

IGP Country Profile

2022

Belgium

Prepared by:
AG Insurance





Preface

This Country Profile has been prepared by **AG Insurance** for the International Group Program (IGP).

The International Group Program (IGP) is a network of major life insurance companies (Network Partners) operating throughout the world, who work together to meet the group insurance and pension needs of international corporations and their affiliates, branches, and subsidiaries.

Since 1967, the International Group Program has been an industry leader in the field of international benefits management, serving more multinational companies than any other network. IGP is represented in around 70 countries throughout the world and is known for the flexibility and quality of service we provide to our clients.

Working closely with our headquarters' staff in Boston, our regional offices in Brussels and Singapore, IGP Network Partners offer corporate clients the advantages of experienced local insurance management coupled with the resources of a professionally trained staff that specializes in international employee benefits.

IGP is managed by John Hancock Life Insurance Company (U.S.A.), the U.S. operation of Manulife Financial Corporation, a leading financial services group based in Toronto, Canada. Manulife offers its clients a diverse range of financial protection products and wealth management services. Both Manulife Financial and John Hancock are internationally recognized brands that have stood for financial strength and integrity for more than a century.

The information contained in the IGP Country Profiles is considered proprietary and any material extracted from a profile must be attributed to IGP.

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Your Local Link to IGP in Belgium: AG Insurance

AG Insurance The IGP Network Partner in Belgium

With a market share of 34% (as at December 31, 2021, **AG Insurance** is the leader in the Belgian insurance market. It owes this position to a broad and high-quality product range, excellent service and cooperation with a network of independent insurance brokers, Fintro agents and BNP Paribas Fortis agencies. AG Insurance employs 4,291 highly trained staff members dedicated to providing outstanding service.

AG Employee Benefits, the group division of AG Insurance, is the leader in the Belgian second pillar market. It offers tailor-made solutions for supplementary pensions, collective healthcare and disability insurance: company plans, sector-wide plans, cafeteria plans, etc. It also offers an innovative range of products including Hospicare Flexible, Income Care, Ambucare Flexible, AG Care, AG Ascento, etc. More than 1,444,000 employees count on AG Employee Benefits for their supplementary pensions, and it provides 1,530,000 people with complementary healthcare cover.

AG Employee Benefits is committed to developing competitive and innovative products and providing clients with high-quality service. In collaboration with IGP, you can count on AG Employee Benefits for a privileged partnership in the complex field of supplementary pension and healthcare benefits.

Key Products

Life

- Life
- Accidental Death and Disability
- Life Coverage for Retirees
- Optional Supplemental Life
- Widow's and Orphans' Pensions

Disability

- Accident and Sickness
- Disability Pensions
- Long-Term Disability
- Waiver of Premium

Medical

- Hospitalization Insurance
- Ambulatory Care

Pensions

- Insured Pensions
- Managed Funds

AG Employee Benefits. Trust in Expertise.

Social Security Benefits and Customary Private Employee Benefits

Introduction:

Although Belgium has a liberal Social Security Program that was substantially improved by the Royal Decree of April 1973, there is still a gap in the security needs of employees, especially those who are highly paid. The law on supplementary pensions (LPC/WAP) of April 28, 2003, amended on December 18, 2015 replaces the law Colla of April 6, 1995 and specifies the social and tax context of the supplementary pensions. It was followed by a series of royal decrees published on November 14, 2003, which supplement certain aspects of them. In addition, the anti-discrimination law of February 25, 2003 also has effects on the supplementary pensions.

Social Security Contributions:

EMPLOYER		EMPLOYEE
2.35% no salary ceiling	DISABILITY BENEFITS	1.15% no salary ceiling
3.80% for hourly paid employees contributions are calculated on 108% of annual earnings	MEDICAL CARE BENEFITS	3.55%
8.86% extra social security contribution of 3% if the combined total of state and supplementary pension exceeds the pension target Tax: 4.4%	RETIREMENT BENEFITS	3.55% no salary ceiling 2% Solidarity contribution
7%	FAMILY ALLOWANCES	N/A
1.46%	UNEMPLOYMENT BENEFITS	0.87%
1.00%	OCCUPATIONAL DISEASE	N/A
0.30% to the 'Occupational Accident Fund' no ceiling	WORKMEN'S COMPENSATION	N/A

DEATH BENEFITS	
Social Security Benefits	Customary Private Employee Benefits
<p>Spouse's Pension Benefits <i>Death before Retirement</i></p> <p>The spouse's pension is equal to 80% of the "theoretical" retirement pension the deceased would have received had he or she been a pensioner at the moment of death. Pension benefits will end when the spouse remarries or is no longer entitled for some other reason. Should the new marriage dissolve, the surviving spouse would again have a right to a spouse's pension (under the same qualifying requirements.)</p> <p><i>Death after Retirement</i></p> <p>The spouse's pension is equal to 80% of the actual retirement pension. Pension benefits will also end when the spouse remarries or no longer is eligible for some other reason (see "Death Before Retirement", above).</p> <p>For more information, please visit the website of the Federal Pensions Service.</p> <p>Orphans' Pension Benefits</p> <p>Social Security does not provide an orphan's pension but provides for an increased family allowance up to age 25 if the orphan is a student. Since 2020, family allowances are regionalized.</p> <p>For more information about the family allowances, please visit the Federal website.</p>	<p>Spouse's Pension Benefits <i>Pension</i></p> <p>Normally 50% to 75% of projected or actual retirement pension.</p> <p><i>Lump Sum</i></p> <p>Formerly, plans provided a pre- and post-retirement widow's pension of 50% to 80% of:</p> <ul style="list-style-type: none"> • Paid retirement, or • The prospective retirement pension calculated on the assumption that the employee would have been employed until normal retirement on the basis of the last determined pensionable salary. <p>The lump sum benefits provided are generally considered minimum guarantees, or apply to employees who have not yet met the eligibility requirements for coverage under the pension and widow's benefit plan.</p> <p>More recent plans provide for lump sum death benefit (term life) coverage of one or two times salary instead of a pre-retirement pension.</p> <p>Orphans' Pension Benefits <i>Pension</i></p> <ul style="list-style-type: none"> • 10% to 20% of projected retirement pension, normally payable until age 18, 21, or 25. • A percentage of salary (e.g. 5%). • A lump sum equal to 25% or 50% of pensionable salary S. • The pension is doubled for full orphans. <p><i>Lump Sum</i></p> <p>More frequently, a combined formula is used for lump sum death and orphans' benefits.</p> <ul style="list-style-type: none"> • Cohabiting/married: 200% S + 25% S per dependent child • Single: 100% S + 25% S per dependent child <p>where S equals the pensionable annual salary.</p> <p><i>Eligibility</i></p> <p>Orphans' pensions are generally payable until age 18 or 21; however, children who are 21 to 25 years of age and are continuing their education, or who are physically or mentally disabled, may continue to receive the pension benefit.</p>

DISABILITY BENEFITS	
Social Security Benefits	Customary Private Employee Benefits
<p>Benefits An amount equal to 30 days' income is payable by the employer to salaried staff according to the law. Hourly paid employees are entitled to a full income for one week (maintained by the employer at 100%) with a lower rate paid for the subsequent three weeks (shared by employer and State).</p> <p>If the employee's loss of earnings is at least two thirds, a statutory benefit is provided for the next 11 months equal to 60% of his/her yearly gross income, up to a ceiling of € 49,202.40 if the employee is head of the household, single or if the employee is living with a person receiving income. After one year, the benefit is fixed at:</p> <ul style="list-style-type: none"> • 65%: single-income household with dependents • 55%: single, no dependents • 40%: married or in a domestic partnership, dual-income household <p>Eligibility Employees (salaried or wage earners), unemployed workers, females who stop working as of the fifth month of pregnancy, and sick or injured employees are eligible, provided that:</p> <ul style="list-style-type: none"> • They have joined a "Sickness Fund" and paid the required contributions, • They have fulfilled a six-months' compulsory waiting period and have completed at least 120 workdays, • They are not actively at work, • Their sickness or injuries causes at least a 2/3 loss of earning capacity. 	<p>Benefits With regard to Social Security reimbursements, the occupational incapacity benefit is determined either by the step-rate or by the offset method.</p> <ul style="list-style-type: none"> • Step-rate means a percentage of the salary up to the ceiling of € 49,202.40, and another, generally higher percentage of the portion of salary exceeding the ceiling. • The percentage applicable to the salary up to the Social Security ceiling ranges from 10% to 20%, and the percentage on the portion in excess of the ceiling ranges from 60% to 80%. It is important to note that due to the change of Social Security reimbursement after one year of disablement, the aggregate occupational incapacity benefit will change (it will generally decrease). • The offset method avoids any reduction in disability benefits. In this case, the change in Social Security benefits will be "absorbed" by the insurer's benefit in order to provide a constant disability pension. <p>Waiver of group life and pension premiums is also generally provided.</p> <p>The disability benefits are determined according to the economic disability rating:</p> <ul style="list-style-type: none"> • Under 25%: no benefits are paid. • Between 25% and 67%: benefits are paid in proportion to the degree of disability. • Over 67%: 100% of the benefits are paid. <p>Waiting Period Minimum 30 days, since the first month of disability is compulsory paid by the employer.</p>

MATERNITY BENEFITS	
Social Security Benefits	Customary Private Employee Benefits
<p>Benefits During the first 31 days of maternity leave, Social Security pays a cash sickness benefit equal to 82% (79.50% when unemployed) of gross salary (unlimited).</p> <p>As of the 31st day of maternity leave, the benefit is equal to 75% of salary up to the Social Security Ceiling of € 118.27 per day.</p> <p>Salaried and unemployed employees are entitled to 15 weeks (19 weeks in case of twins, triplets) maternity leave. Effective January 1, 2017, minimum one week must be taken before delivery and minimum nine weeks after delivery.</p> <p>Eligibility The employee must have paid contributions during the six months preceding her maternity and qualify for disability benefits.</p> <p>Parental leave A Royal Decree of January 1, 1998 allows parents, employed for at least 12 of the last 15 months, to take up to four months of full time leave (or eight months part time as from October 1, 1998) to take care of a young child. This change brings Belgium's parental leave policy in line with the EU directive on parental leave.</p>	<p>Benefits Please see above under 'Disability Benefits'.</p>

MEDICAL BENEFITS	
Social Security Benefits	Customary Private Employee Benefits
<p>Benefits <i>Medical/Hospital Care Reimbursements</i></p> <p>Official rates are determined in an agreement set up between physicians, hospitals, clinics, and the Governmental "Health" Authorities.</p> <ul style="list-style-type: none"> • Reimbursement of 75% of: <p>The agreed upon fees for current medical expenses, home visits, general and specialized practitioners, dental care, therapists or nursing care, and the cost of prescriptions or specially listed drugs.</p> • Reimbursement of 100% of the above expenses if the gross annual income is lower than (March 1, 2022): <p>€ 22,762.17 (provisional figure) for blue collar workers, white collar workers, independent workers and unemployed people with a difficult financial situation (BIM), plus € 4,213.90 (provisional figure) for each dependent.</p> • Reimbursement of in-hospital expenses in accordance with the fees and room and board rates fixed by agreement. <p>Each hospitalized patient has to contribute € 43.84 for the first day and € 16.57 as from the second day and up to the eighth day of hospitalization. The co-payment is lower for BIMs, for whom there is only an income ceiling requirement. These amounts are index-linked on January 1 of each year. In all cases, the employee is expected to pay any balance of charges.</p> <p><u>Note:</u> If a person either consults a physician, who does not participate in the agreement mentioned above, or if he/she wants to use a private room in a hospital, he or she will be charged without reference to the fees and prices fixed by agreement. However, reimbursement is based on the official rates. There can be a large difference between the amount reimbursed and the actual amount charged.</p> <p>Eligibility</p> <p>All employees (salaried or paid hourly, active or retired), spouses and dependent child(ren), disabled employees, unemployed, and expectant mothers are eligible, provided that:</p> <ul style="list-style-type: none"> • The employee has worked 120 days during a period of six months. • A minimum amount of contributions, fixed by Royal Decree, has been paid to a "Sickness Fund." 	<p>Benefits</p> <p>AG Insurance and other Belgian insurers offer an unlimited hospitalization cover. These covers were introduced in 2000 (and renewed in 2015) at the request of employers who want to provide their employees with a more comprehensive cover. Formerly, AG Insurance offered a Major Medical Hospitalization limited to twice the Social Security reimbursement. This formula still exists, but to a lesser degree.</p> <p>Employers have the possibility to add an additional out-patient insurance for their employees.</p> <p>The hospitalization product and the out-patient product provide cover as follows:</p> <p>Unlimited Cover: <i>Hospitalization Coverage</i></p> <p>The limits of reimbursements after deduction of the Social Security benefits are as follows:</p> <ul style="list-style-type: none"> • Cost of Hospital Stay, Doctor's Fees, Examinations, Treatments and the Cost of Drugs: Unlimited • Protheses, Orthopaedic Appliances: <ul style="list-style-type: none"> • Unlimited when reimbursed by the National Health Service (NHS) • Up to € 5,000 when no reimbursement by the NHS <p><i>Out-patient Expenses</i></p> <p>Out-patient expenses are covered for a 1 month' pre-hospitalization and for a 3 months' post-hospitalization period, with an option to extend to respectively 2 and 6 months.</p> <ul style="list-style-type: none"> • Doctor's Fees, Examinations and Treatments: Unlimited • Drugs: If prescribed • Protheses, Orthopaedic Appliances: <ul style="list-style-type: none"> • Unlimited if reimbursed by the NHS. • Up to € 5,000 when no reimbursement by the NHS <p><i>Serious Diseases</i></p> <ul style="list-style-type: none"> • The cover serious diseases provides for reimbursement of the same benefits as included in the Out-patient expenses • Limited list of 30 diseases • No deductible <p><i>Medi-Assistance</i></p> <ul style="list-style-type: none"> • Third party payment system with extended covers such as household aid, transportation, babysitting services, ... <p>Out-patient Medical Cover:</p> <p>The limits of reimbursements after deduction of the Social Security benefits and reimbursements of the unlimited cover are as follows:</p> <ul style="list-style-type: none"> • Costs of medical, paramedical and dental treatments, prescribed drugs, medical appliances (protheses, medical bandages, etc.), glasses and contact lenses: Reimbursed up to 80% or 100% (employer's choice) • Costs of dental protheses (including bridges, crowns and implants) and frames of glasses : Reimbursed up to 80% or 100% (employer's choice) <p>Total reimbursement is limited to an annual ceiling (€ 500 - € 1,250 - € 2,500).</p>

Customary Private Medical Employee Benefits – Additional Information

AssurPharma

Effective December 1, 2015, AG Insurance started the “AssurPharma” project. This is a cooperation between insurers and pharmacists’ associations, allowing secured electronic exchanges of pharmacy receipts. Thanks to this, customers do not have to take care of paperwork anymore and will be reimbursed quicker.

This system is particularly useful in combination with an Out-patient Care plan but is also applicable for hospitalization coverage.

In addition, AG Insurance also launched an online platform offering an up to date overview of all the fringe benefits offered by AG Insurance including retirement, death, occupational disability and healthcare, including covers for family members.

Since July 1, 2007, the insured person has the right to continue coverage without interruption and without medical formalities, in the form of an individual contract provided by the insurer of the "group". In order to enjoy this continuation option, the insured person needed to have had a comparable insurance during the last 2 years. The premium for the individual insurance is calculated on the basis of the insured person’s current age.

When the insured person receives the group benefit, he/she has to be informed by the employer on the possibly of paying an amount which pre-finances the premium of the individual insurance when he/she would lose the group insurance. The premium of the individual insurance will be calculated on the employee’s age when starting to pay this premium. Neither the employer nor the insurers are obliged to offer this insurance as defined by law.

RETIREMENT BENEFITS	
Social Security Benefits	Customary Private Employee Benefits
<p>Benefits Social Security benefit ceilings and benefit levels are index-linked and are adjusted when the cost of living index is increased by 2%. A law dated April 1, 1973, provides that in order for pensions to increase to a level parallel to the "general level of welfare", salaries on which pension credits are calculated are to be adjusted according to a coefficient annually determined by Royal Decree. All monthly paid pensions are linked to the cost of living index.</p> <p>A full pension represents 75% of base earnings for a married employee with a dependent spouse, and 60% for single males and females (in accordance with the Act of May 15, 1984). In Belgium, since both spouses generally have a professional income, the "single" pension is paid to each in the majority of cases. Base earnings are the average lifetime base earnings adjusted in line with the cost of living index. Benefits are adjusted similarly.</p> <p>However, the salaries used for the pension calculations of monthly paid employees and hourly paid employees are limited to a ceiling, with the following maximum annual pensions for monthly paid employees (January 1, 2022): Married couple: € 38,524.91 Single male: € 30,819.93 Single female: € 30,819.93</p> <p>Yet, a minimum pension is guaranteed to those persons having a full career or a partial career representing at least 2/3 of a full career. These guaranteed minimums are as follows (January 1, 2022): Married couple: € 22,092.98 Single male: € 17,679.96 Single female: € 17,679.96</p> <p>For those who really have a full career, these amounts increase.</p> <p>Annual Earnings Ceiling For benefit calculations, the annual earnings ceiling for salaried employees is € 63,944.74</p> <p>Holiday Allowance The pensioner will receive a basic and a supplementary holiday allowance. These amounts are payable in May of each year and are linked to the applicable cost of living index. These amounts are limited to the amount of pension for the month of May. During the first year of retirement, a holiday allowance is not allocated.</p>	<p>Benefits Most plans are on a career average basis, but some plans are on a final pay pension formula; i.e.</p> <ul style="list-style-type: none"> • Average of the last three or five years, or • Average of the best three (or five) during the last five (or ten) years. <p>Typical plans provide a pension of 66% to 75% of final average earnings after a full career, integrated with Social Security. This integration is usually achieved by the "offset" or by the "step-rate" methods.</p> <ul style="list-style-type: none"> • Most plans are based on the "step-rate" lump sum formula: <i>Example:</i> 3.6% to 8.4% of salary up to the Social Security benefit ceiling plus 15% to 24% of that part of salary in excess of the same ceiling, per year of service (maximum 40 years). • Some plans still use the "offset" pension formula: <i>Example:</i> For each year of pensionable salary (maximum 40 years), 1.5% to 2.0% of salary minus 1/40th of the projected Social Security retirement pension. • A few years ago, AG Insurance introduced a new approach to increased life expectancy, the result of which increased the cost of providing pensions on an annuity basis, since those pensions will require higher lump sums to service them. For this reason, AG Insurance recommends expressing the benefits of a pension scheme in the form of lump sum amounts: <i>Example:</i> $(200\% S_1 + 700\% S_2) n/40$ S_1 = that part of the pensionable salary up to the Social Security benefits ceiling or ceiling fixed by the employer. S_2 = that part of the pensionable salary exceeding the ceiling. n = number of years and full amounts of pensionable service. <p>This formula has the advantage of being transparent so the client can easily calculate the benefit.</p> <ul style="list-style-type: none"> • For budgeting, bookkeeping, or other particular reasons, several companies have opted for a defined contribution approach. <p>Eligibility In Belgium, the retirement benefit must be settled at the moment of legal retirement.</p>

RETIREMENT BENEFITS	
Social Security Benefits	Customary Private Employee Benefits
<p>Eligibility <i>Flexible Retirement</i></p> <p>In Belgium, the legal retirement age is 65. The statutory pension age will be raised to 66 in 2025 and 67 in 2030. Nevertheless, early retirement is possible, subject to certain employment conditions. As of 2019, the earliest retirement is at age 63 when having a career of 42 years, at age 61 when having a career of 43 years and at age 60 when having a career of 44 years.</p> <p><i>Conventional Pre-retirement</i></p> <p>A pre-retirement is determined by CLA (Collective Labor Agreement) n°17 of December 19, 1974. Pre-retirement is a special form of early retirement, whereby an unemployment allowance is supplemented by an allowance from the former employer. Recently the requirements to become eligible for pre-retirement have been tightened. The minimum age for pre-retirement following CLA n° 17, as of 2019, is 62, with a minimum career of 40 years for men and 38 years for women (conditions in 2022). The employment conditions for women are gradually augmented in order to reach 40 years in 2024. Exceptions are still possible.</p> <p>For a full pension, both male and female employees must have been credited with a 45-year contribution period.</p>	

Customary Private Retirement Employee Benefits – Additional Information

Legal provisions:

In general, the decision to introduce, modify, or repeal a pension commitment exclusively depends on the competence of the employer. However, in case of individual contributions of an employee to the financing of the pension commitment and provided that the pension plan applies to all employees, the decision must be made:

- By a Collective Labor Agreement (CLA) if there is a worker's council, a committee for prevention and protection at work, or a trade union delegation within the company;
- By means of a modification to the settlement of work in the other cases.

Conditions of Participation:

Participation

- The law on supplementary pensions (LPC/WAP) was adapted following the law of June 27, 2018. As of January 1, 2019, workers who are members of a pension commitment immediately acquire supplementary pension rights.
- Effective with the participation, a medical examination can only be imposed in the following cases:
 - If the participant is free to choose the extent of the death cover
 - If the death-in-service benefit is at least 50% higher than the capital in the event of life at retirement age
 - If 10 workers or less are affiliated to the pension commitment
- The person to be affiliated cannot be excluded from the pension commitment on the basis of the results of a medical examination.

Employee Categories

Any form of discrimination among employees is prohibited. In other words, if a pension commitment is concluded for a specific employee category, this category must be defined in the regulations and cannot be discriminatory. Any distinction, which does not rest on an objective criterion and which is not reasonably justified is regarded as illicit.

Right of Refusal in the Event of Introduction or Modification of the Pension Commitment:

The employee already in service at the time of the introduction of a pension commitment can refuse to be affiliated, except if this pension commitment was founded by Collective Labor Agreement (CLA), and if the Collective Labor Agreement does not contain a provision explicitly denying the option to decline affiliation.

The option to decline also exists in the event of modification of an existing commitment, if it involves an increase of the employee's obligations. The refusal is not authorized if the modification of the pension commitment was established by a collective labor agreement, except in cases where the CLA explicitly states this.

Acquired Reserves and Benefits:

In the event of termination, the employee can claim the reserves and benefits acquired within the framework of the pension commitment of his employer, in accordance with the regulations:

- Immediately, for the part built up by the employer's and employee's contributions;
- The law on supplementary pensions (LPC/WAP) was adapted following the law of June 27, 2018. As of January 1, 2019 workers who belong to a category of personnel for whom a pension commitment has been introduced must join immediately upon entry into service.

Social Security Benefits and Customary Private Employee Benefits

Guaranteed Return:	<ul style="list-style-type: none"> • Since January 1, 2016, the employer-guaranteed minimum return earned on contributions is a variable percentage linked to the average yield on 10-years Belgian government bonds (OLO) over the last 24 months. Instead of the previous guaranteed returns of 3.25% (for employer contributions) and 3.75% (for employee contributions) in existence since 1996, there is now one single percentage ranging from a minimum of 1.75% to a maximum of 3.75%. This compulsory guaranteed return on contributions is now at 1.75%. • The return is to be guaranteed by the employer in case of: <ul style="list-style-type: none"> • Transfer of the acquired reserves after a termination, i.e. at the end of the employment contract (before retirement) • Retirement • Revocation of the pension commitment.
Employer and Employee Contributions:	<p>The cost of the retirement plan is generally shared between the employer and the employee. The employer usually bears the total cost of the death plan. The employee's contribution to the retirement plan is usually a percentage of his or her salary up to the Social Security ceiling (0 to 2%), plus a percentage of the excess (5 to 7%).</p>
Vesting:	<p>Employees have an immediate vested right to private benefits secured by employee's and employer's contributions.</p>
Surrender, Conversion to an Annuity and Termination:	<p><i>Surrender</i></p> <p>The acquired supplementary pension reserves will be paid out upon effective legal retirement.</p> <p>Any Surrender before effective legal retirement is possible:</p> <ul style="list-style-type: none"> • When the participant has reached the statutory retirement age of 65; • When the participant meets the eligibility requirements for early statutory retirement. <p>And insofar this possibility is foreseen in the pension regulations.</p> <p>Under certain circumstances, it will be possible to receive the acquired reserves as of the age of 60:</p> <p>This possibility is foreseen in the pension regulations on December 31, 2015;</p> <ul style="list-style-type: none"> • as of the age of 63 if the participant was older than 55 in 2016. • as of the age of 62 if the participant was older than 56 in 2016. • as of the age of 61 if the participant was older than 57 in 2016. • as of the age of 60 if the participant was older than 58 in 2016. <p><i>Conversion to an Annuity</i></p> <p>The employee (or the beneficiaries in the event of death) has (have) the right to ask for the conversion to an annuity when the pension commitment relates to the payment of assets. The modalities of conversion to an annuity are laid down by royal decree.</p> <p><i>Termination</i></p> <p>In the event of expiration of the employment contract, other than by death or retirement, the employee has several options:</p> <ul style="list-style-type: none"> • He or she can leave the reserves in the existing pension commitment. This option is the choice that will be taken into account if an employee does not confirm his/her choice. • He or she can transfer the reserves into a hosting structure. This hosting structure is a retirement and death insurance offered by the employer and is specifically created for managing the reserves. • He or she can transfer the reserves into the insurance fund of AG Insurance - Employee Benefits mentioned in the Royal Decree with regard to the attribution of extralegal benefits to employees stated in the Royal Decree n° 50 dated October 24, 1967 relating to the survival and retirement pension of salaried employees • He or she can transfer the reserves to the pension institution of the new employer.

Social Security Benefits and Customary Private Employee Benefits

Transfers are only possible if the employee did not take up an advance or does not have a mortgage.

Funding:

Death Benefits before Retirement

Death benefits before retirement are usually funded through one-year term life insurance. They are always based on individual capitalization, which mostly includes the mortality dividend.

In case of death before normal retirement, the benefits insured are increased by a minimum profit sharing equal to a percentage of the amount insured by the policy. This percentage is determined yearly and currently amounts to 25% (provisionally).

The profit sharing granted in case of death is paid at the date of the insured's death.

Retirement Benefits

Before January 1, 1993, retirement benefits were normally funded with deferred lump sums based on individual capitalization (individual allocation) and according to a guaranteed tariff (guaranteed interest rate, guaranteed mortality table, and guaranteed expenses and loadings).

Since January 1, 1993, it has also been possible to fund defined retirement benefits through collective capitalization (unallocated funding) on the portion paid by the employer.

Retirement benefit contributions, whether funded by collective or individual capitalization, can be invested in different ways:

AG Insurance General Fund (Branch 21)

Contributions are capitalized according to the tariff.

AG Insurance has introduced in 2021 a new guaranteed interest rate applied to the premiums paid as of July 1, 2021.

On top of the guaranteed interest rate, an annual profit sharing can be payable, based on AG Insurance's annual results.

Pension insurance contracts generally cover long periods of time. Notwithstanding the great progress statistical sciences have made, it is impossible to forecast, with satisfactory precision, the evolution of mortality over such long periods. It is even more difficult to estimate the return on investment guaranteeing the mathematical reserves of such contracts.

This is the primary reason why the Insurance Control Authorities impose such strict rules on insurance companies with regard to the selection of the technical basis of their tariffs and the choice of their investment policy.

Thus:

1. Legally, the tariffs are to be based on a maximum interest rate of 2%.
2. The mortality tables to be used refer to the period 1988-1989 (total Belgian population per last national census).

Profit sharing is calculated annually and added to the lump sum insured.

- AG Insurance applies a profit sharing in function of the results of the operational contracts.
- Either the successive annual profit sharing amounts are capitalized at a rate corresponding to the technical interest plus profit sharing rates for the normal or anticipated term of the contract, or the contributions are allocated to a separate insurance contract that itself will be granted future profit sharing. The latter alternative is usually applied in the case of new or revised plans.
- The profit sharing for 2021 is:
 - For classic products with guarantee on reserves and premiums: the contributions and mathematical reserves are granted a yield of 0.00% (technical interest) and a

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profit sharing in order to ensure an average total net return of at least 1.75% per affiliate and per pension plan for 2021.

- For classic products with guarantee on reserves (Classic Life Bonus plan and Pension4Life): the contributions and mathematical reserves are granted a yield of 0.25% (technical interest) and a profit sharing in order to ensure an average total net return of at least 1.75% per affiliate and per pension plan for 2021.
- For e-volulife products: the contributions and mathematical reserves are granted a yield of 0.25% (technical interest) and a profit sharing on order to ensure an average total net return of at least 1.75% per affiliate and per pension plan for 2021.

Nevertheless, existing contracts still benefit previous guaranteed interest rates until retirement age on reserves accumulated in the past.

	Products with guarantee on reserves and premiums	Products with guarantee on reserves
Up to January 1, 1999	4.75%	4.75%
From January 1, 1999 up to January 1, 2013	3.25%	3.25%
From January 1, 2013 up to April 1, 2015	1.75%	2.25%
From April 1, 2015 up to July 1, 2016	1.00%	1.50%
From July 1, 2016 up to April 1, 2017	0.50%	1.00%
From April 1, 2017 up to April 1, 2020	0.25%	0.75%
From April 1, 2020 up to July 1, 2021	0.10%	0.50%
From July 1, 2021	0.00%	0.25%

- The dividends are tax free when they are paid together with the benefits.
- The accrued interest dividends are paid at the retirement date. In case of surrenders, the post 1985 accrued dividend is vested.

Note:

For a defined benefit plan, the dividends may be used to reduce the cost of death and retirement benefits. The reduction can be obtained in two different ways:

- Insured benefits are adjusted each year according to the accrual of dividends so that the total amount paid (profit sharing + insured benefits) is equal to the final benefits described in the plan;
- For employer's contracts only: Dividends are refunded to the employer on a yearly basis (and thus not capitalized with the insurer). However, under this alternative, the advantage of a tax free dividend benefit is lost.

Earmarked Fund (for Large Clients)

The investment fund can either be personalized for one employer or shared by several employers.

Investment in the earmarked fund means investing in a specific selection of financial assets. On top of the guaranteed interest rate, this investment offers an annual bonus depending on the return achieved by the fund. The balance of the investments is adjusted according to the condition and expectations of the market but also in accordance with the fund's commitments.

The technical interest rate (0.25% as of July 1, 2021 for contracts with guaranteed reserves or 0.00% as of July 1, 2021 for contracts with guaranteed reserves and future premiums), the costs, and the mortality tables are guaranteed for the capitalization of the

Social Security Benefits and Customary Private Employee Benefits

existing reserves within the system of an individual capitalization. The deposits invested in the Earmarked Fund and their capitalization benefit of a minimum return that is applicable at the time of deposit by AG Insurance - Employee Benefits.

Each year, in addition to this guarantee, a participation in profits will be awarded in function of the return of the Earmarked Fund in which the company invests. This participation in profits is not guaranteed and can vary from year to year.

- *The Investment Policy of the Earmarked Fund:*

The purpose of the investment policy is to give a company the highest possible return regarding the financial guarantees offered.

Taking into account that purpose, the investment policy of the Earmarked Fund will be carried out conservatively, with a preference not only for a constant return but also for a dynamic in order to utilise all the opportunities of the market.

This principle mainly dictates an investment in a vehicle of low risk, such as bonds. If it is not needed or, if their future realisation is more profitable and seems more opportune it is not necessary to realise the entire potential surplus value

As opposed to the passive management, the dynamic management contributes to an increased return of the Earmarked Fund by means of investments with a higher level of risk, such as shares.

The composition of the fund is adjusted according to the situation and the expectations of the market.

- *The Composition of the Earmarked Fund and the Choice of Assets:*

To realise the determined purposes, the composition of the Earmarked Fund can evolve within the following limits:

Assets	Minimum - Maximum
Bonds	75% - 100%
Shares	0% - 10%
Cash	-5% - 5%

The investment policy of bonds takes into account the principle of "duration".

The selection of bonds takes into account the fact that a minimum return is guaranteed. The investment can be realized in long term bonds (with a long duration), as well as in short term bonds (with a shorter duration). Taking into account the curve of the return percentages, the bonds with a long duration are preferred because they offer a better return. However, they show a higher risk level.

The investment in shares is usually made in shares with a high return. To a lesser extent, the Earmarked Fund can also invest in cyclic industrial shares and to a very small extent, in 'speculative' shares.

The treasury investments are limited in time unless they offer a high return.

The derivative products are also used to provide either a leveraged effect, or a cover in case of a purchase, or the acquisition of the premiums in case of emission. These derived products are always used in the presence of the underlying assets.

- *The Return of the Earmarked Fund:*

The annual gross return of the Earmarked Fund consists of the received revenues and the inferior or surplus values realized from the financial investments during the year. The coupons of the bonds, the dividends of the shares and the interests of the treasury shares are to be considered as financial revenues.

The latent inferior and surplus values are not taken into account for the calculation of the return since it is an accounting return.

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To obtain the net return, one must deduct the costs for the financial management from this gross return.

- *The Annual Determination of the Participation of Profits:*

At the end of each year, the percentage of the participation of profits will be determined. This percentage is equal to the difference between the percentage of the net return of the Earmarked Fund and the percentage of the return that has already been acquired to the mathematical reserves. This net return is determined based on a formula negotiated with the client.

The participation in profits will be determined by applying the bonus percentage to the mathematical reserves of the company's employee contracts and to its financial fund. The participation of profits will be deposited on January 1 of the following year.

Employees leaving a company because of retirement or pre-retirement will benefit from a pro rata bonus.

AG Insurance Investment Funds (Branch 23)

As of 1993, group insurance can be linked to investment funds. The Royal Decree, which handles the activity of life insurance, allows the use of investment funds as a financial vehicle. The new law for supplementary pensions has given a legal framework to the Branch 23.

Contributions are invested in AG Insurance's investment funds. The investment funds can either be personalized for one employer, or shared by several employers.

The insurer takes care of all financial, actuarial, administrative, and accounting tasks.

The insurer does not guarantee a minimum interest rate. Yet, the client receives (after deduction of financial fees) the total return on investment. The funds are composed of different financial assets, such as shares, bonds, or cash.

In order to have a complete package, AG Insurance proposes several funds, each featuring a different degree of risk.

Each time a contribution is paid or an insured benefit is paid out, a number of units of the multi-employer funds are purchased or sold, respectively. The value of each multi-employer fund will be determined daily.

In Branch 23, individual capitalization, AG Insurance offers a cafeteria product whereby the employer decides the manner in which:

- The participant himself/herself can take into account his/her personal situation and can choose the risk he/she is prepared to take for his savings.
- At any time, the employee can adjust his/her original investment choice. This way he/she can switch from different levels of risk.

Since the beginning of 2018, AG Insurance also offers a lifecycle product in Branch 23. The Lifecycle concept allows the employer to adapt the Branch 23 investment strategy of the contributions for accrual of a pension nest egg automatically to the staff member's age. At the start of his/her career, for example, the employer can invest the contributions for the staff member in Branch 23 funds with a high risk/high return strategy. This is the accumulation phase. If the staff member is approaching retirement age, the investment in the higher-risk asset classes will automatically be phased out in order to invest more percentagewise in lower-risk asset classes (such as bonds or cash). With this low risk/low return strategy, the employer makes the entire pension nest egg safer and expose it less to market corrections. This is the consolidation phase. Contrary to other lifecycle concepts the AG Lifecycle allows the employer the flexibility to fully design a grid with the desired age slices and AG funds.

Other Social Security Benefits

Workmen's Compensation:

All companies with one or more employees must insure these employees under a Workmen's Compensation plan.

The employer has to insure this liability with a private insurance company or an authorized Common Fund. Otherwise, the employee will be granted automatic affiliation with the State Workmen's Compensation Fund.

General supervision is handled by the Ministry of Social Welfare, and all programs and awards must be legally approved.

Coverage:

Provided for all employees, whether at work or in transit to and from work. A statement of the benefits provided is usually part of the contract between employer and employee.

Temporary Disability Benefits:

Total Disability

The employee who has suffered an occupational accident is entitled to:

- 100% of his or her salary during the first 30 days if he or she is a salaried employee.
- 100% of his or her salary during the first 30 days if he or she is an hourly paid employee (100% from the employer for the first seven days and 100% from the insurer for the following 23 days).

After the first month, the benefit equals 90% of salary.

Partial Disability

An indemnity equal to the difference between the salary earned before the accident and the amount earned after the accident.

Permanent Disability Benefits:

Total Permanent

Minimum pension equals 100% of annual salary.

Partial Permanent

The total permanent pension is reduced in proportion with the degree of disability ascertained.

Nursing Allowance

Up to 50% of annual salary. At the end of a three-year period, a lifetime pension replaces the compensation. A maximum of one third of this pension may be converted into a lump sum.

Lump-Sum Pension

A pension lower than 10% of annual salary is automatically converted into a lump sum.

Survivor

30% of the insured's final salary up to the ceiling.

Orphans

15% of final salary up to the ceiling for each orphan under age 18, payable for a maximum of three orphans.

20% if the insured person was the sole source of support.

Maximum Survivors' Benefits

75% of final salary up to the ceiling.

Medical Care Benefits:

If the firm or the insurer has set up a special medical service (pharmaceutical or hospital) and if it is mentioned in the employment contract, the insured employee has no choice of physician, pharmacist or hospital, except in emergency cases.

If nothing is provided, the insured employee must apply with an approved hospital and may choose both the physician and the pharmacist, but the employer is bound to pay only an amount fixed by Royal Decree.

Type of Insurance	Contributions	Benefits
Retirement & group benefits 1 st pillar	<i>Employer:</i> fully tax deductible	taxable
	<i>Employee:</i> fully deductible for income tax purposes	
Retirement* & group benefits 2nd pillar	<p><i>Employer:</i> fully tax deductible However, if the maximum benefit (legal and private pension) exceeds 80% of normal final earnings for a full career, that part of the premium insuring the non-authorized excess (over 80%) will not be tax deductible (per Act of December 28, 1984).</p> <p>Employer contributions are not considered as additional employee income.</p>	taxable
	<i>Employee:</i> deductible, but limited	
Disability benefits	<p><i>Employer:</i> fully tax deductible Employer contributions are not considered as additional employee income.</p>	taxable as replacement income
	<p><i>Employee:</i> For employees proving their real professional costs in the revenue tax, the premium is deductible. For employees making use of the flat professional costs (being the majority), the premium is not deductible. For this reason, the majority of the disability plans are fully employer paid.</p>	
Medical benefits	<i>Employer:</i> not tax deductible	tax free
	<i>Employee:</i> not tax deductible	

*For tax reasons, 2nd pillar pensions are typically taken up as a lump sum.

Benchmarking Information (based on Network Partner's portfolio)

	%
Group Life Coverage	
Death benefit	
AD&D	
Survivor's benefits	
Employer contribution only	
Disability Coverage	
Long term disability	
Short term disability	
Employer contribution only	
Healthcare Coverage	
Hospitalisation	
Dental	
Vision	
Critical Illness	
Employee Assistance programme	
Employer contribution only	
Retirement Plans	
DC	93%
DC - Employer contribution only	
DB	7%
DB - Employer contribution only	
Other	
Wellness & Wellbeing Programmes	
Flex benefits	

Trends

Retirement:

Increasing success of the 2nd pillar. The number of Belgians with a complementary pension from the 2nd pillar is still higher than the number of Belgians with a complimentary pension in the 3rd pillar. Even though the majority chooses branch 21 solutions, there is an increasing appetite for branch 23 investments for new subscribed 2nd pillar plans.

Investment choices for employees regarding pension funds are possible. However, limited in practice due to the required employer guarantee of 1.75%.

As in all other countries, there is an evolution towards DC. New plans are mainly DC. In 2021, a total of 78% of all employees having a 2nd pillar pension plan, are affiliated in a DC plan (source: FSMA 01.01.2021).

Flex Plans:

We experience an increasing success of cafeteria plans. In 2016, 22% of the employers offered cafeteria plans. Nearly all cafeteria plans offer death coverage and only a small percentage offers choices, also for disability and health coverage. However, 68% of the employers are planning to offer flexible pension & health benefits in the future".

Healthcare:

Increasing costs of medical expenses due to ageing population and new medical techniques.

Private health insurance is an increasing success with 8 million citizens insured. 35% has a complementary health insurance with a "mutuelle".

Following the COVID 19 pandemic tele health has been temporarily allowed and reimbursed by social security for most types of medical care. Further consolidation of this change in legislation after the pandemic may or may not happen. AG Insurance follows up closely on any legislative changes.

Pension Plan - Defined Benefit Scheme (20 Employees)

Eligibility:	<p>Death Benefits: Employees who are actively working for the company.</p> <p>Retirement Benefits: Employees who are actively working for the company.</p>
Pensionable Salary:	13.92 times monthly salary.
Pensionable Service:	<p>Years and months of service from date of entry until retirement age.</p> <p>Retirement Benefit: $(240\% S_1 + 840\% S_2) \times n/40$</p> <p>Where: S_1 = pensionable salary limited to legal pension ceiling or ceiling fixed by employer S_2 = part of the pensionable salary exceeding S_1 n = years and months of pensionable service</p>
Early Retirement Benefit:	Accrued benefits actuarially reduced.
Pre-Retirement Death Benefit:	<p>Married Participants: Three times annual salary (including profit sharing).</p> <p>Others: Lump sum equal to one or two times annual salary (including profit sharing).</p>
Orphans' Pension:	<p>A lump sum for each child equal to: $50\% S/(1+c)$, c = profit sharing coefficient</p>
Vesting:	<p>Employee's Contract: immediate Employer's Contract: immediate</p>
Employee Contribution:	<p>Life: None</p> <p>Retirement: 5% of that part of the annual salary exceeding the ceiling. The balance is paid by the employer.</p>

Sample Employee Benefit Plans

Pension Plan - Defined Contribution Scheme (20 Employees):

Eligibility: Since January 1, 2019, workers who are members of a pension commitment immediately acquire supplementary pension rights.

Retirement Age: 67 for males and females.

Pensionable Salary: 13.92 times gross monthly salary.

Pensionable Service: Years and months of service.

Employer's contribution:	<table border="0"> <thead> <tr> <th style="text-align: left;">Age of Participant on January 1</th> <th style="text-align: left;">Premiums</th> </tr> </thead> <tbody> <tr> <td>Younger than age 30</td> <td>1.24% S1 + 4.95% S2</td> </tr> <tr> <td>Between 30 and 45 years old</td> <td>1.51% S1 + 6% S2</td> </tr> <tr> <td>Between 45 and 55 years old</td> <td>2.71% S1 + 10.8% S2</td> </tr> <tr> <td>Older than 55</td> <td>4% S1 + 16% S2</td> </tr> </tbody> </table>	Age of Participant on January 1	Premiums	Younger than age 30	1.24% S1 + 4.95% S2	Between 30 and 45 years old	1.51% S1 + 6% S2	Between 45 and 55 years old	2.71% S1 + 10.8% S2	Older than 55	4% S1 + 16% S2
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Older than 55	4% S1 + 16% S2										

in which:

S1 = the annual salary, limited to the ceiling that is applied for the calculation of the statutory retirement pension or limited to a contractual ceiling fixed by the employer.

S2 = the part of the annual salary in excess of the ceiling.

Employee's contribution: 1 % S1 + 4 % S2

Payments are made in twelve installments at the end of each month.

Taxes on payments are paid by the employer.



Sample Employee Benefit Plans

Group Disability Insurance:

Eligibility:	All employees who have completed their trial period. After a waiting period of 30 days, a benefit equal to 70% of pensionable salary inclusive of Social Security reimbursements in the event of non-occupational accident or illness (depending on the industry of employment the percentage can vary between 70% and 75%).
Waiver of Premium:	Included after a waiting period of 30 days in the event of illness or accident of any nature.
Employer Contribution:	100%
Included in Income Care 2017:	For burnout and stress-related disorders, we also provide pro-active and personalized reintegration services. The staff member will get all the support and guidance needed to quickly get back to work in the best possible circumstances.

Group Health Insurance:

Unlimited Medical Plan

Eligibility:	All employees hired for an unlimited period, who have submitted a signed participation form and are not participating in another plan.
Hospitalization:	Unlimited reimbursement.
Serious Diseases:	Unlimited reimbursement.
Deductible:	Upon choice of the employer.
Employer Contribution:	100% for employees.
Employee Contribution:	100% for dependent cover.

Outpatient Medical Plans

Eligibility:	All employees participating in the unlimited medical plan and who have submitted a signed participation form.
Outpatient Benefit:	Limited to 80% of the total cost after reimbursement of the Social Security,
Ceiling:	Reimbursement limited to € 500, € 1,250 or € 2,500 (the additional ceiling for frames of glasses is € 85).
Deductible:	€ 0.00, € 75.00 or € 125.00 per insurance year and per insured
Employer Contribution:	100% for employees.
Employee Contribution:	100% for dependent cover.

Useful Links

Demographic information:	CIA World Factbook (please select the country to review)
Macro-Economic indicators:	CIA World Factbook (please select the country to review)
Social Security Benefits:	http://socialsecurity.belgium.be
Federal Pensions Service:	www.sfpd.fgov.be/ (Available in Dutch/French)
Birth grants and family allowances	https://www.belgium.be (Available in Dutch/French/English)
More information on the IGP Network Partner:	IGP – Your Local Link in Belgium
➤ AG Insurance:	www.aginsurance.be (Available in Dutch/French)
➤ AG Employee Benefits:	www.agemployeebenefits.be (Available in Dutch/French/English)
➤ My Global Benefits:	
✓ Secured website	https://myglobalbenefits.aginsurance.be (Available in Dutch/French/English)
✓ Secured website	https://mygb.be (Available in Dutch/French/English)
➤ AG Health app:	
✓ Movie on YouTube	https://www.youtube.com
✓ Google play store	https://play.google.com/store/apps
✓ Apple store	https://apps.apple.com/be/app/ag-health



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