1. Pensions in the construction industry: the typical features of the construction industry requires a tailored made pension system.

The arduous nature of some occupations (bricklayers, scaffolders, ...);
Within the Belgian pension system the arduous nature of some professions is recognized by a generally binding Collective Agreement (CA). Within the construction industry, there is one scheme of early retirement based the arduous nature of an occupation at the age of 56.

**Early retirement at the age of 56** is admitted for all workers who have worked for at least 33 years. They must have worked at least 20 years of their career in a system of night shifts or as a construction worker. The construction workers are admitted to the scheme if they can submit a medical attestation which confirms their incapacity of the worker to work as a construction worker (minimum 1 % of reduced employability). At the moment (April 2011) the prolongation of the scheme is subject of discussions between the sectoral social partners.

**Cyclical temporary unemployment**;
As in many other countries the construction industry has a cyclical production scheme. The Belgium labour model recognize six cyclical unemployment patterns during which the workers receives an unemployment benefit, often added with a sectoral benefit. We distinguish temporary unemployed due to:

- bad weather
- technical disturbances;
- economic circumstances;
- force majeure;
- collective closure of the company to organise the annual holidays;
- strike.

The Social fund of the construction industry foresees additional benefits for the worker during the temporary unemployment period. These benefits are added on the unemployment benefits, which the workers receives from the State. In case of strike only the non-strikes receive unemployment benefit, the strikes receive a benefit directly paid by the trade union.

The period of temporary unemployment are always recognized as working days for the calculation of the State (first pillar) pensions. Within the 2nd and 2nd-bis (see later) scheme most temporary unemployment days are recognized as working days.

**Fragmentized industry**;
At the moment (2010) the Belgium construction industry accounts approx. 48.000 self-employed workers, 30.00 companies, 160.000 blue collar workers and 25.000 white collar workers.

The Belgian construction industry is characterized by a high number of Small and Medium Sized companies:

<table>
<thead>
<tr>
<th></th>
<th>n° of companies</th>
<th>n° of workers</th>
</tr>
</thead>
<tbody>
<tr>
<td>Companies with 1 to 5 manual workers:</td>
<td>23,500</td>
<td>37,000</td>
</tr>
<tr>
<td>Companies with 6 to 19 manual workers:</td>
<td>5,000</td>
<td>48,500</td>
</tr>
<tr>
<td>Companies with 20 to 49 manual workers:</td>
<td>1,100</td>
<td>33,500</td>
</tr>
<tr>
<td>Companies with 50 to 99 manual workers:</td>
<td>270</td>
<td>16,000</td>
</tr>
<tr>
<td>Companies with 100 to 249 manual work.:</td>
<td>100</td>
<td>14,000</td>
</tr>
<tr>
<td>Companies with 250 to 499 manual work.:</td>
<td>25</td>
<td>7,500</td>
</tr>
<tr>
<td>Companies with 500+ manual workers:</td>
<td>5</td>
<td>3,500</td>
</tr>
<tr>
<td></td>
<td>30,000</td>
<td>160,000</td>
</tr>
</tbody>
</table>
2. The role of the social partners in the 1st, 2nd and 3rd pillar pension schemes.

The Belgian social partners traditionally play an important role in decision making in many economic and social areas. With an overall trade union density of approx. 51% (whilst almost 98% in the construction industry\(^1\)), trade unions represent a significant proportion of the economically active population. Every two years, the cross-sectoral partners negotiate a national cross-sectoral collective agreement (CS-CA) which also constitutes a framework for the negotiations at sectoral level. The CS-CA is followed by sectoral collective agreements (S-CA) (usually also for two years). Virtually all CA’s are extended to all employers and employees. Therefore the sectoral collective bargaining coverage is almost 100%. CA can be further negotiated at company level by the local trade union delegates and the employer.

At cross-sectoral level the social partners are also consulted in a tripartite consultation body (National Labour Council\(^2\)) on all State pension related matters, in addition to this the social partners are also members of the management board of pensions.

The trade unions play an important role in the Belgian social model because they are in charge of the payments of the state unemployment benefits (not the State old-age pensions).

Within the construction industry most of the sectoral benefits are directly paid by the trade unions (and not by the paritarian social funds) to the workers.

For the construction industry, the rules regarding supplementary pension benefits are negotiated by the social partners. These CA’s are all declared generally binding. For the construction industry, the social partners have set-up two sectoral social funds in relation to retirement:


The both funds are set-up by generally binding CA’s and are managed exclusively by the sectoral social partners of the construction industry.

Since there is still a legal distinction in Belgium between employees (white collar workers) and workers (blue collar workers), the sectoral CA’s of the construction industry only apply to the blue collar workers.

3. Solidarity in the construction industry

The Belgium old-age State pension is entirely based on a repartition scheme, which implies that active workers are financing the current pension benefits. The scheme is a solidarity mechanism between generations and active and inactive workers.

In 2001 the Belgium government has set up a Fund for Aging (also called the “silverfund”). This funds is a supplementary financial reserve, which should be able to cope with the increase of the pension cost, which is predicted between 2010 and 2030. The fund should ensure the payment of the existing State pensions without additional premiums or taxes. The fund is mainly financed through State budgetary surpluses. At the moment the fund has an allocation of roughly €17 billion. There are plans to review, adjust, and provide new allocations. The current public deficit makes it difficult to increase the Fund.

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\(^1\) The percentage employers which are member of an employer’s organisation is also quite high (78%).

\(^2\) Background information of the National Labour Council (NAR) is available on [http://www.cnt-nar.be/E11.htm](http://www.cnt-nar.be/E11.htm). The main CAO on retirement is the Agreement n° 17 of 19.12.1974
The social partners of the construction industry have set up a collective 2nd and 2nd–bis sectoral pension schemes based on a mix of capitalization and solidarity. The supplementary 2nd pillar pensions are fully capitalized with individual accounts, but the calculation of the career is based on a solidarity mechanism of legitimation cards (for details see further). The benefits and calculation of the 2nd-bis pension scheme (early retirement) is entirely based on solidarity.

4. The place of the pension debate within (company and sectoral) industrial relations in the construction industry.

The low rates of activity and employment of older employees remain a point of serious concern for the social partners in the construction industry, especially in view of certain shortages and bottlenecks on the labour market. From those two angles, pleas have been made by the employers to cut back the early retirement schemes and to foster an age-conscious company policy. However, it is clear that this line of policy goes against the current feelings amongst the vast majority of the active workers, who have "learned" to look at their professional life as an increasingly shorter part of their life as a whole.

The debate on early retirement and older employees is slowly being overtaken by the idea to set up a performant sectoral pension scheme for the sector. Nevertheless it’s clear that the trade unions are determined to safeguard early retirement schemes for building workers and in particular for those with arduous jobs.

5. Impact of the current economic crisis for pensions

The current financial and economic crises had an overall negative impact on the public expenditures. After years of budgetary surpluses, which were transferred to the "silver fund", the State was confronted with a deficit. Although this refuelled the general debate on increasing the pensionable age, no major political decision on pension were taken in direct relation to the crises.

At cross-sectoral level the negotiations for an a CS-CA for 2011-2012 was strongly overshadowed by the public deficit (due to the crisis). No radical changes (on the short term) for pensions are noted.

At sectoral level the increased number of unemployed construction workers didn’t affected substantially the sectoral pension scheme. The major reason for this, lays in the fact that the CA (which determines the rules, premiums and benefits) are negotiated every two years and are therefore fixed. In March 2011, the social partners of the construction industry will re-negotiate their CA’s for 2011-2012.

6. The transferability of pensions

In relation to the second pillar scheme, nothing changes for the construction workers which leave their employer, but remain in the sector. The sectoral collective supplementary pension scheme is applicable to all workers, employed in the construction industry.

In those cases were the workers change their employer and leave the construction industry, the worker can either leave their individual reserve in the sector's pension fund, or transfer it to the pension scheme of his/her new employer.

7. Demographic development in the construction industry

Belgium has approximately 10,355 million habitants, of which approximately 4 million are employed; this is 4 active workers per 10 habitants. Almost 22% of the Belgians are older than 60, 24% is between 40 and 59 years old (they will retire after 10 to 20 years). 28,3 percent is between 20 and 39 years (they will retire on the long term). Approximately 23% is are minors (between 0 and 19 years old), who will have to bear the future first pillar old age pension cost. Unfortunately the real figures demonstrate that the number of active workers are even lower. 14,3 percent of the Belgians between 20 and 59 years are inactive are, due to sickness, unemployment, sabbatical, early retirement, … they are included in the working population but, they do not contribute financially to the overall pensions.

The Belgian demographic figures are quite clear. The number of inactive workers older than 60 will increase (as well as the pension cost) and the influx of young workers will further decrease. Life
expectancy in Belgian is 77.9 years for men and 82.9 for women, at the moment there is still a yearly increase of 4 months for each men and 3 months for each women.

Due to the fact that the Belgian first pillar pension scheme is fully based on repartition (active workers are paying to pensions of today), it’s clear that the long term dependency ratio between the active and inactive workers will lead to serious repercussions. Without any structural changes (purely hypothetical) each active worker will have to contribute twice as much as today to maintain the existing first pension pillar.

Within the construction industry the demographic figures of the active workers are astonishing. Only 1,16% of the active workers are older than 60 years. This implies that there are virtually no older workers (60+) in the Belgian construction industry. The largest group of active workers are found amongst the workers between 25 and 29 years old (15,3%), followed by workers between 30 and 50 years old (52,7%). At the age of 50, there is a steep decrease of the number of active workers leave the industry: 9,3% are between 50 and 54 years old, 5,5% are between 55 and 59 years old.

The demographic evolution is a matter of overall serious concern, although one cannot identify sudden tough changes in the current pension landscape in Belgium. All changes are gradual. The most important changes was a new legal framework for supplementary pensions (WAP) in 2003, aimed to promote the second pension pillar

8. Description of the pension landscape:

First pillar.
The national administration that oversees the State old-age pensions in Belgium is the National Pensions Office. The local council will handle all formalities on behalf of the retiring person. In Belgium, the normal retirement ages are 65 years for men and 64 years for women ii

In Belgium, there is a general State old-age pension for those who have worked at least 30 years out of a standard 45-year career period.

Pre-retirement is a right for all workers in Belgium from the age 60 provided that the worker can prove they have completed 35 or more years of work at the moment of pre-retirement. During the employment period the worker had to be employed for minimum 1/3 of a full-time job.

Early retirement is strictly legal not a pension scheme, but an unemployment scheme. Often this scheme is called the “2nd-bis pension scheme”. Due to the fact that early-retirement is commonly used as pension scheme, we will treat it in such a manner. One should note that workers cannot combine pre-retirement and early retirement; a choice must be made. Within the construction industry virtually all workers will chose the early retirement scheme, simply because this is allowed at a lower age than pre-retirement and supplementary financial benefits for workers are foreseen in the (generally binding) CA of the industry. See chapter 2nd-bis pension pillar

In case of decease, the partner of a pensioner is entitled to the pension of the deceased partner. The partners will receive a survivor pension if certain conditions are fulfilled. The survivor pension will end if the surviving partner is still under 45 and no longer raises any children or is no longer incapacitated for work. The pension will also end in some specif situations.

For those who have not acquired sufficient pension rights and who insufficient means to support themselves, there is a legal Income Guarantee for the Elderly (called IGO) for all pensioners at the age of 65. The system is granted after an enquiry of the income of the pensioner and his partner.

All self-employed persons are entitled to a State old-age pension, which is subject to a number of specific conditions. As at 1 January 2009, the statutory pension age for both men and women is 65. However, it is possible to take an early retirement pension from the age of 60, which may or may not be reduced, depending on the number of years you have worked. Most self-employed participate in a fiscal advantage third pillar pension scheme.
Second pillar
With the Belgium construction industry we must distinguish the supplementary pension scheme from the early retirement scheme. The supplementary pension scheme is a pure 2nd pillar pension scheme; early-retirement is a 2nd-bis pension scheme. Although both schemes in the construction industry are ruled by CA’s, they have several typical technical differences.

2nd pillar pension scheme: supplementary pensions
The legal basis of the all supplementary pension schemes in Belgium is the law on supplementary pensions for employees (WAP, 28 April 2003) and self-employed (WAPZ, 24.12.2002). The law for employees makes a distinction between private and collective suppl. pension schemes. For the blue collar workers in the construction industry a collective scheme was set up by the social partners of the construction industry. At the moment there is no collective scheme for the white collar workers of the construction industry. The employers of white collar workers can adhere to the blue collar pension fund (not mandatory) or organise a private scheme, a commonly used scheme is a private “group insurance” (see later)

Collective supplementary pension scheme (for the construction industry)
From 1 January 2007 all blue collar building workers at the age of 60 (pre-retirement), are entitled to a new supplementary pension scheme, called ‘Construo plan’. The scheme enables all building workers – at their pensionable age a capital or a supplementary monthly pension benefit – in addition to a State pension - in relation to their career in the sector. The longer the workers have worked in the sector, the higher their benefit.

The pension premiums are fixed by CA and exclusively paid by the employer on an individual account with a guaranteed annual yield of 3.25%. The premium is a progressive percentage of the workers gross salary and depends on the number of years the worker has worked in the construction industry, which is determined by a unique system of “legitimation-cards”. Legitimation-cards, are granted yearly to all blue collar construction workers. The workers can either receive a “claimant” or a “non-claimant” card:

- A claimant card is granted to those workers who have worked a specific number of days during a reference period: workers older than 57, have to demonstrate that they have worked 150 days, workers between 52 and 56, need to demonstrate 175 days and workers young than 52 have to demonstrate 200 days. Many inactive days (sickness, education, temporary unemployment …) are assimilated as working days In addition specific rules apply for workers younger than 23/24 years old). A claimant is considered as a one working year in the construction industry and card opens a partial right to a benefit.

- A non-claimant is granted to those workers who have works an insufficient number of days in the construction industry. In principle this card doesn’t open a right to a benefit, nevertheless many derogations exist.

Besides the sectoral supplementary collective pension scheme, companies can set up a collective pension fund at company level. This option is not used in the construction industry (since the sectoral scheme is mandatory).

Private supplementary pension scheme
Group insurances are commonly used by employers, who are not bound by a collective sectoral supplementary pension scheme (such as the white collar workers of the construction industry). In principle adherence to such a scheme is not mandatory for the employer (unless foreseen in a company CA). Due to several fiscal advantages the system is increasing popular. In 2009, 343.421 blue collar workers and 1,860.704 white collar workers participated in a private group insurance.

2nd-bis pension scheme: early retirement
As stated earlier, early-retirement is from a legal point of view not a pension scheme (the workers do not receive a basic pension), but an unemployment benefit. For construction workers, the State unemployment benefit is supplemented by a sectoral benefit, paid by the sector social fund FBZ-FSE.

The legal framework of early retirement is set out in a national (generally) binding CA (n°17), completed by sectoral generally binding CA’s. Two full-time types of early retirement exist:

- At the age of 58, (based on a CA of the construction industry). For this all workers:
must be made redundant by a construction company;
- must have reached the age of 58 at the moment of dismissal;
- who have not been able to find a new employment;
- who are entitled to unemployment benefits;
- who have worked for at least 10 years in the construction industry
- man must have worked at least 37 years and women 33 years (both will increase until 38 years). In case a worker has worked for 35 years en had an arduous job during min. 5 years during the last 10 (or min 7 during the last 15 years.

- At the age of 56 for construction workers, who have worked at least 40 years in the construction industry. The workers must have worked at least 10 years in the construction industry, of which 5 or 7 years during the last 10 or 15 years of his working life. The worker should also be entitled to unemployment benefits.

The Belgium construction industry also foresees a scheme of part-time early retirement for those workers who have reached the age of 57. Additional conditions are:
- having worked for at least 25 years, of which 10 years in the construction industry;
- having worked at least 1 year in the company, during which they have reduced their working time;
- having worked at 5 or 7 years during the last 10 or 15 years in the construction industry;
- an agreement between the worker and his employer

Third pillar
The 3rd pension pillar in Belgium contains several private supplementary old-age arrangements, which are entirely individual and voluntary. All scheme are fiscally encouraged by a system of tax deduction (30-40%) of the premium paid by the employee and a guaranteed interest rate of 2,85%. There are two well-known schemes:
- Pension saving, with a maximum fiscal advantage of €880 per year (2011)
- Long term saving schemes, with a maximum fiscal advantage of € 2,120,00 per year (2011)

Fourth pillar
Buying a home of their own is at the top of the wish list for many Belgians. Almost ¼ of the Belgians own their house and progressively it is to serve as a secondary financial reserve to complete their pension which he or she will receive. At the pensionable age most house owners are without or little mortgage charges, which allows them to sell their house to full their retirement costs. In Belgium more and more banks are offering “reversed mortgages” or “equity release” mortgages”. House owners without mortgage can take a second mortgage with their house as a security. The house owner will receive a monthly payment and the insurance company will eventually be owner of the property when the owner deceases.

9. Specific forms of retirement schemes
The cross-sectoral social partners have created a general system of “sabbatical leave” (tijdscrediet-temps credit). The system is embedded in a generally binding CA (n° 77bis) and is therefore applicable to all workers in Belgium. Although it’s not a (early or pre) retirement scheme, workers can take a “sabbatical leave” in anticipation of their pension. All social benefits and entitlements remain unchanged during this period of absence. There are two models for workers over 50:
- A part-time scheme that allows workers to continue their work 1/2 for min 3 months till retirement.
- A part-time scheme that allows workers to continue their job 4/5 for minimum 6 months till retirement.

In both schemes the workers must have worked (in principle) in total at least 20 years and of which 3 years with the last employer (small derogations apply for elderly workers). The benefits are €592,52 per month for a full-time sabbatical, 296,26 for a part-time sabbatical and €146,35 per month for 4/5 part-time workers. A supplement applies singles.

The Belgian construction industry foresees a specific supplementary benefit (begeleidende maatregelen- mesures d'accompagnement) for those workers who are unemployed at the age of 58

3 For both schemes the age of 50 will be 51 in 2011.
and who have worked in the construction industry for at least 15 years and at least 5 or 7 years during the last 10 or 15 years in the sector. The benefit ends at the age of 60.

The monthly benefit depends on the professional qualification of the workers: for low and average qualified jobs: +€109.07, for semi-skilled and average skilled jobs:+€130.37, for skilled jobs:+€151.64, high skilled jobs:+€172.93. Additional benefits are foreseen for workers with a leading job. Workers who have worked at least 20 years in the construction industry receive a supplement of approximately 20%.

10. Specific advantages and/or bonuses to those who prolong their professional career

Workers may continue to work after the age of 65, although the old-age pension may be ‘adjusted’ (i.e. reduced) for earnings above certain levels. The maximum additional gross income of a workers is allowed to earn each year in addition to his/her old age pension depends on his employment status and the moment he received his old age pension (before or as from 65). Workers who retired as from 65 years can earn more than those who retired earlier. The maximum allowed gross earnings per year as an employed person varies between €7,421,57 and €26,075. The maximum allowed gross earnings per year as a self-employed person varies between €5,937,26 and €20,859.

In 2006, the (contested) generation pact (cross-sectoral social partners CA) introduced the system of a pension bonus for those employees, who continued working after 62 or after their 44 working years. The bonus is approximately €2 per prolonged working day. Those who continued working after 65 or their 45 working years are entitled to a max monthly gross pension supplement of €165,54 (approx. €80/month net) The impact of the measures is almost negligible.

At sectoral level a supplementary premium of €500 per trimester is added to the sectorial supplementary pension scheme for those workers, who are still employed in the construction industry between 58 and 65 years old. This schemes tries to discourage early-retirement in the construction industry.

11. Contributions to the 1st, 2nd and 3rd system: employers, employees, public, ...

Contributions to the first pillar old-age pension scheme are just over 16% of gross income (7,5% employee and 8,86%employer). The Pension coverage is continued when the workers is unemployed or receives other forms of income-replacement benefits, in those cases the State (indirectly) pays contributions to the pension scheme.

The contributions to the sectoral supplementary pension scheme are fixed by CA and paid exclusively by the employer. The premium depends on the career of the worker (calculated on the basis the number of clamant legislation cards). The premium increases the longer the worker has worked in the sector. The employers premiums are a percentage of the real wages and a percentage of a fictive salary (€45,3 per day in a 6 day working week) for the inactive days.

Progressive contribution to the supplementary pension scheme:

<table>
<thead>
<tr>
<th>Years</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>0-4 years</td>
<td>0,20%</td>
</tr>
<tr>
<td>5-9 years</td>
<td>0,40%</td>
</tr>
<tr>
<td>10-14 years</td>
<td>1,00%</td>
</tr>
<tr>
<td>15-19 years</td>
<td>1,25%</td>
</tr>
<tr>
<td>20-24 years</td>
<td>1,50%</td>
</tr>
<tr>
<td>25-29 years</td>
<td>2,00%</td>
</tr>
<tr>
<td>30+ years</td>
<td>2,50%</td>
</tr>
</tbody>
</table>

The average contributions for the private supplementary pension schemes is 1 to 1,5% of the annual gross salary.
12. Benefits for the workers in the 1\textsuperscript{st}, 2\textsuperscript{nd} and 3\textsuperscript{rd} system:

First pillar

\textit{Basic old-age state pension}

The basic state pension is 75 per cent of average lifetime wages for those with a dependent spouse, and 60 per cent for all other retirees. The maximum gross state pension in Belgium is €2,212 per month for families or €1,770 per month for singles. The average Basic State pension at the moment is €1,119 gross per month (public servants, employees and self-employed included).

The amount of your Belgian old age pension depends on:
- the number of years you have worked in Belgium, and
- the salary you earned each year.

The National Pensions Office (RVP) will look at the average wage between the employee’s 20\textsuperscript{th} birthday and the pension date. If the worker is a single person, the pension will be around 60\% of your average wage. If the employees has a partner who does not have any income, he/she will get around 75\% of your average wage. The RVP will convert the wages the worker received in the past to what they would be worth today.

All pensioners receive also receive a \textit{holiday allowance} as from the second year in which they have received a pension. The holiday allowance is the same amount as one month’s old age pension. The maximum gross holiday allowance is € 711.01 (for pensioners living with a partner) or € 568.80 (for single pensioners).

\textit{Survivors pension}

The amount of the \textit{survivor pension} is based on the number of years the deceased was insured. In case the deceased was receiving an old age pension, the surviving partner will receive 80\% of the old age pension as a survivor pension. When the deceased was not receiving an old age pension, the surviving partner will get 80\% of the old age pension the deceased. The widow(er) will also receive a holiday allowance as from the second year in which he/she receives a survivor pension. The holiday allowance is the same amount as one month’s survivor pension. The maximum gross holiday allowance is € 547,18.

\textit{The Income Guarantee for the Elderly (IGO)}

The IGO is maximum €530.3 per month for each person who shares the place of residence. In case the pensioner lives alone, the IGO is multiplied by 1.5 (which is €795.46 gross per month). This monthly pension is always guaranteed.

\textit{Self-employed (and assistants)}

The category of workers receive the lowest state pension benefits in Belgium. The average pension of a self-employed is € 925 gross, compared to € for employees and € 2,260 gross for public servants.

Second pillar

\textit{Sectoral collective supplementary pensions (at the age of 60)}

The paritarian pension fund pension b foresees the supplementary pension scheme at the age of 60. The payments are done by the national trade unions directly. The system is capitalized, therefore the benefits are entirely dependent on the individual savings of the fund on an individual account.

\textit{Sectoral collective supplementary early retirement pensions (from the age of 56)}

The monthly supplementary benefit of the full-time early retirement is added to the State unemployment benefit of the worker(max. 1.176€ gross/m). The additional monthly supplementary benefits are identical for all full-time early retired workers and depends on the last professional qualification of the worker: between 161,24 € and 325,32 € / month (average = 225 €/month ). Workers who cohabit with a partner, without an income, are entitled to a monthly bonus of €55,50. Each year in December the monthly benefit is increased with €122,50 for heads of the family and with €61,25 for others.
The part-time early retired construction workers receive a part-time monthly salary (paid by the employer), a flat-rate compensation benefit (paid by the state) of €379.86 and a monthly supplementary benefit paid by the social fund. A worker who previously earned €2.500 gross per month, would receive approximately €1.550 net when he decides to retire part-time.

Collective sectoral widower’s pension for construction workers
The sectoral survivors (or widower’s pension) is gradually disappearing. Those workers who received a benefit 2006 and deceased in the meantime receive an annual benefit of €200 gross till 2016.

Third pillar
The benefit of the third pillar entirely depends on the paid premium, although there is guaranteed yield of 2.85% (plus an eventual bonus) on all paid contributions. Due to a cap on the fiscal advantages, these benefits are merely a small bonus (for a rainy day)

13. Objective and aims
Left out

14. Calculation models (summary)

First pillar scheme
The calculation of any amount of the old-age pension is based upon the salary the person received over the period of time spent in Belgium and the number of years that the person has worked in Belgium. In addition any unemployment benefits received are also taken into account when calculating the pension allowance. The time spent on university studies or military duty is considered as part of the standard 45-year career period

<table>
<thead>
<tr>
<th>Situation</th>
<th>Pension amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Single person or person in a two-income couple</td>
<td>1/45 x 60% x gross yearly wage</td>
</tr>
<tr>
<td>Married person whose partner has no income</td>
<td>1/45 x 75% x gross yearly wage</td>
</tr>
</tbody>
</table>

The pension will be based on your earnings of up to €47,171.84 per year. If the employee earns more, the amount exceeding this limit will not be taken into account for the calculation of the pension. Under applicable legislation on 1.1.2006, first pillar pensions of private sector employees are automatically raised in line with inflation.

Second pillar scheme
See legitimation cards

15. Equal calculation periods such as unemployment.
See legitimation cards

16. Industrial relations and paritarian pension funds
The whole system of pre-retirement, early retirement, premiums, benefits belongs to a large extend to the autonomy of the (sectoral) social partners. Within the construction industry this sense of autonomy is strongly present in the hearts and minds of the social partners.

17. Current political trends
The participation rates of older people on the labour market across Belgium are quite low by European standards. This phenomenon is often blamed on the generous early retirement schemes. Over the years there have been considerable debates for and against early retirement schemes and pressures on the government to increase participation amongst the older age groups. However, due to the imbedded system to include the social partners in any reform of the social security system, reversing the trend – on short term - might not be an easy task.
Recently (2010) the Belgium Minister of pensions delivered a greens book on pensions, which contains an overview of further policy measures to safeguard Belgian pension. One of the key objectives is to reinforce and prolong the first pillar and to harmonize minimum pensions for self-employed workers and those of employees. In addition the key principles of the green book are:

- to increase in the rate of employment in the age group from 55 to 65 (by at least three years) with incentives, without modifying the legal pension age.
- To recognize the arduous nature of some professions account (as agreed by the social partners in the National Labour Council);
- to generalizing the second pillar.
- to protect the poorest and most vulnerable, by means of the "Guaranteed Income for the Elderly" (GRAPA). The amount of this minimum income must follow the evolution of the poverty threshold. This is the case today: the poverty threshold is at € 899 and the GRAPA at € 916 for a person living alone);
- for workers who have worked a full career, whether they are self-employed or employees, the amount of pension should be at least € 1150 net (or € 1250 gross amount).

The green book was welcomed skeptically by most political parties.

18. Trade union observations

A delicate discussion in Belgian politics is “poverty”. Although Belgium seems to have a relatively generous first pillar pension scheme, the pension benefits are in more than 20% of the cases lower than the poverty line. The Belgium trade unions firmly defend the first pillar pension scheme as an instrument to combat poverty and safeguard solidarity. Therefore the first pillar scheme should be strengthened.

Early retirement is a key point for all trade unions of the construction industry. Within the construction industry there is an overall consensus amongst workers that an active working life till the age of 65 years is “undesirable”. The arduous nature of some occupations needs to be taken into account in setting the pension age.

The second pillar scheme should be seen as an extension of the first pillar. In order to safeguard the sectoral pension scheme the premiums must increase at 5%. The global objective is to guarantee a pension benefit, which is at least 75% of the last salary.

The Belgian trade unions are linking the pension debate with health insurance. Due to the aging population, health costs will also increase. Pensioners are the first, to be confronted with these costs. Therefore there can be no sectoral pension debate without a sectoral debate on health costs. Since 1.01.2010 all construction workers receive a free supplementary health insurance.

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1 The website contains information in Dutch, French and German
2 The retirement age was 60 for women. However, this has gradually been increasing and by 2009 the retirement age for women will be 65 as well
Annexes

1. Early retirement in the construction industry
Belgium - Results / data / facts at a glance

**Construction sector:**
- Workers: 160,000
- Firms: 30,000
- Workers aged over 60: 1.16%

**How is the general pension system organised?**
1st Pillar: State old-age pension, compulsory
Contributions: Employer: 8.86%  
Workers: 7.50%

2nd Pillar: Supplementary pension, collective scheme in the construction industry for blue collar workers
Contributions: Employer: 0.2-2.0% (depends on the years worked in the sector  
Workers: -

3rd Pillar: private supplementary old-age arrangements, voluntary, tax deduction
Contributions: 1-1.5%

Other pensions: House owners can get mortgages as a secondary financial reserve to complete their pension

Statutory retirement age: 65m/64w  
Actual general retirement age: 57  
Number of years' contributions required: 30  
Planned / future statutory retirement age: 65m/65w

Minimum pension in €: 795 (single)  
Gross state pension in €: 1,119 (all people)  
Average supplementary pension in €: 225

Early retirement possible: 58 years  
Reduction in pension:
Pre-retirement: 60 years, condition: 35 or more years of work

**Do special provisions exist for the construction sector? Yes**

**Supplementary pensions**, how are they organised? Paritarian Funds
Financing: Only contributions by employer

Early retirement possible? Yes  
From age: 56, 57, 58
58: Classic early retirement after 35 years of work, minimum last 10 years construction worker
57: Part Time early retirement
56: Early retirement after 40 years of work, same conditions as at 58
56: Early retirement because of a reduced “employability”, depending on medical opinion

Are there any collective agreements? Yes
Are there any paritarian funds? Yes, for example Pension Fund “Pensio B”

**Key aspects / brief reports concerning:**
Current discussions/demands: legislators: In 2010 the Belgium Minister of pensions delivered a greens book on pensions (see detailed report)
Current discussions/demands: trade unions: - Pension age of 65 years is “undesirable”,  
- guarantee a pension benefit, which is at least 75% of the last salary  
- linking the pension debate with health insurance