benefits, is held by trade unions, rather than a government agency. However, Belgium has a singularity which usually classifies it as a partial Ghent system in the literature. UI is compulsory.

Belgium became a 'partial Ghent system' country in 1944 when unemployment insurance was made compulsory. UI is a statutory scheme. Trade unions retain an important role in the provision of benefits, but not an exclusive one, as unemployment benefits can also be paid through a public institution independent of unions, the *Auxiliary Fund for Payment of Unemployment Benefits* (AFPUB). It is the National Employment Office, a public institution, which is in charge of the management of unemployment funds and their subsequent distribution between trade unions and AFPUB, so that these can pay the unemployment benefits. Social partners, as is the case for other social protection institutions, are members of the Board of the AFPUB. Trade unions remain nevertheless the main intermediaries for the payment of unemployment benefits in Belgium ⁽¹³⁾.

13. According to the latest available statistics (2012), 80.9% of the unemployment funds attributed by the NEO are for trade-unions, against 19.1% for the AFPUB. (Sud Info, *Les syndicats reçoivent 166 millions d'euros pour payer les chômeurs*, 15/03/2014,

This preference of the Belgian unemployed for trade unions may be explained by the existence of additional incentives (¹⁴) to union membership (Van Rie *et al.* 2011).

The close involvement of unions in administration and payments of UI is expected to strongly motivate workers to become union members. Countries with a Ghent system have indeed the highest rates of unionisation in the EU, although Belgium is usually at a lower level than Nordic countries - 55% in 2013 vs rates of around 70% in Nordic countries (Eurofound 2013). In spite of its singularity within the Ghent system, the erosion of union membership is moderate in Belgium (from 56.3% in 2001 to 55% in 2013) while it is more acute in the other Ghent system countries ((Van Rie *et al.* 2011; Vandaele 2009), where the system has been under pressure in the last decade (¹⁵) (Kjellberg 2009; Lind 2009). Van Rie *et al.* have analysed the reasons underlying the different evolution of trade union membership in Belgium compared to the Nordic Ghent system countries. They highlight the role played by different perceptions of unemployment risks and different structures of trade union membership (¹⁶). They highlight also a fundamental difference between Belgium and Nordic countries within the Ghent system. While in the Nordic Ghent countries voluntary unemployment insurance is conditional upon prior membership (usually one year), this is not the case in Belgium, where no such prior membership condition applies for access to the unemployment administration services of trade unions. The unemployed have immediate access to all the relevant services when they join a union (Van Rie *et al.* 2011).

2.2 Industrial relations

In the typology of industrial relations systems proposed by Jelle Visser and used by the European Commission, Belgium is part of the 'Social Partnership' cluster, with Austria, Germany, the Netherlands, Luxembourg and Slovenia. The Social Partnership cluster includes countries with: (i) medium membership density; (ii) high rates of collective bargaining coverage; (iii) high levels of centralisation; (iv) relatively high fragmentation of actors and (v) high levels of social partner interaction with the State (European Commission 2009 and 2013).

<http://www.sudinfo.be/959897/article/actualite/belgique/2014-03-14/les-syndicats-recoivent-166-millions-d-euros-pour-payer-les-chomeurs>

14. Among these incentives, Van Rie *et al.* highlight: the greater local proximity of trade unions than AFPUB; the provision of extra services such as personalised advice and administrative support, the legal possibility of being accompanied by a trade union representative during procedures and appeals before administrative bodies (notably regarding sanctions and exclusions); the existence of additional benefits from sectoral funds topping up unemployment benefits (although the coverage of these sectoral funds is automatically extended to all workers in the sector, including those non-affiliated to a trade union). (Van Rie *et al.* 2011).
15. During the last decade unionisation rates fell from 78% in 2001 to 67.7% in 2013 in Sweden, from 74.5% to 68.6% in Finland and from 73.3% to 66.8% in Denmark (EC 2013).
16. In Belgium trade union membership is more concentrated among blue-collar workers in industry, with lower educational attainment and a past unemployment record. In Denmark, Finland and Sweden, the Ghent system recruits workers across different occupations and educational levels (Van Rie *et al.* 2011).

Table 4: Belgian industrial relations system

	2000	2007	2013
Union density	56.2	54.7	55.1
Employers' density	82 (2002)	82 (2009)	85 (2012)
Collective bargaining coverage	96	96	96
Dominant bargaining level	central level		
Type of representation at the enterprise level	union delegation work council council for health and safety		
Main trade unions	CSC-ACV FGTB-ABVV CGLSB		
Main employers' organisations	Belgian Federation of Employers (FEB/VBO) Flemish Organisation of the Self-Employed (UNIZO) French-speaking Union of Self-Employed (UCM)		

* **Source:** ICTWSS database (Visser 2015).

2.2.1 Main actors

Every four years, social elections are organised to measure the representativeness of the trade unions. Traditionally, the participation rate is high and has remained stable for many years. In the 2012 social elections, the participation rate was 71%, comparable to the participation rate in 2008. Although trade union membership is decreasing in Europe as a whole, in Belgium the trend is still positive. Trade union density is quite stable in Belgium with a rate of 55% in 2013 ⁽¹⁷⁾.

Trade unions in Belgium are divided between competing confederations: the Christian Trade Unions Confederation (CSC/ACV), the General Federation of Belgian Labour (FGTB/ABVV) and the General Confederation of Liberal Trade Unions of Belgium (CGLSB/ACLVB). Figures from the unions indicate that there are 3.4 million union members in Belgium. These three confederations have the status of 'representative' unions. They can sign agreements and present candidates in works council elections.

17. <http://www.uva-aias.net/208>

The employer organisation density rate amounts to 80% in Belgium. Most of the country's companies are members of an employer organisation, in particular larger companies employing a significant number of workers. Employer organisation density has been stable in recent years.

The Belgian Federation of Employers (FEB/VBO) is the main national employer organisation in Belgium. It represents 33 sectoral employer federations covering 50,000 companies including 25,000 small and medium-sized enterprises (SMEs). Other employer organizations are the Federation of Belgian Farmers, the Flemish Organisation of the Self-Employed (UNIZO) and the French-speaking Union of Self-Employed (UCM). In the context of the recent state reform (2011–2012) and the following transfer of extra authority to the regional level, the importance of the regional employer organisations is growing.

2.2.2 Collective bargaining in the private sector

The rate of coverage of collective agreements is 96% ⁽¹⁸⁾. Collective agreements at national level are legally binding for all employers and their workers. Collective agreements at sectoral level (Joint Committee) are legally binding for all employers and their workers who are members of a signatory organisation and who are covered by the joint committee concerned. If the sectoral collective agreement is extended via the 'generally binding declaration' procedure, all employers of the sector and their employees are bound by it, even if they are not members of a signatory organisation.

The obligatory nature of a sectoral collective agreement can be extended by Royal Decree. In this case, the agreement will be binding for all employers covered by the bipartite structure within which the deal has been concluded, and there can be no contrary provisions in individual employment contracts. Opt-outs from collective agreements are rare but not impossible. At company level, standards can only undercut sectoral-defined minimum or absolute standards when this possibility is explicitly foreseen in the sectoral agreement, for example in an opening clause allowing them to do so.

Collective bargaining is highly structured with a central level at the top covering the whole of the private sector. At this level, a national agreement sets the key elements of pay and conditions every two years and this agreement itself is tightly constrained by legislation limiting pay increases to forecast pay costs in Belgium's neighbours. The levels beneath are an industrial level covering specific industrial sectors and a company level. The lower level can only agree improvements on what has been negotiated at the level above and the agreements are binding ⁽¹⁹⁾.

18. <http://www.employment.belgium.be/home.aspx>

19. <http://www.worker-participation.eu/National-Industrial-Relations/Countries/Belgium/Collective-Bargaining>

As social bargaining became more difficult during the economic crisis, there has been a trend towards greater involvement by the government, which has the right to intervene if the representing organisations do not succeed in achieving an agreement. As such, the government decided to follow the non-agreed draft inter-professional agreement (IPA) for the period 2011-2012 and even decided to not allow wage increases above the automatic wage indexation for the period 2013-2014, as no IPA was reached for this period either.

Pay rates, with the exception of the minimum wage, are normally dealt with at the sectoral and company levels, but the framework for pay-increases is set at national level. Belgium is one of the rare European countries with a mechanism of automatic indexation of wages when inflation exceeds a rate of 2%. Belgium also has a national minimum wage, which is fixed every two years by agreement between the unions and the employers' federation at the national level. The full range of working conditions and other factors relating to work are on the agenda. Due to the recent wage freeze, more attention is also being given to other forms of reward, such as meal vouchers or additional pension schemes.

In the Belgian industrial relations system, national tripartite policy concertation takes place in two bodies – the National Labour Council (CNT/NAR) and the Central Economic Council (CCE/CRB). The CNT/NAR also plays a consultative role vis-a-vis the government on all economic and social issues.

Belgian labour law allows the creation at the workplace level of bodies representing the whole workforce. Workplace representation runs through two separate channels: the 'works council', representing the whole workforce but elected only in large workplaces (above 100 employees) and the 'trade union delegation' that can be instituted in any company (the minimum number of workers employed in the company is defined by sectoral collective agreement) and represents trade unionists. There are also separate bodies for health and safety, the Committee for Prevention and Protection at Work, elected by the whole workforce in companies with more than 50 employees. The members of the delegation are nominated by their trade unions or elected by staff. The trade union delegation represents only unionised workers of the company and not the entire workforce. It can negotiate collective agreements in the company and intervene in any conflict that the workforce might have with the employer. Furthermore, it has the right to be informed about any change in the working conditions. When neither a works council nor a CPPT is present in the company, the trade union delegation is able to fulfil the role of these two bodies (Fulton 2011).

2.2.3 Collective bargaining in the public sector

The protocols recording the results of the negotiations may be signed at different levels: the overall level common to all public utilities as well as negotiating bodies established at other levels of government (communities, regions, provinces and communes) and the different administrations. According to the union status of public authority staff, negotiation and consultation must take place in the committees established for this purpose and consisting of an equal number of representatives from the authority and representatives of trade union organizations.

The joint committee for all public utilities (Committee A) is responsible for the whole public sector and is competent for the common minimum social security rights of all civil servants. These 'minimum rights' focus on family allowances, pensions, accidents and occupational diseases, the linking of wages to the index, leave regulation, career breaks, etc. Committee B is responsible for the federal civil service. Within the federal government, 20 sector committees were created. Negotiations concern a specific department or agency. The Base Concertation Committees focus on specific subjects for one or a few specific services. The Committee for Provincial and Local administrations (Committee C) is responsible for local and regional authorities and for official subsidized education.

Negotiations are mandatory for issues such as regulations on financial status, administrative status, pensions, relations with trade unions and the organization of social services, general provisions relating to working time, work organization and staff structure. The outcome of the negotiations is recorded in a protocol. Such a protocol mentions either the existence of an agreement or the different positions in the absence of agreement. These protocols are political commitments on the part of the authority, but legally, they are not binding.

Prior consultation is organised for issues related to concrete decisions concerning staff structure, working time and work organization, all health and safety issues, proposals that aim to improve human relations or an increase in productivity. The consultation leads to the drafting of a reasoned opinion.

3. Occupational Welfare in Belgium

3.1 Private and public expenditure on social protection schemes

The distinction between public and private social protection is made, in the OECD SOCX database on social protection expenditure, on the basis of who controls the relevant financial flows; public institutions or private bodies. Within the group of private social benefits, two broader additional categories can be distinguished: *Mandatory private social expenditure* ⁽²⁰⁾ and *Voluntary private social expenditure* ⁽²¹⁾ (Adema and Ladaique 2009).

The following table shows the general contribution of public and private bodies to the funding of expenditure on social protection ⁽²²⁾. Private bodies contribute exclusively through voluntary private schemes. There are no mandatory private schemes in Belgium. Indeed, **OW is designed only as a supplement to public welfare programmes**. In 2011, voluntary private expenditure represented only **2.1% of GDP**, while public expenditure represented **29.4% of GDP**. On the whole, the share of voluntary private expenditure has risen since 1990, especially since the mid-nineties and the introduction of supplementary pension schemes into the Belgian system.

20. Social support stipulated by legislation but operated through the private sector, e.g. direct sickness payments by employers to their absent employees as legislated by public authorities, or benefits accruing from mandatory contributions to private insurance funds.

21. Benefits accruing from privately operated programmes that involve the redistribution of resources across households and include benefits provided by NGOs, and benefit accruing from tax advantaged individual plans and collective (often employment-related) support arrangements, such as for example, pensions, childcare support, and, in the United States, employment-related health plans.

22. Additional information on the distribution of Gross Social Expenditures is available in annex 1: at current prices in national currency, in millions; as a percentage of Total General Government Expenditure; Per head, at constant prices (2005) and constant PPPs (2005), in US dollars.

Table 5: Social expenditure - as a percentage of Gross Domestic Product

Source	Branch	1980	1985	1990	1995	2000	2005	2009	2010	2011	dif. 2011- 1990	% dif. /1990	
Public	<i>Old age</i>	5.9	6.3	6.5	7	6.9	7.1	8.1	8.1	8.3	1.8	27.7%	
	<i>Survivors</i>	3	3	2.6	2.4	2.1	2	2.1	2	2	-0.6	-23.1%	
	<i>Incapacity related</i>	3.7	3.7	2.6	3	2.8	2.3	2.5	2.5	2.8	0.2	7.7%	
	<i>Health</i>	5.2	5.7	6.4	5.8	6.1	7.1	8.1	7.9	8	1.6	25.0%	
	<i>Family</i>	3	2.6	2.3	2.3	2.6	2.6	2.8	2.8	2.9	0.6	26.1%	
	<i>Active labour market programmes</i>	..	1.2	1.1	1.2	0.9	0.7	0.8	0.8	0.8	0.9	-0.2	-18.2%
	<i>Unemployment</i>	2.4	3.3	2.9	3.2	2.8	3.3	3.7	3.6	3.6	0.7	24.1%	
	<i>Housing</i>	0	0.1	0.2	0.2	0.2	0.2	0.2	
	<i>Other social policy areas</i>	0.3	0.3	0.5	0.7	0.4	0.4	0.8	0.8	0.7	0.2	40.0%	
	Total		23.5	26	24.9	25.6	24.5	25.6	29.1	28.8	29.4	4.5	18.1%
Mandatory private	<i>Old age</i>	..	..	0	0	0	0	0	0	0	0	
	<i>Survivors</i>	0.1	0.1	0	0	0	0	0	0	0	0		
	<i>Incapacity related</i>	0	0	0	0	0	0	0	0	0	0		
	<i>Family</i>	..	..	0	0	0	0	0	0	0	0	
	<i>Other social policy areas</i>	..	..	0	0	0	0	0	0	0	0	
	Total		0.1	0.1	0	0	0	0	0	0	0	0	
Voluntary private	<i>Old age</i>	0.3	0.3	0.8	1.3	1.2	1.3	1.3	1.1	1.1	0.3	37.5%	
	<i>Incapacity related</i>	0.6	0.4	0.5	0.4	0.3	0.5	0.4	0.4	0.4	-0.1	-20.0%	
	<i>Health</i>	..	..	..	..	..	0.5	0.4	0.4	0.4	-0.1	-20.0%
	<i>Other social policy areas</i>	0	..	0.3	0.4	0.2	0.2	0.1	0.1	0.1	-0.2	-66.7%	
	Total		0.9	0.8	1.6	2.1	1.7	2.5	2.3	2	2.1	0.5	31.3%

Source: OECD SOCX database, data extracted on 29 May 2015 from OECD Stat.

Private expenditure is essentially present in the old age protection schemes and health-related expenditure, reflecting the two main kinds of provision existing in Belgium (supplementary pensions and health insurance). Private expenditure on pensions has strongly risen since the mid-nineties, but was already present in the eighties. For health-related private expenditure, private contributions began to appear more recently, in the mid-2000s.

3.2 General overview of OW in the Belgian context ⁽²³⁾

The debate on OW has emerged only recently in Belgium, mainly focused on supplementary pensions and health insurance provisions. Academic literature on OW is also very scarce. A more important stream of literature is produced by professional bodies providing services to enterprises, mainly in the field of human resources management. Thus, OW is not really a well-studied topic in Belgian academic research but it generates a wider interest in the business world. The relative invisibility of the topic of OW in Belgium implies also that data about this topic is scarce. There are no detailed scientific databases on the diversity of OW ⁽²⁴⁾.

The health benefits provided by Belgian companies include: hospital insurance, invalidity insurance, non-statutory work injury insurance, private life extension, ambulatory fees insurance, medical check-up, flu vaccination (in order to fight absenteeism due to seasonal flu some employers cover the prevention costs). Companies play a significant role in covering the health risks not covered by the Belgian statutory system.

Regarding reconciliation of work and family life, enterprises may provide their employees with four types of benefits: provisions explicitly aimed at reconciling work and family/private life (such as day nurseries and child-sitting services for employees' children); provisions aimed at financially supporting families (supplementary family allowances, birth bonus, ...); working time management; and leave provisions potentially linked to the reconciliation of work and family/private life (non-statutory company holidays, sabbatical leaves, unjustified sickness leaves etc.).

At enterprise level, firms design training plans and programmes adapted to their specific needs, in accordance with the provisions of the inter-professional and sectoral agreements.

Various factors affect the coverage among workers. Among the OW schemes healthcare provisions are the most widely available. This was not the case for other benefits.

23. This section draws on the results of the first PROWELFARE project 2012-2013. Research carried out in the framework of PROWELFARE I gave us an overview of OW in the Belgian context, an overview however limited to a narrow focus on supplementary benefits provided by employers in some specific domains: healthcare, reconciliation of work and family life and vocational training.

24. In PROWELFARE I, we used a survey carried out by *SDWORX* in 2010, covering 334 firms and a set of 82 non-statutory benefits. This survey gave us a detailed picture of the OW benefits provided by firms. The information on OW at company level was supplemented by information concerning the workers themselves, provided by another *References/Vacature* survey carried out on line and including 45,769 workers.

Executives and white-collar workers are more likely to receive benefits, especially regarding hospital insurance (74%), non-statutory work injury insurance (44%) and invalidity insurance (39%), although blue collar workers are better covered for medical check-ups (46%) and flu vaccinations (66%). The same can be said about 'work-life reconciliation' provisions, although the overall difference between categories mainly depends on specific provisions such as part-time work, flexible hours and flexibility of working time, telework and non-statutory non-working days.

The sector whose enterprises best protect the health of their workers is the chemical sector, with the highest level of coverage in all benefits, while birth bonuses and part-time work are more or less homogeneously distributed in all the sectors. Washing and ironing services are particularly common in the commerce sector while they are non-existent in the construction sector. Day nurseries are especially often available in the service sector while they do not exist in enterprises operating in the chemical/pharmaceutical and construction sectors. Participation of workers in CVT is higher in the financial services sector and to a lower extent in the sector for the manufacture and repair of machinery and devices (which includes the automotive industry). Rates are lower in the other sectors, especially in the broad sector related to services to enterprises and individuals, sport and cultural activities, which includes education (Eurostat 2010).

The type of contract and the type of working time arrangement affect the level of coverage. Workers with an open-ended contract as well as full time workers are the best covered in terms of health insurance protection (63%) compared with workers with fixed term contracts (43.9%) and especially temporary workers (18.8%) and part time staff (45.9). Access to childcare facilities provided by employers is also more common among fixed-term and open-ended contract workers than among temporary agency workers, while it is slightly more widespread among full time workers than among part time ones.

The propensity to offer this kind of provision is directly proportional to the size of the enterprise. This is particularly evident for provisions such as day nurseries, non-statutory non-working days and holidays, and sabbatical leaves, which are mostly provided by enterprises with more than 500 employees.

Gender is another factor affecting coverage: 60.4% of workers are insured for medical risks but there is quite a difference between men (65.4%) and women (54.8%). Women also receive on average less hours of CVT than men, in both definitions of the populations covered. Moreover, the higher the level of education, the higher is the level of coverage among workers.

The main motivations of employers for introducing non-statutory benefits are, by far, the wish to increase workers' satisfaction, retain workers and contain costs.

From a trade union perspective, the subject of OW is not a priority topic and is not perceived as a specific issue, as most of these benefits are negotiated at the level of enterprises. The reasons that push unions to promote the granting of OW and encourage employers to grant such benefits are diverse, including the need to improve the working conditions of workers and to better respond to workers' needs, except in the retail sector, in which providing health insurance or pension insurance is not considered a means of improving bad working conditions. What matters in this sector is to increase the working hours of fragmented part-time workers and secure employment within the company. Granting OW may also be seen as the result of a trade-off. Wage moderation can be offset by the granting of social benefits. The possibility of tax advantages for the benefit of companies is clearly a motivating factor for employers. Some OW benefits are indeed exempt from employers' social security contributions, depriving the National Office of Social Security of revenue intended to finance social protection and maintain solidarity (Ghailani *et al.* 2013).

In some sectors, allowances, bonuses or supplementary social benefits may be granted to workers from so-called 'Existence Security Funds' financed by employers' contributions. These funds are legal entities established in a sector at the initiative of the social partners through a collective agreement made compulsory ⁽²⁵⁾. Using the employers' contributions, they aim to carry out socially useful tasks, and are run autonomously and jointly by the employers' and workers' representatives of a specific sector. They aim especially to: finance, grant and pay social benefits; fund and organise vocational training for workers and young people; and to finance and ensure health and safety of workers in general.

The advantages granted by the sectoral funds (currently 180) differ from one sector to the other and include: supplementary unemployment allowances, supplementary sickness allowances, extra holiday pay, job-seeking assistance, early retirement, vocational training, union training, union bonus, supplementary sectoral pensions, hospital insurance, etc. Most sectors entrust the National Office of Social security with the task of collecting the contributions towards the Existence Security Funds ⁽²⁶⁾.

25. Law of 7 January on 'Existence Security Funds', MB, 7 February 1958.

26. <http://www.emploi.belgique.be/defaultTab.aspx?id=519>

4. More in-depth description of Occupational Welfare in the field of Pensions and Unemployment

4.1 Occupational Welfare in the field of Pensions

4.1.1 Origin

In 1999, only 30% of workers were members of a group insurance or a pension fund. In this regard, major differences could be observed. Workers in large enterprises were more likely to be enrolled in a supplementary pension scheme while for small business workers, participation probabilities were significantly reduced. Marked differences were also observed between sectors: the participation rate in the financial and chemical industries was much higher than that observed in other sectors. Within the same company, executives were more likely to be enrolled in a supplementary pension scheme than blue-collar workers. These schemes were not formally managed by social partners, and were mostly granted to higher ranking employees (Gieselink *et al.* 2003)

In addition, some sectors voluntarily set up supplementary pension plans for all employees. The most significant among these were in 1999: Building, Oil industry, Metalworking engineering and electronics (²⁷), Woodworking and furniture manufacturing, Energy, Printing and publishing, Urban transportation in Brussels, Flanders and Wallonia and Employees of the port of Antwerp. The adoption of a sectoral agreement in 2000 in the metal working industry, which introduced a sectoral pension for more than 100,000 workers, made it clear that there was a lack of state control over sectoral pensions. It brought this rather unknown type of pension onto the public agenda (Walthery 2004).

Since 2003, supplementary pensions received a boost following the adoption of the so-called *Vandenbroucke law* of 28 April 2003 on complementary pensions, hereafter the LCP. Since then, not only has there been revived interest in supplementary pensions, but they also occupy a more prominent place in the agenda of the social partners. Over the past decade, the Belgian Government has encouraged employers to introduce occupational pension plans for their workers in response to the ageing Belgian population and the expected difficulties in financing state pensions in the future.

27. This sector was a pioneer in this field. The sector includes the automotive industry, and has had a sectoral pension scheme since 2000. The scheme has recently been modified by a collective agreement concluded on 12 December 2014. It covers all employers and workers in the sector and defines in detail all the terms of the pension plan (membership, rights, obligations, payment, joint management, etc.).

4.1.2 Importance

Coverage

In Belgium, occupational pensions are divided into two categories: firm-based individual and collective schemes.

- **Firm-based individual pension schemes** are independent pension commitments made by an employer. They are financed by the employer without any participation from the employees and do not cover all employees but a specific category or individuals. Supplementary pensions granted to individuals are only permitted provided that a pension scheme already covers all workers of the company. Supplementary pensions granted to a category of workers within a company in the absence of a collective scheme will not benefit from any fiscal incentive. To avoid disguised termination indemnities, individual pension promises must not occur until 36 months before retirement; external funding is furthermore required, normally through an insurance policy. Tax regulations are the same as those applying to collective pension schemes, but a limit of EUR 2,230 has been set on annual contributions (on January 1, 2012).
- **Collectively negotiated pension schemes** are set up through collective bargaining at **sector or company level**. These schemes are financed both by employees and the employer(s), they cover all the workforce of a given sector or company and are managed by the social partners where these are present (SwissLife Network 2015).
- An individual employer **may opt out** of the implementation of the sectoral pension scheme and implement its own scheme while still benefiting from the solidarity regime. In order to do so, the following conditions must be fulfilled. This opting out possibility must be included in the sectoral collective agreement and the company pension scheme must be regulated through another collective agreement and provide benefits at least equal to those of the sectoral plan (Trampusch *et al.* 2010). By the end of 2013, 15% of those workers who worked in a sector with a sectoral pension scheme were not covered by this sectoral scheme (FMSA 2015).
- Currently, 2,525,394 workers belong to a supplementary pension scheme, i.e. 75% of workers (Pensions Reform Committee 2020-2040, 2014). By the end of 2013, 45 sectors had set up one or several pension schemes, covering 1,223,451 active workers: up from 757,000 in 2009 and 1,118,295 in 2011 (FMSA 2013a). More than half of all these workers work in four of the biggest sectors: the metalworking industry, the construction sector, the hotel industry and the Flemish non-profit sector; 70% of the workers covered by such a scheme are blue collar workers, and 64% are male (FMSA 2015).

Generosity

The following tables show the replacement ratios ⁽²⁸⁾ for the first and second pillars in relation to previous earnings.

Table 6: DC Plans: average net replacement ratio based on salary ⁽²⁹⁾

Salary (euros/year)	Net replacement ratio statutory pension	Net replacement ratio supplementary pension	Net replacement ratio Statutory and supplementary pension
0–30,000	71%	5%	76%
30,000–40,000	69%	7%	76%
40,000–50,000	67%	9%	76%
50,000–65,000	60%	12%	72%
65,000–100,000	47%	17%	64%
100,000 and more	30%	26%	56%

Source: Pension Reforms Committee 2020-2040, 2014 ⁽³⁰⁾.

Table 7: DB Plans: average net replacement ratio based on salary

Salary (euros/year)	Net replacement ratio statutory pension	Net replacement ratio supplementary pension	Net replacement ratio Statutory and supplementary pension
0–30,000	71%	6%	76%
30,000–40,000	69%	9%	78%
40,000–50,000	67%	11%	78%
50,000–65,000	60%	17%	77%
65,000–100,000	47%	26%	73%
100,000 and more	30%	38%	68%

Source: Pension Reforms Committee 2020-2040, 2014 ⁽³¹⁾.

28. The net replacement rate is an individual's net pension entitlement divided by net pre-retirement earnings. This rate shows how effectively each country's pension system provides a retirement income. In comparison to gross replacement rate, taxes on both pensions and pre-retirement earnings have already been taken into account (Rochlitz 2015.)

29. See the methodology in the Pension Reforms Committee 2020-2040 Report (2014).

30. Information provided by Assuralia according to a representative sample of business plans taken out with insurers.

31. Information provided by Assuralia according to a representative sample of business plans taken out with insurers.

Supplementary pensions help to increase the replacement income, but for many employees, they do not yet constitute a valuable complement to the statutory pension. This is explained by the low contribution rate for sectoral pension plans and lower contribution rates for company pension plans. The low contribution rates – and decline – could partly be explained by economic difficulties in recent years. However, the replacement ratio increases significantly with an increase in previous earnings.

Capital vs annuity

Supplementary pensions for employees are mostly liquidated as paid-up capital in a single transaction. Although possible legally, the payment of annuities is rare. Distributions of capital are also part of the approach to wages in Belgium. Supplementary pensions are too rarely perceived as an element of the pension, but rather as a single payment of deferred salary which was the subject of a tax benefit and parafiscal treatment.

Insurers are also quite against the idea of making pension payments, which in fact incur specific risks that Belgian insurers do not currently run when paying out supplementary pensions as capital. The main specific risk is that of longevity. This risk means roughly that the insurance company might have to continue to pay the annuity, from its own funds, even once the capital paid in for the supplementary pension had been exhausted. In addition, annuities require closer monitoring than the single payment of pension capital. Therefore, administrative costs for managing the pension plan are significantly higher. In addition, it should not be forgotten that for a monthly pension of a certain level, considerable reserves must be held, which requires the payment of premiums for a sufficient amount or the need to achieve a significant return on the invested premiums. At present, neither of these two conditions seems to be fulfilled (Pensions Reform Committee 2020-2040, 2014).

The average capital from the second pillar is 94,677€, which means a monthly supplementary pension income of 575€ per month. However, the median capital is 34,541€, which makes a monthly supplementary pension income of only 206€. Because of this, the great majority (72%) of second pillar pensions are paid in capital and this tendency is increasing, probably because the monthly supplementary pension income is negligible (Berghman *et al.* 2010).

Risks covered

Collective pension schemes may be either ordinary or social.

- Ordinary pension commitments are equivalent to the former group insurances.
- Social pension schemes cover a pension share as well as a 'solidarity' share (e.g. disability, death, redundancy, etc.). They have to be organized and managed according to 'peer' principles and also have to respect specific rules. They include some form of risk-sharing between employees and/or companies. They may include: continued payment of pension premiums during involuntary temporary unemployment (as legally defined) of up to one year, maternity leave, bankruptcy of the employer (up to 6 months), periods during which the employee has reduced his working time (under Time credit schemes), up to one year. These schemes are exonerated from the limit put on wage increases by the Law on safeguarding competitiveness. In addition the normal 4.4% tax on pension premiums does not apply. In this case also, the solidarity funds (i.e. those that will be used to address the risks included in the solidarity commitment in the scheme) have to be managed distinctly.

At sectoral level, social pensions are in the minority. By the end of 2013, less than half of sectoral pension schemes could be described as social schemes. The sectoral pension schemes that have been most recently introduced are not social systems. According to FMSA, *'The decline of popularity of social pension schemes is probably due to the fact that sectoral pension schemes organized by a social security fund are, in any case, exempt from the 4.4% levied on premiums. This advantage removes an important incentive to opt for a social pension scheme'* (FMSA 2015).

The number of companies that have concluded a social pension commitment at company level is still low. The complexity of the social pension obligations appears to be a key reason why companies are reluctant to enter into social pension obligations. The difficulty for companies and for sectors to finance risks covered through social pension obligations is another reason (Pension Reforms Committee 2020-2040, 2014).

4.1.3 Regulation

As already mentioned earlier, the 'Vandenbroucke Law' ⁽³²⁾ is of crucial importance in the development of supplementary pensions. The aim of the law is to strengthen the second pillar and to provide a unified framework for all supplementary pension schemes, both at company and sector level. It also tries to make them accessible to the largest number of employees by providing fiscal incentives for schemes including elements of solidarity between affiliates of the funds, as

32. Law of 28 April 2003 on supplementary pensions and the tax regime applying thereto and to certain additional benefits concerning social security.

well as schemes concluded at sector level. It gives social partners at both company and sector level comprehensive room for manoeuvre to set up and manage these schemes. The Law regulates the establishment of supplementary occupational pension plans, coverage, waiting period, vesting and the options for plan members upon termination of employment before retirement, mandatory return. It includes legislation on industry-wide pension arrangements and individual pension promises.

At sector level, it is up to the social partners within the relevant joint commission to set up and regulate supplementary pension schemes. At company level, these are controlled through existing consultative bodies (works councils, or if none are present the enterprise-level committees for prevention and protection at the workplace (CPPTs/CPBW) or the union delegation. Depending on this, the pension scheme will be enacted either in a collective agreement or via the company's labour regulations (Walthery 2004).

4.1.4 Administration

Group insurance vs institution for occupational retirement

Complementary pension schemes, as organized in the LCP, can be administered either by an insurance group or by an institution for occupational retirement provisions (IORP, formerly pension fund). According to the LCP, a security and existence fund can no longer be responsible for the management of sectoral supplementary pensions.

Since 1 January 2007, IORPs are governed by the law of 27 October 2006 on the supervision of IORPs. This law has set new standards of governance and gives managers of IORPs more freedom of action in terms of both investment rules and reserve rules. These institutions are answerable to the Financial Services and Market Authority (FMSA).

The insurance pension plans are treated like all other insurance contracts under the provisions of the 1975 Law on the supervision of insurance companies.

According to FMSA, 75% of sectoral pension schemes are managed by an insurance group, covering 60% of workers with a supplementary pension (FMSA 2015). This preference of employers and trade unions is due to the certainty of receiving a guaranteed return, solvency and complete service from the insurer (administration, reporting, etc) (Assuralia 2009).

Role of social partners: joint management board vs monitoring committee

The LCP put a strong emphasis on the governance of complementary pension funds, now the institutions for occupational retirement, by the social partners, at sector or company level.

The law (Article 41 §1) requires occupational pension institutions responsible for the implementation of specific pension plans to establish a joint management mechanism. 50% of board members must therefore be staff representatives in the following cases: sectoral pension plans; social firm-based pension plans; ordinary firm-based pension plans with workers' financial participation.

In two cases, the IORP shall not establish joint management within its board of directors: in case of ordinary firm-based plans without workers' financial participation and in the absence of a social dialogue body within the company.

When the organization of the pension plan is entrusted to an insurance company, there is no joint management obligation, but an obligation to establish a monitoring committee. This committee is a particular type of participation body, half of whose members are staff members. It has no management powers, but it has a right to monitor the activities of the management body in terms of performance of the pension commitment. It receives annually the declaration on principles underlying the investment policy and transparency report (CBFA 2007).

4.1.5 Funding: contributions and minimum guaranteed return

Table 8 shows that the financial reserves of supplementary pensions in 2012 amounted to some 70 billion euros. Compared to 2008, this represents an increase of € 15.9 billion (approximately 30%).

Table 8: Balance sheet pension funds versus insurers (EUR billion)

<i>In billion euros</i>					
	2008	2009	2010	2011	2012
Occupational pensions	54.1	56.4	62.0	65.0	70.0
Pension funds (OFP)	11.1	11.2	13.9	14.0	16.4
Insurance groups	40.1	42.2	45.0	47.6	50.4
Insurance company executives	2.9	3.0	3.2	3.3	3.3

<i>In % of GDP</i>					
	2008	2009	2010	2011	2012
Occupational pensions	15.6%	16.6%	17.4%	17.6%	18.6%
Pension funds (OFP)	3.2%	3.3%	3.9%	3.8%	4.4%
Insurance groups	11.6%	12.4%	12.6%	12.9%	13.4%
Insurance company executives	0.8%	0.9%	0.9%	0.9%	0.9%

Source: FSMA (2013b :41)

The collectively negotiated schemes are capital based and not set up as pay-as-you-go systems. However, the 2003 Law provides incentives for social pensions to include some distribution features in case of particular risks.

Employees'/Employers' contributions and minimum guaranteed return

Generally, contributions can be paid by both employees and employers. In the case of collective pension schemes, the relevant social partners set the contribution level by collective agreement. Only in the case of individual schemes, the employer is responsible for setting this level.

In the majority of sectoral schemes the contributions are paid by the employers only. The normal contribution rate is 1% to 1.75% of wages (FMSA 2015).

In company plans, employees are often required to make a small contribution of 1% to 2% of earnings up to the Social Security ceiling, and usually contribute in the range of 4% to 6% of earnings above the Social Security ceiling. However, there is a strong tendency to waive employee contributions because of the limitations on tax exemption and the gain in employer Social Security contributions (EURACS 2015).

According to the 'Vandenbroucke Law', the employer must guarantee for all employee contributions a minimum return on pension reserves that is equal to the technical interest rate of

insurance contracts, currently 3.25%. On employers' contributions in DC plans and cash balance, the minimum return is 3.75%.

Nevertheless, the guaranteed returns that group insurers had contractually committed to are now at a level below the legal guarantee of return of 3.25 or 3.75%. Today, the contractually guaranteed return on group-insurance is between 1.75 and 2.25%. This has major financial implications for the organizer. Indeed, if such a worker leaves the company (output), the minimum rights acquired including the guaranteed return of 3.25 or 3.75% must indeed be honoured at this time. The contractually guaranteed amounts that will be paid by the insurance group will not be enough to pay all amounts due. If the insurance companies also provide no beneficial interest, the deficit will have to be borne by the employer, increasing its final responsibility (Pension Reform Committee 2020-2040, 2014).

One planned measure in the new Government Declaration ⁽³³⁾ is to restructure the now fixed nature of this guarantee and to make it adaptable to long term interest rates, so as to provide proper protection for employers.

Defined-contributions/Defined-benefits/cash balance

The collectively negotiated schemes can be set up as **defined contribution schemes**, **defined benefit schemes** or as **cash balance** schemes.

The vast majority of sectoral pension schemes are of the **defined contributions type**, funded exclusively by the employers. By the end of 2013, 40 sectoral schemes were based on DC arrangements, four were defined benefit schemes and another one was a cash balance scheme. The DC schemes cover 85% of active workers, followed by the cash balance scheme covering 13% and by the DB schemes with 3% of active workers (FMSA 2015).

According to EURACS (European Actuarial & Consultancy Services), **defined benefit schemes** are still a fairly **common form of company plans**, but defined contribution plans are gradually gaining prominence with more than 50% of plans currently being defined contribution plans. Some innovative companies have introduced hybrid plans, with a reduced defined benefit target, supplemented by a defined contribution or sometimes cash balance plan.

For defined contribution plans, when leaving the employer and transferring pension reserves within the first five years of affiliation, the 3.25% guarantee is changed to a guarantee based on

33. Government Declaration of 9 October 2014,
http://www.premier.be/sites/default/files/articles/accord_de_gouvernement_-_regeerakkoord.pdf

the cost of living evolution, with a maximum of 3.25% per annum. On leaving his employer after having participated for at least 3.5 years (42 months) in this employer's pension scheme, and switching to an employer without a pension scheme, the employee can continue to make pension contributions up to a maximum of €2,020 per annum. This contribution can go to an institution selected by the employee (EURACS 2015).

4.1.6 Access and benefits

All salaried employees must be admitted to the pension plan as soon as they belong to a category described in the pension rules. A waiting period is possible but cannot be extended past the 25th birthday. Discrimination cannot be made on the basis of age, sex, employment (full- or part-time). All criteria must be 'objective and reasonably justified', as well as in proportion to the aim pursued. The vesting period cannot exceed one year. The affiliation cannot depend on the result of a medical examination. However, medical formalities may be requested in one of the following cases: the affiliate is free to choose the extent of death coverage; death coverage exceeds retirement benefit by at least 50%; the plan counts less than ten affiliates.

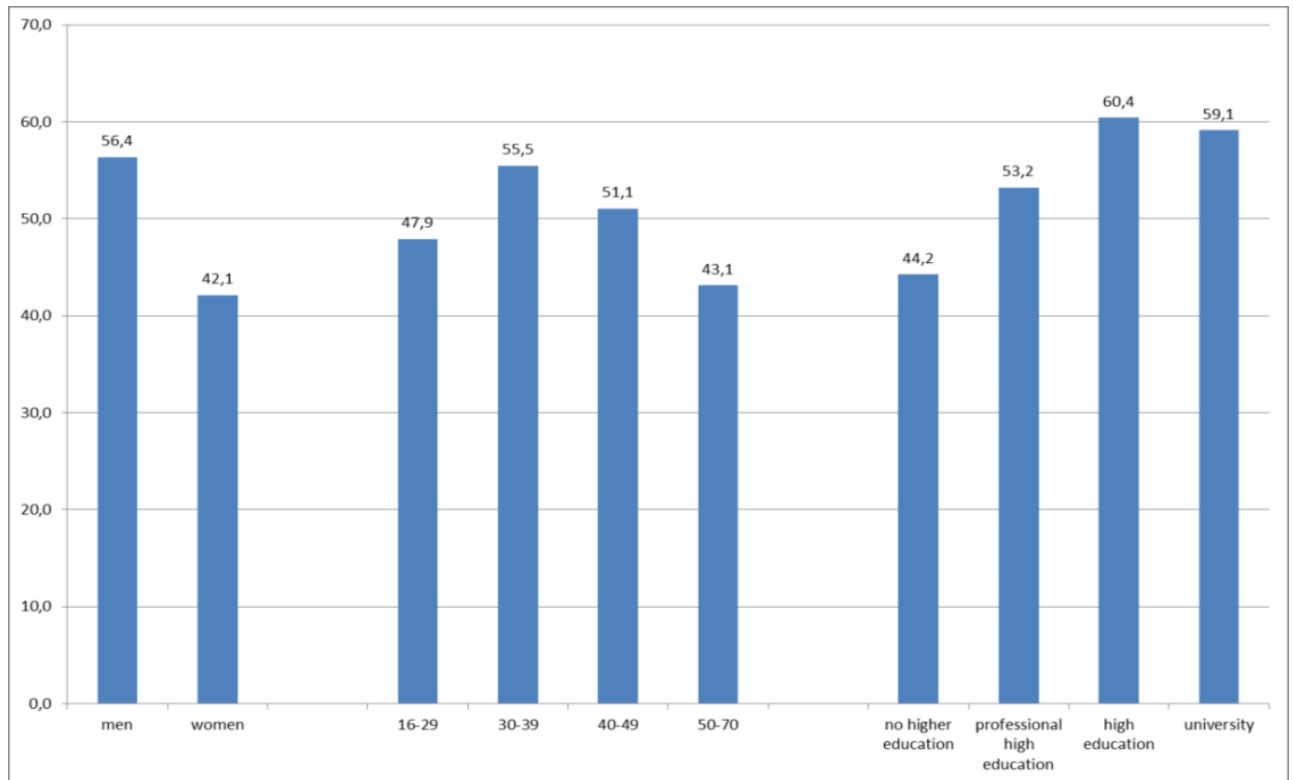
Currently, 2,525,394 workers belong to a supplementary pension scheme, i.e. 75% of workers (Pensions Reform Committee 2020-2040, 2014).

A study conducted by the Sociological Study Centre (Centrum voor Onderzoek Sociologisch - CESO) of the KU Leuven gives a first insight into the distribution of supplementary pensions. The authors found that in 2011, about a quarter of new pensioners (66 to 69) had a supplementary pension. Regarding access and the supplementary pension level, differences based on gender, the amount of the statutory pension and career were observed. In 2011, recently-retired male workers (60%) were receiving a supplementary pension about three times more often than newly-retired workers (23%). In 2011, 9% of new pensioners whose statutory pension was within the 20% of lowest legal pensions received a supplementary pension. In contrast, among the new pensioners whose statutory pension was within the 20% of highest statutory pensions, 84% were receiving a supplementary pension. Similarly, only 6% of those who had worked 10 to 20 years were receiving a supplementary pension, the percentage rising to 68% for workers with a career ranging between 40 and 45 years (CESO 2014:16).

Information concerning the workers covered by a supplementary pension scheme is provided by a survey carried out by professional bodies in 2014. The *References survey* was carried out online and included 33,000 workers. Through this survey we could add some information about the individual characteristics of the workers (coverage, sex, age, education, type of contracts, working time) and the economic sectors of their employers. However, the information on OW in this survey is limited to broad questions about the provision of supplementary pensions.

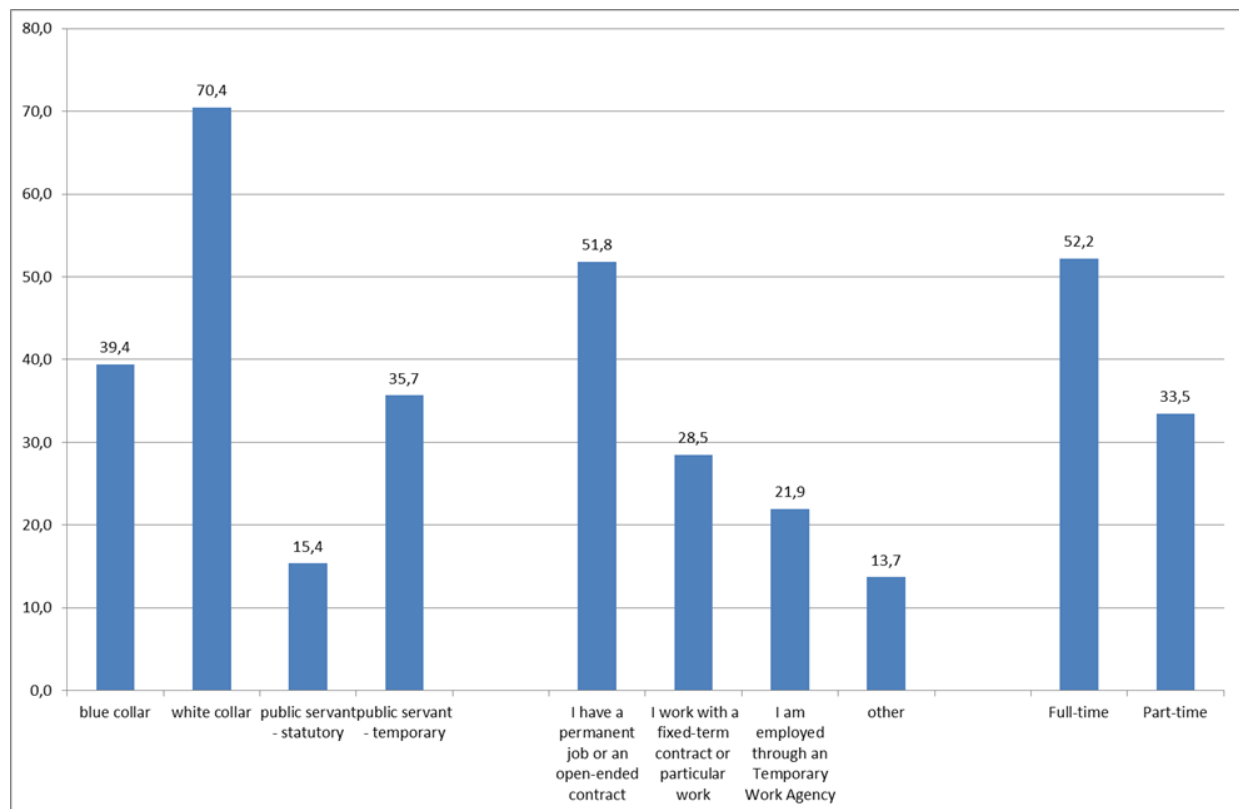
Looking at the data on individuals, 49.5% of workers receive a supplementary pension but there is quite a difference between men (56.4%) and women (42.1%). Moreover, the higher the level of education, the higher is the level of coverage among the workers (Figure 1).

Figure 1: Percentage of workers provided with supplementary pensions according to individual characteristics



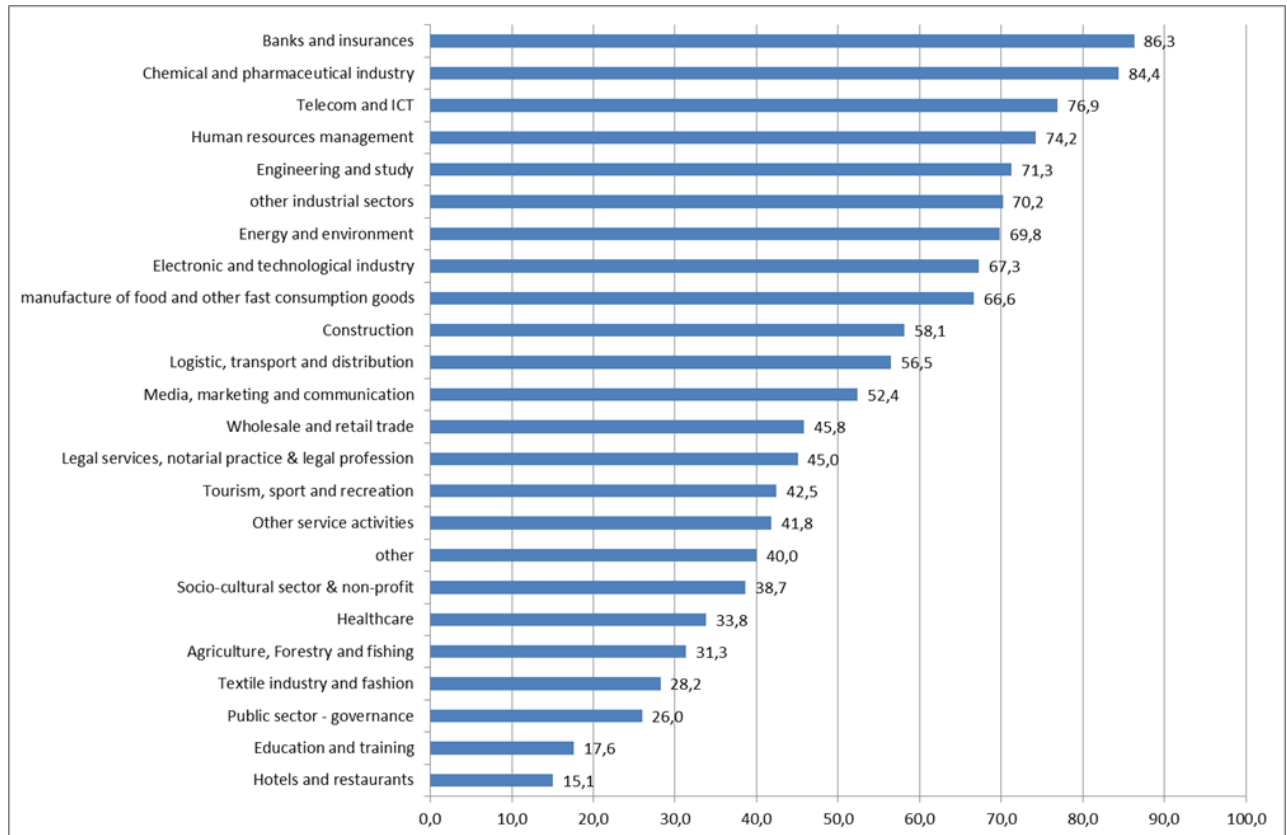
Source: References Survey (2014).

As shown in Figure 2 below, the workers with an open-ended contract are the best covered (51.8%) compared with the workers with a fixed term contract (28.5%) and especially temporary workers (21.9%). Also the type of working time arrangement affects the level of coverage: full-time workers more often protected (52.2%) than part-time workers (33.5%). White-collar workers are overrepresented with 70.4%.

Figure 2: percentage of workers provided with a supplementary pension by type of contract

Source: References Survey (2014).

Looking at the sectors, the sector where most workers are covered by a supplementary pension scheme is the Banking and Insurance sector, where 86.3% of the workers declare they are covered (Figure 3). It is followed by the chemical and pharmaceutical industry, with 84.4%. In the macro Food Industry sector, the level of coverage is 66.6%. The sector that is least well-covered is the hotel and restaurant sector with only 15.1%.

Figure 3: percentage of workers provided with a supplementary pension by sector

Source: References Survey (2014).

The metal-working industry including **the automotive sector** was a pioneer in the field of supplementary pensions. It introduced a sectoral pension for more than 100,000 workers in 2000⁽³⁴⁾. The scheme has recently been modified by a collective agreement concluded on 19 October 2015. It covers all employers and blue-collar workers in the sector and defines in detail all the terms of the pension plan (membership, rights, obligations, payment, joint management, etc.).

35. Collective agreement of 18 October 1999 concluded within the Joint Committee for Metalworking engineering and electronics setting out the rights of workers under the sectoral system to complement the statutory pension scheme.

Table 9: Sectoral pension plan in the metal -working industry*

Coverage	All workers are covered Employers who had set up a company pension plan by December 31 1999 are not covered
Risks covered	Social pension scheme
Type of benefit	Defined-contribution scheme
Contribution rate	2.09 or 2.29% employers' contribution (2016) ⁽³⁵⁾
Governance	Managed by an IORP, Fonds de Pension Métal

* No breakdown available only for the automotive branch.

Source: Collective agreement of 19 October 2015 modifying the social sectoral pension scheme and the pension rules; FSMA 2015.

The retail sector is a highly fragmented sector, which includes both small independent shops and supermarkets. Fragmentation prevents social partners speaking with one voice on this issue, which is why this sector has no sectoral pension plan. Furthermore, firm-based pension plans covering all employees are very rare. During the interview our attention was drawn to an exception: the supermarket chain *Colruyt* implemented such a plan in 2006. It applies to all blue-collar workers and employees who have respectively reached the age of 18 and 25 and who are not bound by a student employment contract. The monthly contribution rate for employers and workers and employees is based on seniority.

Table 10: Example of a firm-based pension plan in the retail sector: Colruyt Group

Coverage	All blue-collar workers who have reached the age of 18 All employees who have reached the age of 25 Fixed-term and permanent contracts Students excluded
Risks covered	Ordinary pension scheme
Type of benefit	Defined-contribution scheme
Contribution rate based on seniority	
0 to 7 years	BC worker: 0.25% employer 0.50%
From 8 to 14 years	BC worker: 1.00% employer 1.50%
From 15 to 19 years	BC worker 1.00% employer 2.00%
From 20 to 24 years	BC worker: 1.50% employer 3.00%
Beyond 25 years	BC worker: 1.50% employer 4.00%
Governance	Managed by Insurance Group , <i>Vivium</i>

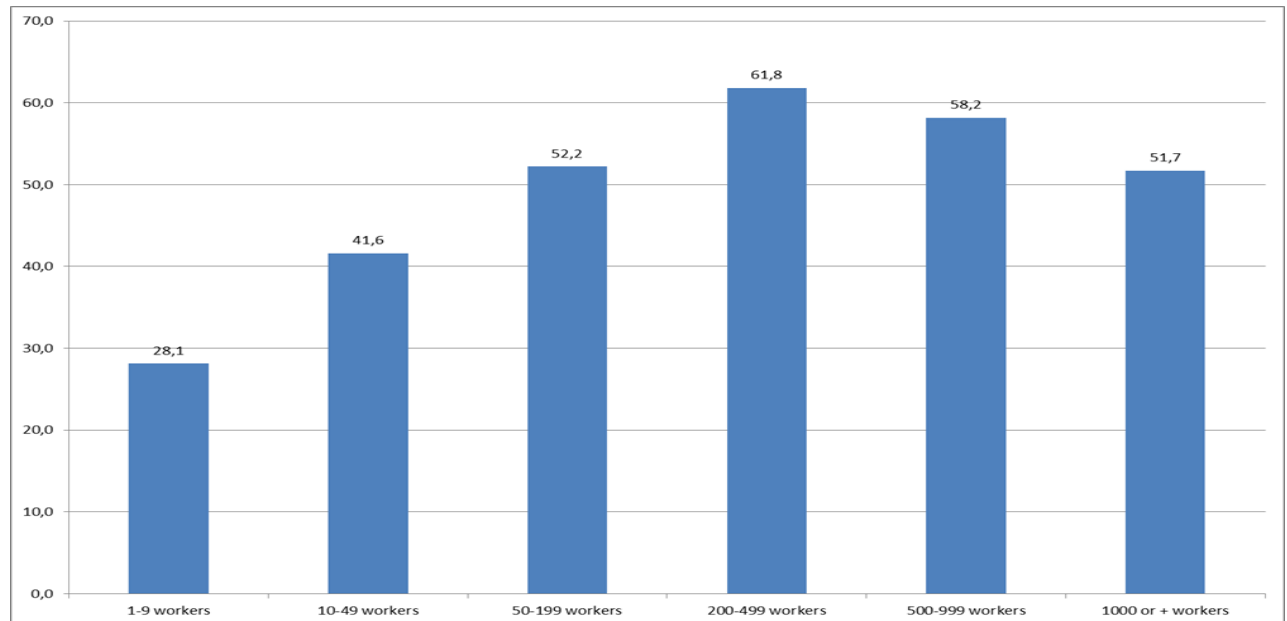
Source: CGLSB (2014), Collective Agreement of December 12 2006 covering employees in the distribution group Colruyt - Insurance Group ⁽³⁶⁾.

36. 1.50% from 2004 to 2007; 1.60% from 2008 to 2011, 1.80 in 2012, FSMA 2015.

37. www.aclvb-cgslb-colruyt.be/files/Assurance-groupe--fr-1-02-2014.pdf

Comparing enterprises of different sizes, we can see that supplementary pensions seem to be provided more frequently by enterprises with a workforce of between 200 and 499 people (61.8%) compared to small businesses (28.1%).

Figure 4: percentage of workers provided with a supplementary pension depending on enterprise size



Source: References Survey, 2014.

The diversity in the distribution of supplementary pensions is also mentioned by the Pensions Reform Committee 2020-2040. It highlights in its report that:

- sectoral pensions are almost completely absent in some sectors of the economy – such as distribution, business-to-business services and textiles;
- the contributions employers make towards supplementary pension plans for blue-collar workers are typically lower than those for the pension plans for white-collar workers (on average 1.35% versus 3.20% of gross yearly wages);
- with the exception of contractual employees in many Flemish local governments, contract civil servants remain excluded from any supplementary pension plan;
- the gap between large and small businesses has not been reduced: the likelihood that workers in a large company belong to a supplementary pension plan is still significantly higher than for workers in a small business;
- differences still remain between managers, employees and workers. In some companies, only managers and employees fall under the company pension plan, while workers have to join a sectoral pension scheme, provided that it exists. Contributions can also vary considerably;

- atypical workers continue to be excluded from this system. Thus the temporary work sector (joint committee No. 322) adopted a specific scheme for workers sent to companies under a joint commission which had established a sectoral pension scheme. This scheme provides for an increase of the gross salary of the employees concerned, to compensate for the absence of supplementary pension (Pension Reform Committee 2020-2040, 2014).

4.1.7 Portability of supplementary pension rights

Transfer of pension rights (i.e. the capital already accumulated) is provided for in the 'Vandenbroucke Law' on complementary pensions. Various situations may occur, depending on the type of transfer:

- from one company to another, both of which are **covered by the same sectoral scheme**: in this case there is no transfer, since the employee remains covered by the same scheme;
- **from one company to another, both being covered by different schemes**; in this case the worker, thus exiting the scheme, may choose between different solutions: he/she may transfer the capital to the new fund (be it at sectoral or company level), or he may choose to leave it in the former fund (Chuffart and Vandervelde 2011);
- from **one company covered by a scheme to another that is not**: continuing the funding of pension benefits in the event of severance is now possible: the employee has the right to require from his new employer that personal contributions should be withheld from his salary; the employee needs to have been affiliated to the former scheme for at least 42 months and the new employer has no scheme to offer; the employee is entitled to tax credit, the contribution amounting to a maximum of EUR 2,200 on January 1, 2012 (SwissLife Network 2015)

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4.1.8 Evolution, trends, debate since 2000

Expanding second pillar pension schemes to the whole of the working population is often mentioned as one of the important elements in keeping the pension system sustainable and fair. It is however clear that there is still a long way to go until everyone is able to benefit from such a scheme.

A unified status for blue and white-collar workers: a way to make supplementary pensions more democratic?

Recent developments moving towards abolishing the distinction between blue-collar and white-collar workers may influence the evolution towards a general application of second pillar schemes.

Belgian labour law has been built on the distinction between blue-collar workers and white-collar employees. In 2011, the Belgian Constitutional Court ruled that this distinction was no longer appropriate to the way in which work is organised today and therefore deemed it illegal to offer different employment terms and conditions to blue-collar workers and to white-collar employees⁽³⁷⁾. Consequently, the Belgian government has to remove all differences in benefits based on the distinction between blue-collar workers and white-collar employees. The first issue to be addressed on the long road to harmonisation is occupational pension entitlements.

An Act of 5 May 2014 establishes a legal framework implementing a phasing out of differences in occupational pension schemes by 1 January 2025. The harmonisation will be implemented in three stages within a ten-year transitional period. Negotiations will then begin at industry level, between the joint committees concerned, with a view to reaching an agreement which organises the abolition of the differences of treatment by 1 January 2025. This agreement has to be settled in an industry-level CA before 1 January 2023. The progress of the industry-level discussions will be monitored at national level every two years by means of a reporting system. Industries failing to harmonise by 1 January 2023 will face sanctions. After 1 January 2023, companies will be responsible for implementing the harmonisation at company level. In the meantime, they can either choose to wait for the results of the industry-level discussions or begin their own harmonisation while keeping an eye on the industry-level negotiations in order to ensure that they are in compliance (Linklaters 2014).

Sectoral second-pillar pension schemes have mostly been set up for blue-collar workers, while white-collar workers typically enjoy individual supplementary pension plans or plans at the level of the enterprise. The contributions employers make towards supplementary pension plans for blue-collar workers are typically lower than those to the pension plans for white-collar workers. While the easiest way to reach the same level of coverage for both categories would be to allow blue-collar workers to join the schemes for white-collar workers, this would also be the most expensive option.

New Government Agreement: future impact on supplementary pensions

The Belgian government published a sweeping proposed change to the law on October 9, 2014, that would institute a number of changes to employment, social security, employee benefits and pensions. The aim is to increase the labour force participation rate by a mix of restrictive measures and incentives, and enhance competitiveness by cutting labour costs. The unions unanimously rejected the agreement. Given that a number of these measures will be subject to negotiations

37. Constitutional Court, ruling of 7 July 2011.

with the social partners, enactment into law could take months, if not years. Even so, the general opinion is that the main points of the agreement will hold. Provisions in the field of occupational pension plans include the following:

- Discouraging the practice of claiming occupational pensions before social security pensions are payable and prohibiting the use of favourable anticipation (early retirement) clauses in company pension plans. The latter measure could have important consequences for plans that still have favourable early retirement clauses, depending on how they might be implemented, and any potential transitional measures,
- Review of the taxation of annuities and lump sums, and possible measures to create a more robust market for annuity products, to encourage pensions to be taken as an annuity rather than as a lump sum,
- Revision of the 80% rule to prevent artificial salary increases at career end. Under the rule, company and employee contributions to company plans are tax-deductible, provided total benefits from all sources do not exceed 80% of the final-year salary,
- Maintenance of the principle of a minimum guaranteed return (guaranteed by the employer) for defined contribution and cash balance plans (currently 3.75% on employee contributions, 3.25% on employer contributions and 0% after leaving the company), but linked to and fluctuating with real market return (minimum guaranteed returns would more closely track market returns and reflect strong rises and falls)
- Use of social dialogue by the government to reserve a percentage of the future salary increases for contributions to supplementary pension plans to achieve a minimum contribution level of 3% of salary in each sector. Employees would be able to accrue extra pension benefits by making additional contributions, subject to certain limits, under the tax regime applicable to company pension plans rather than the less tax-favourable treatment afforded to third-pillar (personal) pensions,
- The government will ensure that Belgium remains attractive for pan-European pension funds ⁽³⁸⁾.

4.2 Occupational welfare in the field of unemployment

In the Belgian unemployment protection system, there is only statutory unemployment insurance and there is no supplementary occupational scheme. There is however a scheme corresponding to the description of a short-time work scheme made in the analytical note of the PROWELFARE

38. Government Declaration of 9 October 2014,
http://www.premier.be/sites/default/files/articles/accord_de_gouvernement_-_regeerakkoord.pdf

project ⁽³⁹⁾. The scheme is called '**temporary unemployment**' (TU) and has been part of the Belgian unemployment protection system since the late forties, at least for blue-collar workers in the private sector, notably the construction sector. The TU scheme will be the focus of this section, as it is the only scheme where the contractual relation between the worker and the employer is maintained.

TU is thus a particular form of unemployment protection, accessible under specific conditions related to the situation of the company in which workers are employed, and with a specific status for the temporary unemployed, in comparison to standard unemployment. The temporary unemployed person remains a worker of the company and is not subject to active job seeking requirements. The unemployment benefit paid by the statutory unemployment scheme is topped up by a daily lump sum paid by the employer. This must be done through a scheme, due to economic circumstances, which is set through collective bargaining at company level. TU combines statutory unemployment protection with occupational protection.

The research also highlights the existence of particular schemes that are not statutory but related to the sectoral and firm levels, such as the 'Plus Minus Conto' in the automotive sector. These are specific agreements regulating the flexibility of working time according to the production cycle during a given period. In Belgium, the automotive industry faces enormous challenges in protecting and strengthening its competitive position, essentially compared to the neighbouring countries. For that reason, following the announcement of the production of a new Audi VW car model in Brussels, a sectoral collective agreement of March 2007 launched a 'Plus Minus Conto' which is applied to employers and workers (blue-collar workers) in automotive vehicle assembly plants and to firms involved in the manufacturing of parts and accessories for the automotive industry, located in both the Flanders and Brussels regions (Joint Commission 111). This agreement can be perceived as an alternative to the temporary unemployment scheme, as it modulates working time for a maximum period of 6 years. The agreement applies not only to car manufacturers but also to their subcontractors (joint commissions of metallic, mechanical and electric sectors). The agreement forecasts how to address the fluctuations in market demand over the production-cycle of the car (6 years). Workers should work longer (10 hours a day and 48H a week maximum) when a new car model is launched as there are far more sales than at the time when car manufacturers are designing a new model. They work shorter days later in the cycle. The goal of the system is to bank time. They collectively agree that the workers should work

40. 'Short-time work is a temporary reduction in working time intended to maintain an existing employer/employee relationship. It can involve either a partial reduction in the normal working week for a limited period of time – for instance, a partial suspension of the employment contract – or a temporary layoff, such as a full suspension of the employment contract. In both cases, the employment contract continues and is not broken.' (Analytical and methodological note-PROWELFARE 2014-2016 - pg 20).

longer for some periods and less in others, as long as they respect the legal average working time at the end of a 6 year cycle ⁽⁴⁰⁾.

There is also a scheme addressing collective redundancies decided as part of a restructuring plan caused by economic difficulties. However, in our view this scheme could not be considered as a short-time work scheme under the definition used in the Prowelfare project. It concerns the outplacement and retraining of redundant workers, implying the rupture of the contractual relation with the employer at the end of the process. Moreover, it seems conceptually hard to understand how a process leading to a dismissal could be assimilated to a form of working time reduction.

The Belgian scheme for collective redundancies follows the main orientations defined in the Council Directive on collective redundancies introduced in 1992 and reformulated in 1998 ⁽⁴¹⁾.

Procedures are defined concerning the obligations of the employers to help workers who have lost their jobs. These include giving an explanation of the reasons for collective redundancy to the National employment office (NEO) ⁽⁴²⁾ and union representatives, and the creation of an 'employment cell' in charge of outplacement and retraining for a limited time (minimum of 6 months). Redundant workers also receive a compensatory income ⁽⁴³⁾ and a 'restructuring card' ⁽⁴⁴⁾. Under the collective redundancy scheme, the social partners, employment administrations and civil society may act together to provide the services needed to help those made redundant find other work. European funds such as the European Social Fund or the European Globalisation Adjustment Fund could be used in this context.

4.2.1 Origin

TU for economic reasons was introduced in 1944 into the Belgian legislation ⁽⁴⁵⁾ and historically limited to blue-collar workers ⁽⁴⁶⁾. This limitation was motivated by the need to compensate for the

40. Collective labour agreement of 28 March 2007 setting up a 'plus minus conto' to anticipate the negative effects of cyclical production.

41. Council Directive 98/59/EC of 20 July 1998 on the approximation of the laws of the Member States relating to collective redundancies.

42. Since April 2015, under the 6th State Reform, the competencies related to collective redundancy have been transferred to the Regions and Communities. It is now the regional employment offices that are responsible for implementation of the measure.

43. Redundant Workers with contracts of unlimited duration have the right to a 'reclassification allowance' while workers with limited duration contracts and temporary agency workers have the right to a top-up of unemployment benefit for a limited number of months.

44. With a duration limited to a maximum of 12 months after the announcement of the collective redundancy, the restructuring card allows workers finding a new job during this period, and their new employer, to benefit from a reduction in social security contributions.

45. Decree of 28 December 1994 on workers' social security and law of 3 July 1978 on employment contracts.

lower employment status and rights of blue-collar workers. The scheme of TU is thus a well-established procedure in Belgium. It allows workers to keep their job, although they have to live temporarily on a lower income. It allows employers to save costs in difficult times, while retaining workers and their experience. It could be seen as a win-win flexicurity measure for social partners in this perspective.

In the aftermath of the 2007 crisis, Belgium introduced a set of temporary anti-crisis measures enabling firms to reduce working time in the event of economic difficulties. One of these measures was the extension of the TU system to white-collar workers. In 2010, the employers asked that this temporary extension be made permanent. A 'lively' debate began between social partners, but this failed to produce an agreement. Since January 2012 for an indefinite period, there has been a separate rule suspending the contract of employment because of a lack of work for white-collar employees. This is referred to as '**economic unemployment for employees of companies in difficulties**'. It is part of the general system of TU.

The extension of TU to white-collar employees is a sensitive issue in Belgian industrial relations, as it touches on the fundamental (until now) structuring of social partner organisations, as well as work and employment regulation: the distinction between blue and white-collar workers. Moreover, on 7 July 2011, the Constitutional Court ruled that the distinction between blue and white-collar workers in working contracts is discriminatory, and gave the Belgian State two years to abolish this discrimination. In 2011, the then new federal government promulgated a law eliminating the difference between workers and employees in terms of notice of dismissal, and also extending access to TU to white-collar employees (Van Rie *et al.* 2011, Eurofound 2009, Vandaele 2009). No doubt the progressive erosion of the distinction between blue and white-collar workers will be a burning subject in Belgian industrial relations in the forthcoming years.

4.2.2 Characteristics of the scheme

Under the scheme of TU, **a worker is temporary unemployed when he/she is bound by a contract of employment whose execution is temporarily totally or partially suspended for specified reasons, among which economic reasons** ⁽⁴⁷⁾. At the initiative of employers, temporarily unemployed persons are granted unemployment benefits without having to prove that they have worked a minimum number of days. The benefit is to a certain extent limited in time and related to the persistence of the economic difficulties justifying the demand by the employer.

46. In the European context, Belgium had the strictest eligibility criteria for TU, allowing only blue-collar workers to access the scheme (Eurofound 2010).

47. Reasons for temporary unemployment: temporary economic reasons; weather; accidents; force majeure; force majeure due to medical reasons; company closure due to annual holidays; company closure due to compensatory rest period in the framework of reduced working time; strike/lockout; dismissal of a protected employee.

The temporary unemployed person has no obligation to register as a job seeker at the employment office and is thus exempted from the obligation to participate in activation programmes. However, at his/her request, he/she could benefit from the training measures offered to the unemployed by the employment offices.

The rule on TU applies to workers and employees in the private sector, and only if they have used up their rights to compensatory rest days.

The conditions for NEO to recognise an enterprise as being in difficulty are more demanding for the white-collar scheme than the blue-collar one. To be recognised in difficulty, the company must meet one of the following criteria:

- The company must have had a substantial decrease of at least 10% (from 01.01.2012) of turnover, of production or orders in one of the four previous quarters preceding the application for economic unemployment, compared to the same quarter of 2008. If the reduction is not maintained during the last of the four quarters, the downward trend must be confirmed.
- The company must have had a certain number of days of economic unemployment of workers: at least 10% (from 01.01.2012) of the total number of days reported to the ONSS (the National Office of Social Security).

Both the criteria for recognition as a firm in difficulty and the reference year can be modified by Royal Decree.

Moreover, firms with a trade union delegation need to specify the modalities of the request for TU in a sectoral or a company collective agreement. If there is no social agreement, due to failure of social dialogue or the absence of unions, the firm could produce a 'company plan' that needs to be approved by a tripartite commission (social partners and government) at the Ministry of Employment. In any case, these documents have to mention explicitly that they were concluded as part of a full or partial suspension of work for economic reasons; filed in the Ministry of Employment; they must mention the supplementary allowance to be paid; mention the duration of the full or partial suspension.

The main differences between the rules for blue and white-collar workers relate to the duration of TU. For blue-collar workers, a full suspension is allowed for 4 weeks in the calendar year. If the measure is a reduction of working time suspension, the maximum term will depend on the number of working days per week. It is 12 months if the suspension represents a minimum of 3 days of work per week or a minimum of one working week out of two. Otherwise, it is reduced to 13 weeks. For white-collar employees the duration is more limited: a full suspension is authorised

for a maximum of 16 weeks per calendar year, and a part-time work scheme with at least 2 working days per week for a maximum of 26 weeks.

For both blue and white-collar workers, when the authorized maximum suspension (full-time or part-time) period is reached, a full working week is necessary before a new period of suspension can begin. However, measures derogating from the sectoral level are possible.

The employer is obliged to communicate the TU to the NEO on the day of the notification to the workers. The employer must also notify the Works Council or, failing that, the trade union delegation. Workers are informed in the week before the beginning of the economic unemployment.

Temporary unemployment benefit is calculated on the basis of capped gross salary. The amount has been reduced since January 2015 from 70 to 65% of the gross salary. The TU benefit is paid through the same channels as UI benefit: trade unions or the public payment agency.

On top of the income provided by the unemployment allowance, the temporary unemployed worker is also entitled to an income supplement. This supplement is funded by the employer or by the Existence Security Fund via a collective agreement. The level of the supplement paid by the employer is determined by the collective agreements on TU made at sectoral or company levels (⁴⁸), or in a 'company plan' if there is no social dialogue (⁴⁹). The **minimum amount** varies between 2 to 5 euros per day.

A 26.75% professional tax is collected on all types of temporary unemployment (economic reasons, technical incidents or weather) from January 1, 2013. This percentage also applies to all additional allowances paid by the employer or by a social fund.

4.2.3 Regulation and funding

The rules are the same as those described in section 1.1.3 concerning the general unemployment insurance regime. The main difference is that the temporary unemployed person does not need to

48. If the firm also employs blue-collar workers, the employer's supplement should be at least equivalent to their supplement. If there are no blue-collar workers in the firm, the supplement should be at least equivalent to the amount laid down by an existing sectoral agreement if there is one, or at least equal to 2 euros a day if there is none.

49. In case of a company plan in a firm employing blue-collar workers, the supplement for white-collar workers should be at least equivalent to that of blue-collar workers or at least equivalent to 5 euros a day if the supplement for blue-collar workers is lower than 5 euros a day. In the absence of blue-collar workers in the company, the same rule applies: the supplement should be at least equivalent to the amount laid down in an existing sectoral agreement if there is one, or at least equal to 5 euros a day.

register as a job seeker and is thus exempted from the obligation to participate in activation measures.

Social partners are very involved in the governance and management of the TU scheme through the Management Committee of the National employment office, but also through collective bargaining at sectoral level to adapt the rules to the specificities of economic sectors.

The TU scheme is funded through the budget of the general unemployment protection scheme, which in turn is financed from the social contributions of workers and employers and topped up by state funding. The daily income supplement for TU is funded by the employer requesting the measure, with varying modalities according to the specificities of agreements in the employer's sector (see above).

The use of European funds is marginal, as the TU is mainly an income allowance, for which European funds cannot be used as such. Only when TU is also offset in terms of training days is European funding indirectly possible for the training measures deployed by employment institutions in the framework of activation measures. In this limited context the third sector could also be involved as a provider of training services.

Training activities for temporary unemployed workers could also be included in collective agreements on TU and in the provisions governing the existence security funds. Their efficiency is however reduced and social partners disagree on possible links between TU downtime and training. There is a tension between the employers' demand that people should be readily available for work and trade union reluctance for training courses to be organised outside 'normal' working hours (Eurofound 2012).

4.2.4 Coverage

All workers and employees employed by the company launching a procedure have access to the TU scheme (full-time, part-time, fixed term contracts, and also temporary agency workers (at least among blue-collar workers)).

The following table presents the evolution since 2000 of the number of payments made, the number of days and the level of expenditure.

Table 11: Evolution of payments, number of days and expenditure for temporary unemployment

	Physical units (annual average) ⁽⁵⁰⁾	Number of days	Expenditure
2000	109,742	9,496,259	281,621,023
2001	130,230	11,004,694	338,049,831
2002	144,217	12,015,874	388,694,016
2003	142,810	12,219,818	427,564,287
2004	123,701	10,708,511	404,947,127
2005	131,215	10,709,203	417,038,260
2006	121,514	10,081,076	401,761,999
2007	119,949	9,365,303	381,410,369
2008	134,736	10,132,569	430,637,359
2009	210,864	18,905,837	1,052,998,907
2010	173,286	15,389,970	872,801,584
2011	140,847	11,245,277	647,474,068
2012	161,340	12,796,478	766,774,306
2013	168,723	13,415,164	824,350,485
2014	135,118	9,571,659	580,419,473

Source: ONEM (2015).

In 2014, 135,118 payments were made for temporary employment. There are strong peaks in 2009 and 2010, followed by a progressive decline. In 2014, the number of payments was similar to that observed in 2008.

White-collars in TU are included in the numbers above. The information on the specific TU measure for employees is scarce. The following table shows however the evolution of the measure since 2009, when the scheme was provisionally introduced ('Suspension of crisis for employees') as an anti-crisis measure.

50. Physical units (payments): 'Number of physical units in a specified month', means in fact the number of payments made during this month, month of payment. During a month, several payments may be made for one person. Indeed, a payment may cover a month in the past. The month to which a payment relates is called the reference month. ONEM payments statistics are based on the month of payment, and not on the reference month. Therefore, the notion 'physical units' does not refer to the number of people receiving payments, as the same person may be registered several times.

Table 12: Evolution of number of payments (average annual physical units) for employees benefiting from temporary unemployment

	<i>Physical units</i>
2009	4828
2010	4499
2011	1413
2012	2592
2013	5315
2014	3229

Source: ONEM 2015.

If we compare the payments for white-collar workers only with the total payments for TU in table 8, we see that they have only been a minor part of the system until now (2.4% of total TU payments).

Table 13: Evolution of the number of days of paid TU by reasons

	<i>Economic reasons</i>	<i>Weather</i>	<i>Force majeure</i>	<i>Others</i>	<i>Total</i>
2010	9 796 219	3 988 531	661 116	845 156	15 291 022
2011	7 420 743	2 379 178	648 512	662 134	11 110 567
2012	8 390 095	2 972 042	629 350	650 823	12 642 309
2013	7 873 718	3 987 841	633 262	765 335	13 260 155
2014	7 033 190	1 425 292	631 733	481 443	9 571 658

Source: ONEM (2015).

Economic difficulties are by far the most important reason for employers to put their workers and employees in TU. In 2014, TU for economic reasons represented 73.5% of the total number of TU days.

4.2.5 Generosity

Table 14: Evolution of daily amounts of TU

		Gross amounts			Net amounts		
		<i>Dec. 2012</i>	<i>Dec. 2014</i>	<i>Evolution</i>	<i>Dec. 2012</i>	<i>Dec. 2014</i>	<i>Evolution</i>
Head of household	<i>min</i>	42.79	43.65	+ 2.0%	34.23	32.08	- 6.3%
	<i>max</i>	69.76	66.41	- 4.8%	55.81	48.81	- 12.5%
Single	<i>min</i>	35.94	36.66	+ 2.0%	28.75	26.95	- 6.3%
	<i>max</i>	69.76	66.41	- 4.8%	55.81	48.81	- 12.5%
Cohabitant	<i>min</i>	26.94	27.49	+ 2.0%	21.55	20.21	- 6.2%
	<i>max</i>	65.11	66.41	+ 2.0%	52.09	48.81	- 6.3%

Source: ONEM 2015.

The level of TU allowances increased in gross terms between 2012 and 2014 (except for the maximum allowance for heads of households and single persons). However, in net terms this has resulted in a diminution of the allocation since 2012, as taxation of the benefits was raised.

4.2.6 Distribution

Table 15: Number of payments (physical units) by gender and age groups - 2014

	Men	Women	Total
Total	104,285	30,833	135,118
-25	9,323	1,817	11,140
25 to 40	39,467	10,730	50,197
40 to 50	30,494	10,348	40,842
+50	25,001	7,939	32,939

Source: ONEM (2015).

Men are clearly overrepresented among the recipients of a TU allowance (77.2% of the total). This is true also across all the age categories. It is not surprising that in the age classes between 25 and 50 years old, those in TU are more numerous, as these age categories are also most prevalent in waged employment.

Table 16: Evolution of TU by sectors of economic activity – budgetary units⁽⁵¹⁾

	2007	2008	2009	2010	2011	2012	2013	2014	Dif. 2014/ 2007	Dif. 2014/ 2013
Construction	10,254	9,739	12,539	14,178	9,772	10,903	12,686	8,366	-1,888	-4,320
Manufacture machines	2,682	2,967	5,389	4,801	3,897	4,496	4,780	3,817	-1,135	-963
other services	2,245	2,923	12,056	6,783	3,531	5,293	5,420	3,774	1,529	-1,646
services to enterprises	1,477	1,825	3,867	3,159	2,618	3,124	3,229	2,451	974	-778
indeterminate branch	1,818	2,075	3,687	3,087	2,363	2,695	2,999	2,213	395	-786
textile	1,397	1,454	1,928	1,776	1,603	1,564	1,382	1,055	-342	-327
Hotels-Restaurants	1,555	2,176	2,848	1,874	1,713	1,566	1,302	980	-575	-322
transport & communication	1,039	1,094	1,483	1,274	1,034	1,035	1,003	907	-132	-96
Wholesale & retail trade	702	779	1,908	1,413	1,020	1,235	1,215	872	170	-343
manufacture food products	873	923	1,356	1,183	1,001	1,050	1,032	781	-92	-251
wood industry	622	752	1,272	1,041	817	830	914	637	15	-277
Manufacture of furniture	542	562	1,175	1,085	742	798	862	637	95	-225
Agriculture& hunting	657	665	932	1,004	725	773	858	485	-172	-373
chemical industry	392	535	1,480	753	576	675	637	447	55	-190
clothes industry	766	792	994	784	635	598	545	402	-364	-143
extraction & first transformation metal	257	276	1,437	685	466	512	443	280	23	-163
manufacture non-metallic products	102	123	1,088	584	473	516	451	242	140	-209
various	2,583	2,721	5,127	4,045	2,909	3,297	3,155	2,331	-252	-824
Total	29,963	32,381	60,566	49,509	35,895	40,960	42,913	30,677	714	-12,236

Source: ONEM (2015).

It is in the 'construction' sector that TU is by far the most frequent, followed by the 'machine engineering' and 'other services' sectors, although these sectors show a reduction of TU compared to 2007. In some service sectors (services to enterprises, other services) there is also significant use of TU, and this use has increased considerably since 2007.

51. Budgetary units: This unit represents the 'weight' of the payment in the budget. Indeed, the budgetary importance of the payment (physical unit) is determined by the number of compensation days. Thus, for example, payment for a temporary unemployed person entitled to 5 days will weigh much less in total expenditure of the month than a payment for a full unemployed person entitled to 26 days.

If we focus on the two sectors highlighted in the Prowelfare project, we see that the closest sector to the automotive industry in this table is 'machine engineering'. This sector is among the biggest users of TU, although less since 2007 after a strong peak in 2009 and 2010. For the 'wholesale and retail trade' sector there was a strong increase in the use of TU between 2007 and 2013, followed by a strong decrease in 2014.

5. Analytical insights

To draft this part of the report and to understand the involvement of social partners in the field of supplementary pensions and temporary unemployment, several interviews were conducted with representatives of the automotive sector and the trade sector, from the three major national trade unions (CSC, FGTB and CGLSB). The list of persons interviewed as well as the collective agreements analysed are provided in Annex 2. It is worth noting that several representatives of employers' federations working in the sectors were also contacted. However, they did not respond positively to our multiple requests. This represents of course a bias in the analysis. Certain of our trade union representatives interviewed suggest that this lack of reaction from the employers could be partly attributed to the current context in certain sectors (⁵²). It was also more widely interpreted as a sign that supplementary pensions and TU are not considered as important issues at this time in the Belgian context. The interviews revealed also different approaches to the issues in the two sectors.

5.1 Social, Fiscal and Occupational Welfare

5.1.1 Supplementary pensions

The central role of the State as a regulator

The issue of supplementary pensions is essentially a political and financial one. Belgium has in fact a very low replacement rate compared to its neighbours. In view of budgetary constraints, increasing statutory pensions is not an option, so the alternative would be supplementary pensions. From a legal standpoint, the Belgian legislator has proved extremely proactive. As a result, the State plays a crucial role as a regulator. As already mentioned in this report, the 2003 Law on complementary pensions (LCP) has been of crucial importance in the development of

52. For instance in the automotive sector the Audi-VW plant in Brussels has finished the manufacturing cycle of the model they have just produced and is expecting a decision by the group on the production of a new model of car.

supplementary pensions, providing a unified framework for all complementary pension schemes. It also tries to make these accessible to the largest number of employees, by providing fiscal incentives for schemes that include elements of solidarity between affiliates of the funds, as well as schemes concluded at sector level. It gives social partners at both company and sector level comprehensive scope to set up and manage these schemes.

All aspects are covered by the law which regulates the establishment of supplementary occupational pension plans: coverage, waiting period, vesting and the options for plan members upon termination of employment before retirement, mandatory return.

Unionists have questioned neither the need nor the quality of this law. It offers the essential safeguards deemed necessary to protect workers. The introduction of a minimum guaranteed return is considered one of the strong points of the law. Unions have therefore been particularly reticent when this element was called into question by employers' federations and insurance groups a few years ago. The difference of points of view between trade union and employers on this matter resulted in a tense social dialogue for three years. The discussions resulted in a half victory for the workers' representatives (see below).

Favourable fiscal and para-fiscal treatment

The strengthening of the second pillar is one of the main measures in the pension reform responding to the economic and demographic challenges. To encourage a maximum of employers and sectors to provide a supplementary pension for their workers, supplementary pensions in Belgium enjoy favourable fiscal and para-fiscal treatment.

Occupational pension plans in Belgium are taxed according to a **TET regime** (contributions taxed, returns on investment exempted from taxation, benefits taxed), with part of the contributions exempt from taxation (OECD 2015). Contributions from employers and employees within the same type of plan are treated differently:

- Employee contributions to an occupational plan are eligible for a tax relief of 30% of the amount contributed. There is no maximum annual limit. Employer contributions to an occupational pension plan are not considered as taxable income for the employee. Employee contributions are treated in the same way as salary and are thus subjected to the same social contributions (13.07%).
- Employers' contributions are subject to a 4.4% tax on premiums except in the case of a social pension scheme. Employers may however deduct tax contributions paid under a supplementary pension as business expenses provided that the limit of 80% is respected. Simply put, this limit specifies that the sum of the statutory pension and the additional pension cannot exceed 80%

of final gross salary for a full career of 40 years. Employers' contributions are also subject to a reduced social security contribution of 8.86% instead of the ordinary social contributions (about 35%).

- Returns on investments are not taxed.
- Depending on the worker's age at retirement, taxation of pension income varies between 16.5% and 20%. The tax is 10% when the worker actually remained active until the age of 65. Moreover, capital is subject at parafiscal level to a 3.55% social contribution and a solidarity contribution which varies from 0% to 2%.

According to insurance groups, this favourable treatment allows supplementary pensions to remain attractive in any circumstances even with a low financial return. The Employers' Federation (FEB) shares this point of view, considering that 'these efforts are sufficient and should not break the delicate balance between solidarity and insurance in the various pillars of pensions' (FEB 2014).

Tax incentives have been questioned several times during the interviews. According to trade unionists, these exorbitant amounts saved by the employers (up to EUR 800 million per year according to one interviewee) are a significant shortfall for the state budget that could be used to strengthen the first pillar.

They have also been particularly critical regarding the reduced rates of social contributions paid by employers. In Belgium the contribution rate on wages is set at around 35%. The reduced rate of 8.86% is seen as an extremely attractive incentive, encouraging employers to decide against wage increases and to favour the setting up of a pension plan.

A complement to, not a substitute for a statutory pension

In Belgium, OW is designed only as a supplement to public welfare programmes. In 2011, voluntary private contributions represented only 2.1% of GDP, while public expenditure represented 29.4% of GDP. On the whole, the share of voluntary private expenditure has risen since 1990, especially since the mid-nineties and the introduction of supplementary pension schemes into the Belgian system.

More specifically, in 2011, voluntary private contributions for old age represented only 1.1% of GDP, while public old age expenditure represented 8.3% of GDP. The low level of contributions also indicates that supplementary pensions in Belgium still constitute an insufficient complement to the statutory pension. A typical neo-institutionalist interpretation of the relative weakness of

occupational pensions would be that they started to spread very late (early 2000s) when statutory schemes were already well developed with a large support from trade unions.

Supplementary pensions under the LPC: apparent democratization

All salaried employees must be admitted to **the pension plan** as soon as they belong to a category described in the pension rules. A waiting period is possible but cannot be extended past the 25th birthday. Discrimination cannot be made on the basis of age, sex, employment (full- or part-time). All criteria must be 'objective and reasonably justified', as well as in proportion to the aim pursued. The analysis shows however that the supplementary pensions' situation in Belgium is far from uniform.

The vast majority of pension plans are business plans, which mainly concern the employees. Unlike sector plans, these business plans rarely include a solidarity component within the meaning of the LPC law. Nevertheless, the increase of the coverage rate since the entry into force of the LPC is mainly due to the success of sector plans. This is particularly the case of certain sectors such as the hotel industry. The sectors focus on workers' rights, but some catching up for employees in small companies can take place through sectoral plans.

Some sectors, professional groups and companies are still nevertheless lagging behind: the temporary work sector, the retail sector, contract state employees, women and employees falling under joint commission 200 (auxiliary joint commission for employees).

If we rely on coverage figures, we might conclude that the democratization of the second pension pillar has been successful. Although we see an increase in contributions in a large number of sectors, the average contribution per worker has not changed since 2011, and remains at about 1% of the payroll (FMSA 2015), compared to 4% for corporate DC plans (and up to 7.36% for salaries over 100,000 EUR. These sector plans therefore provide inadequate benefits. There has been therefore no real expansion of the second pillar.

5.1.2 Temporary unemployment

The TU scheme in Belgium combines general social welfare with some occupational features. It could be considered as a kind of hybrid scheme, combining both spheres of unemployment protection.

On the one hand, the TU scheme is part of the Belgian social protection system, as a particular form of general unemployment insurance protection. Access to the TU scheme is statutory as it is set by law and open to all workers (full-time, part-time, fixed term contracts and also temporary

agency workers). This has been especially true since 2012 when the government decided, in the aftermath of the anti-crisis measures taken by Belgium between 2008 and 2011, to make permanent the temporary granting of access for white collar workers to a scheme that, since 1944, had been exclusively intended for blue collar workers. This was done in the context of a fundamental paradigm shift in Belgian labour organisation and industrial relations: the planned suppression of the traditional distinction between blue and white-collar workers. This was initiated by a decision of the Constitutional Court asking for the elimination of a distinction that was considered as discriminatory.

On the other hand, the TU scheme also has features related to occupational welfare. It concerns only workers employed in companies initiating a specific procedure to access the TU scheme. Employers have to top up the unemployment benefit granted by the general unemployment insurance scheme with a daily lump sum, the amount of which is set through collective bargaining. The amount is set with reference to sectoral collective agreements, or at company level in the absence of the latter. Moreover, to have access to TU, employers must also fulfil specific social dialogue obligations, in terms of information to workers and their representatives on elements such as the causes of the economic difficulties justifying the use of the TU measure, the duration and the nature of the measure and the period of notification.

Workers benefiting from the TU scheme also have a hybrid status. They interact with the National Employment Office in the same way as any unemployed person, but they form a particular group within the unemployed as they are not subject to any activation obligations. Meanwhile, they are still employed workers as they keep their contractual relationship with their employer.

Although access to the TU scheme is now theoretically open to all workers, there are however very marked differences among them. The TU scheme remains overwhelmingly used for blue-collar workers. This could be partly explained by the long-standing restriction of TU to blue-collar workers, while access was only recently open to white-collar workers. The predominance of blue-collar workers implies also that the main economic sectors using the measure are sectors with higher numbers of these, such as the manufacturing or construction industry. The interviews also highlight the use of very specific forms of working time flexibility other than TU, such as the 'Plus Minus Conto' in the automotive sector. TU is less used in the retail sector and concerns mainly the blue-collar workers in the sector. As stated by a trade union representative of the sector, the white-collar employees are de facto already subject to high working time flexibility. Another consequence of the massive presence of blue-collar workers among TU recipients is a strong gender imbalance, as far more men than women are involved with the scheme, across all age groups.

5.2 Occupational Welfare and Industrial relations

5.2.1 Supplementary pensions

The spread as well as the democratization of the second pillar pension have developed since the law on supplementary pensions of 28 April 2003, which opened the way for sector pension plans. Since 2003, successive governments have sought to develop and democratize the second pension pillar with the approval of the social partners, despite the differences between them.

From a trade union point of view, the development of the second pillar is not seen as a priority. The unionists argue for a reinforced first pillar and fear that the promotion of second and third pillar schemes could be used as an excuse to weaken the first pillar and lead to outright privatization of pensions. According to them, companies, the Employers' Federation and insurance companies have carried out intensive lobbying to promote second and third pillar schemes to the point that the collective imagination now believes that we must at all costs use these two complementary pillars.

In any case, they do not perceive supplementary pensions as a substitute for a statutory pension, at most a complement. According to them, the increase in importance of the second pillar illustrates the crisis of solidarity within our welfare system. It excludes workers in precarious employment, the weak sectors, benefit recipients and the majority of women. It deprives the social security and state budgets of resources that could be used to develop social policies.

The unions have not developed a specific strategy to strengthen the second pillar, because, in their view, there is little point in the current economic context. While they recognize the success of the LCP in terms of coverage, they report very low contributions in most sectors, and hence the low attractiveness of such a product. The interviews show that trade unionists are more concerned about issues related to raising the age of retirement and early retirement. They are also attentive to their affiliates who are demanding more pay and do not like the idea of deferred salary being diverted to a supplementary pension. Regardless of wage issues, some sectors are facing difficulties of their own. This is particularly the case in the retail sector: a highly fragmented sector, which includes both small independent shops and huge supermarkets. Fragmentation prevents them speaking with one voice on this issue, which is why this sector has no sectoral pension plan. In the retail sector, the issue of supplementary pensions is irrelevant: the unions

prefer to focus on working time, precarious employment status, the granting of other benefits such as meal vouchers, etc. These factors explain the lack of commitment on the union side (⁵³).

It appears from the interviews that the subject is of more interest to employers, who benefit from a wide range of tax and social security benefits, in comparison to the costs involved. The state, in their view, is depriving itself of much revenue that could be used to finance a strong first pillar. The main employers' confederation supported the LCP, but is now pressing for a greater individualisation of pension schemes. It believes that the occupational pension system created by the new law is close in some respects to a first-pillar system. The employers favour DC schemes, to keep pension costs visible and under control, and disagree with the restrictive conditions placed on individual pension schemes, which they believe should be a major human resource management tool (van het Kaar 2004).

As the issue of supplementary pensions became a priority for successive governments, unions had to get involved in order to protect workers' interests. Supporting the spread of supplementary pensions to all workers under the best possible conditions, they give priority to sectoral pension plans. A central issue which divides the social partners is the maintaining of the guaranteed minimum return, as provided for by the LCP. This performance requirement has been challenged in recent years by the Employers' Federation (FEB) and the insurance group lobby, because of the crisis and the low interest rates since 2008-2009.

This question has been poisoning social dialogue for nearly 3 years. The social partners have found it very difficult to agree on issues such as sustainability and the attractiveness of the second pillar. For the two largest unions (FGTB and CSC), it was essential to end up with an attractive product that makes supplementary pensions a true top-up to the statutory pension - an impossible goal without a proper guaranteed return. On the employer side, the FEB emphasized the sustainability of the system: a lack of sustainability should not be allowed to jeopardize this important pension product. On October 15, 2015, the social partners reached an agreement endorsed by the Government: the 3.25% guaranteed interest rate (on workers' contributions) and 3.75% (on employer contributions) are replaced for newly subscribed contracts by variable rates set annually. Unions have nevertheless preserved the essential point in their eyes, obtaining a threshold below which the guaranteed return will not fall: this minimum yield will be 1.75%. A new ceiling has also been agreed at 3.75%.

53. In the retail sector, firm-based pension plans covering all employees are very rare. During the interview our attention was drawn to an exception: the supermarket chain Colruyt has implemented such a plan. The Collective Agreement signed on December 12 2006 entitled 'Collective agreement covering white-collar workers in the distribution group Colruyt - Insurance Group' thus applies to all employees who have reached the age of 25 and who are not bound by a student employment contract. The agreement defines the monthly contribution rate for employers and workers based on seniority.

5.2.2 Temporary unemployment

As regards TU, the trade union representatives interviewed confirm the finding that this was not an essential issue in Belgian social dialogue.

Trade unions began to react to the issue of TU when it was put on the agenda by employers and the government as a flexibility tool in periods of crisis. There were some tensions with employers and the government when the measure was permanently extended to white collar workers in 2012. The reticence of trade unions could be partly explained by the fact that for a long time the measure was restricted to blue-collar workers, who still represent the main share of unionised workers in Belgium. Social dialogue on TU had therefore already taken place previously. The main challenge for trade unions was to ensure that workers receive the most advantageous treatment when the trade-off is made between provisions for blue and white-collar workers. Again, this has to be understood in the general context of the elimination of the traditional distinction between blue and white-collar workers, which concerns the whole range of labour relations in Belgium. Other challenging points mentioned by the interviewees were the need to limit the number of days of TU and to favour training within the company rather than forced inactivity.

Apart from these points, there are no specific trade union strategies on TU, the principal preoccupation being the maintenance of wage-levels and acquired workers' rights in the current context of stagnating crisis. The planned progressive disappearance of the distinction between blue and white-collar workers will be the main focus of trade union preoccupations in the forthcoming years. It represents a fundamental reorganisation of Belgian labour relations. In other words, for trade unionists there are more urgent matters than TU for the Belgian social dialogue.

5.3 The Governance of Occupational Welfare

5.3.1 Supplementary pensions

Belgium, a magnet for international IORPs

The Law of 27 October 2006 on the supervision of institutions for occupational retirement provision⁽⁵⁴⁾ transposed the European Directive 2003/41/EC on the activities and supervision of Institutions for Occupational Retirement Provisions (IORP)⁽⁵⁵⁾. This Directive introduces a European passport for institutions for occupational retirement provision. With a view to cross-

54. Act of 27 October 2006 on the supervision of Institutions for Occupational Retirement Provision, Belgian Official Gazette, 10 November 2006.

55. Official Journal L 235, 25 September 2003.

border activities, the Directive provides for a minimum degree of harmonisation of the supervisory rules, as well as for a number of information requirements with regard to members and beneficiaries.

The Belgian legislator has gone a step further and taken this opportunity to work out a coherent and autonomous legislative framework, offering a number of definite advantages over other European countries. Firstly, it has a specific law for IORPs – the OFP – which has been written specifically to attract pension funds. In the development of this law, companies' interests, needs and concerns have been taken into account. One of the most prominent features of the Law is undoubtedly the new legal vehicle designed – the Organism for the Financing of Pensions (OFP), a flexible legal entity which offers the basic legal criteria necessary for any pan-European plan, which can then be adapted according to the requirements of the plan sponsors.

Secondly, a prudent pension principle has been put into place, meaning that there are almost no quantitative rules, only qualitative, allowing a solvency framework adapted to each country as long as it is prudent and meets the principles of good governance.

Thirdly, the OFP enjoys a favourable tax regime, in respect to both direct and indirect taxes. Provided that the OFP avoids being taxed on non-deductible costs, and that the extensive foreign investments are well-chosen or well-structured, the OFP can aim at overall zero taxation. 'Thus, Belgium can boast of particularly advantageous terms which are quite unparalleled in other EEA-countries' (Federal Public Service Chancery to the Prime Minister 2011).

One of the more difficult issues associated with pan-European pension funds is the fact that different social and labour laws apply in different jurisdictions and with each plan. To address this problem, the Belgian authorities have tried to find a solution by creating the possibility of social committees. These are commonly organised on a global level but could also exist on a country, company or even plan level. Specific disclosures can be organised via these committees which can also make binding and non-binding decisions.

One of the biggest points in favour of the OFP legislation is that it is one of the few pieces of legislation that has come in after the IORP directive. It has tried not simply to put the words of the directive into law (as some other countries have done) but has put a framework in place to allow for pan-European pensions (Becquaert 2008).

The law has been described on several occasions as revolutionary, with reference mainly to the new legal form of the OFP, which not only offers sufficient flexibility but also a fiscally advantageous status. It seems, then, that the legislator has paved the way for Belgium to become

a magnet for international IORPs (Daems 2007). On October 1st 2015, there were 14 IORPs pursuing cross-border activity in 11 countries, 10 EU Member states and Switzerland.

Belgium's attractiveness is confirmed by Guardiancich and Jessoula (2015) in their analysis of the IORP Directive's implementation. In order to show that the creation of a single market for occupational pensions is underway, the authors refer to the Fonds de Pensions Nestlé OFP, a Belgian pan-European pension fund established through the IORP Directive, which in November 2009 started insuring Alcon's local workforce in the Netherlands. It took three years to establish this fund, in three steps: the choice of a home state fund (Nestlé in Belgium), the choice of the host state scheme (Alcon in the Netherlands) and the incorporation of the future pension service for Alcon employees into Nestlé. The choice of the home state is made by evaluating the interaction with regulators, the virtues of the IORP vehicle and logistical matters. The veterans UK and Ireland were ruled out because the interaction with their regulators is overcomplicated, while Southern and Eastern Europeans have little experience with occupational schemes. Hence, Nestlé focused on Continental countries with a pension fund tradition: Belgium, Germany, Lichtenstein, Luxembourg and the Netherlands. As the company was interested in setting up a stabilization fund, it analysed the flexibility of their IORP vehicles. The Dutch and German regulators were not ready yet. The three remaining countries allowed for sufficient flexibility, but in Lichtenstein and Luxembourg, Nestlé did not have an established pension fund. Thus Belgium was chosen due to pre-existing operations in loco, its geographical location and its network of double taxation treaties. Its IORP vehicle OFP provided extensive prudential rules and offered a flexible legal structure that allowed for innovative solutions, such as the social committee and the stabilization fund (Guardiancich and Jessoula 2015).

5.3.2 Temporary unemployment

The social partners in Belgium are involved in the management of social protection institutions and notably those related to unemployment protection. The trade union representatives interviewed strongly underscore the importance of this involvement. Their presence on the Boards of social protection institutions allows them to modulate the implementation of measures agreed upon in social concertation or more authoritatively by government.

As regards TU, the presence of social partners on the Board of the National Employment Office, which is the institution deciding whether or not to grant access to the TU scheme, is seen as important. It allows them in some cases to put pressure on companies on specific points, such as the duration of the TU benefit or the training requirements. But, as stated before, TU is not considered as a priority question by trade unions in the current context. Of more importance are the debates surrounding the disappearance of the traditional distinction between blue and white-collar workers in Belgian labour relations.

The impact of the EU is virtually insignificant in Belgium with regard to TU. The use of European funds is marginal as the TU is mainly an income allowance, for which European funds can not be used as such. It is only when TU is also taken in terms of training days that there is an indirect possibility of European funding for the training 'machinery' deployed by employment institutions for activation measures. In this limited framework the third sector could also be involved as a provider of training services. However, this remains marginal as trade unions have clearly expressed a preference for training within the company rather than through outsourcing.

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Annex 1: OECD statistics on expenditure

Gross social expenditure by sources of funding and social security branches - At current prices in national currency, in millions

Gross social expenditure by sources of funding and social security branches - Per head, at constant prices (2005) and constant PPPs (2005), in US dollars

Source	Branch	1980	1985	1990	1995	2000	2005	2009	2010	2011
Public	Old age	5389.2	7925.8	10963.9	14560.8	17423.6	21571	27627.8	28768.2	30799.2
	Survivors	2720	3775.8	4373.5	5007.8	5356.6	6119.9	7188	7273.4	7467
	Incapacity related	3340.7	4637.8	4382.4	6136.3	6961.9	6863.4	8457.2	8961.9	10162.9
	Health	4737.2	7147.9	10808.2	12154	15300	21659.4	27484.8	28177	29649.1
	Family	2713.9	3248.4	3780.9	4711.4	6502.6	7866.3	9591.5	9976.3	10603.5
	Active labour market programmes	..	1470.1	1835.7	2519.5	2176.4	2060.3	2593	2804.5	3194.2
	Unemployment	2201.3	4093.2	4829.7	6718.9	7099.7	10075.2	12544.5	12974.4	13169.1
	Housing	..	..	..	..	84.4	201.1	838.8	785.2	849.3
	Other social policy areas	229.3	320.3	780.7	1453.9	1062.4	1339.2	2645	2874.9	2731.7
	Total		21331.7	32619.2	41754.9	53262.6	61967.6	77755.9	98970.7	1025959	108626
Mandatory private	Old age	..	..	44.3	79.4	0	0	0	0	0
	Survivors	95.2	102	3.6	4.4	0	0	0	0	0
	Incapacity related	0	0	0	0	0	0	0	0	0
	Family	..	..	0	0	0	0	0	0	0
	Other social policy areas	..	..	0	0	0	0	0	0	0
	Total		95.2	102	47.9	83.8	0	0	0	0	0
Voluntary private	Old age	265.4	394.1	1342.9	2602.5	2943.3	4025.5	4581.5	3798.7	4163.6
	Incapacity related	543.1	551.4	832.1	782.9	881.4	1446	1430	1486.2	1585
	Health	..	..	..	..	..	1464.7	1493.8	1519.3	1636.7
	Other social policy areas	0	..	435.5	915.1	499.1	497.5	238.8	234.8	219.5
	Total		808.5	945.6	2610.5	4300.5	4323.8	7433.7	7744.1	7039	7604.8

Source: OECD SOCX database, data extracted on 29 May 2015 15:22 UTC (GMT).

Gross social expenditure by sources of funding and social security branches - Per head, at constant prices (2005) and constant PPPs (2005), in US dollars

<i>Source</i>	<i>Branch</i>	<i>1980</i>	<i>1985</i>	<i>1990</i>	<i>1995</i>	<i>2000</i>	<i>2005</i>	<i>2009</i>	<i>2010</i>	<i>2011</i>
Public	<i>Old age</i>	1247.3	1392.4	1655.3	1890.5	2121.2	2314.2	2657.1	2687.9	2796.9
	<i>Survivors</i>	629.5	663.3	660.3	650.2	652.1	656.6	691.3	679.6	678.1
	<i>Incapacity related</i>	773.2	814.8	661.6	796.7	847.6	736.3	813.4	837.3	922.9
	<i>Health</i>	1096.4	1255.7	1631.8	1578	1862.7	2323.7	2643.3	2632.7	2692.5
	<i>Family</i>	628.1	570.7	570.8	611.7	791.6	843.9	922.4	932.1	962.9
	<i>Active labour market programmes</i>	..	258.3	277.1	327.1	265	221	249.4	262	290.1
	<i>Unemployment</i>	509.5	719.1	729.2	872.3	864.3	1080.9	1206.4	1212.2	1195.9
	<i>Housing</i>	..	..	..	..	10.3	21.6	80.7	73.4	77.1
	<i>Other social policy areas</i>	53.1	56.3	117.9	188.8	129.3	143.7	254.4	268.6	248.1
	Total	4937.2	5730.5	6304	6915.3	7544.1	8342	9518.3	9585.9	9864.6
Mandatory private	<i>Old age</i>	..	..	6.7	10.3	0	0	0	0	0
	<i>Survivors</i>	22	17.9	0.6	0.6	0	0	0	0	0
	<i>Incapacity related</i>	0	0	0	0	0	0	0	0	0
	<i>Family</i>	..	..	0	0	0	0	0	0	0
	<i>Other social policy areas</i>	..	..	0	0	0	0	0	0	0
	Total	22	17.9	7.2	10.9	0	0	0	0	0
Voluntary private	<i>Old age</i>	61.4	69.2	202.7	337.9	358.3	431.9	440.6	354.9	378.1
	<i>Incapacity related</i>	125.7	96.9	125.6	101.7	107.3	155.1	137.5	138.9	143.9
	<i>Health</i>	..	..	..	..	..	157.1	143.7	142	148.6
	<i>Other social policy areas</i>	0	..	65.8	118.8	60.8	53.4	23	21.9	19.9
	Total	187.1	166.1	394.1	558.4	526.4	797.5	744.8	657.7	690.6

Source: OECD SOCX database, data extracted on 29 May 2015 15:22 UTC (GMT) from OECD. Stat.

Gross social expenditure by sources of funding and social security branches - as a percentage of Total General Government Expenditure

Source	Branch	1980	1985	1990	1995	2000	2005	2009	2010	2011
Public	<i>Old age</i>	..	10.8	12.5	13.4	14.1	13.7	15.1	15.4	15.6
	<i>Survivors</i>	..	5.2	5	4.6	4.3	3.9	3.9	3.9	3.8
	<i>Incapacity related</i>	..	6.3	5	5.7	5.6	4.4	4.6	4.8	5.1
	<i>Health</i>	..	9.8	12.3	11.2	12.3	13.8	15	15	15
	<i>Family</i>	..	4.4	4.3	4.3	5.2	5	5.2	5.3	5.4
	<i>Active labour market programmes</i>	..	2	2.1	2.3	1.8	1.3	1.4	1.5	1.6
	<i>Unemployment</i>	..	5.6	5.5	6.2	5.7	6.4	6.9	6.9	6.7
	<i>Housing</i>	..	..	..	..	0.1	0.1	0.5	0.4	0.4
	<i>Other social policy areas</i>	..	0.4	0.9	1.3	0.9	0.9	1.4	1.5	1.4
	Total	..	44.5	47.5	49.2	50	49.4	54.1	54.8	54.9
Mandatory private	<i>Old age</i>	..	..	0.1	0.1	0	0	0	0	0
	<i>Survivors</i>	..	0.1	0	0	0	0	0	0	0
	<i>Incapacity related</i>	..	0	0	0	0	0	0	0	0
	<i>Family</i>	..	..	0	0	0	0	0	0	0
	<i>Other social policy areas</i>	..	..	0	0	0	0	0	0	0
	Total	..	0.1	0.1	0.1	0	0	0	0	0
Voluntary private	<i>Old age</i>	..	0.5	1.5	2.4	2.4	2.6	2.5	2	2.1
	<i>Incapacity related</i>	..	0.8	0.9	0.7	0.7	0.9	0.8	0.8	0.8
	<i>Health</i>	..	..	..	..	..	0.9	0.8	0.8	0.8
	<i>Other social policy areas</i>	..	..	0.5	0.8	0.4	0.3	0.1	0.1	0.1
	Total	..	1.3	3	4	3.5	4.7	4.2	3.8	3.8

Source: OECD SOCX database. data extracted on 29 May 2015 15:22 UTC (GMT) from OECD. Stat.

Annex 2: List of contacts for interviews and collective agreements

<i>Name</i>	<i>Organisation</i>	<i>Sector</i>	<i>Position</i>	<i>Date of interview</i>
D. Latawicz	CSC-ACV	Retail	National sector official	04/09/2015
T. Van Droogenbroeck	CGLSB	Retail	National sector official	04/09/2015
W. Van Erdeghe	ACV-CSC	METAL including automotive sector	National sector official	09/09/2015
M. Castro	FGTB	METAL including automotive sector	President of the Federation	Denied
P. Palsterman	CSC-ACV	Study Service	Lawyer, pensions expert	29/09/2015
M. Delmee	FGTB	Retail	Federal secretary	Denied
JF Tamellini	FGTB	METEA	Federal Secretary	18/09/2015
G. Dumortier	CGLSB	METAL	National sector official	Denied
S. van Haverbeke	AGORIA	Automotive	Director social affairs	Denied
E. Prieels	AUDI SA	Automotive	DRH	Denied
M. Delfosse	COMEOS	Retail	Social affairs officer	Denied

List of collective agreements

1. Collective labour agreement of 28 March 2007 setting up a 'plus minus conto' to anticipate the negative effects of cyclical production
2. Collective labour agreement of 12 December 2006 for white collar workers in the Colruyt Group Insurance
3. Collective labour agreement of 19 October 2015 modifying the social sectoral pension plan and the pension rules within Joint Commission 111