

RESEARCH OUTPUTS / RÉSULTATS DE RECHERCHE

Extending Working Life

Burnay, Nathalie; Vendramin, Patricia

Published in:
Extended Working Life Policies

DOI:
[10.1007/978-3-030-40985-2_9](https://doi.org/10.1007/978-3-030-40985-2_9)

Publication date:
2020

Document Version
Publisher's PDF, also known as Version of record

[Link to publication](#)

Citation for published version (HARVARD):
Burnay, N & Vendramin, P 2020, Extending Working Life: Belgium. in Á NíLéime, J Ogg, M Rašticová, D Street, M Bédiová & I Madero-Cabib (eds), *Extended Working Life Policies: International Gender and Health Perspectives*. Springer, Cham (Switzerland), pp. 153-162. https://doi.org/10.1007/978-3-030-40985-2_9

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Chapter 9

Belgium



Nathalie Burnay and Patricia Vendramin

Abstract Belgium is characterised by a low rate of employment for older people, though recent measures taken by national and regional governments have increased this rate. However, the extension of working life generates an increase in inequalities, especially for women. Having drastically reduced the legal provisions allowing people to leave the labour market before the legal retirement age, the Belgian federal government has adopted a series of measures aimed at extending working life. These reforms target both older workers and companies. The trade unions are trying to resist, however neo-liberal logic is gradually penetrating the Belgian framework.

Keywords Time credit · Collective agreement · Informal caregivers · Extended working life · Gender · Physically demanding · Stressful jobs

Introduction

Traditionally, social protection in Belgium has been characterised by adherence to a conservative regime. Since the establishment of the modern social protection system in December 1944, the Bismarckian model has been favoured. This system is based on a community of reference, with the worker at the centre of the system: s/he must be protected against temporary or permanent exclusion from the labour market. Thus, there is a generous social protection system, which is somewhat similar to the Scandinavian social-democratic model. The Belgian system relies on powerful trade unions; the unionisation rate is above 60% of workers. The government only intervenes when social negotiations fail. Thus, trade unions in Belgium are a very important counter-power. Rather left or centre-left, they have been very active over the past four years, dealing with a centre-right and nationalist federal government. In terms of extending working life, their main concern has been to improve working

N. Burnay (✉)
Transitions Institute, University of Namur, Namur, Belgium
e-mail: nathalie.burnay@unamur.be

N. Burnay · P. Vendramin
IACCHOS Institute, Université de Louvain-la-Neuve, Louvain-la-Neuve, Belgium

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Á. Ní Léime et al. (eds.), *Extended Working Life Policies*,
https://doi.org/10.1007/978-3-030-40985-2_9

conditions, allowing older workers to remain in the labour market. In this way, the quality of employment is a key issue, not only for older workers, but for all workers.

However, the Belgian model has also been built on a low level of defamilialisation (Esping-Anderson 1990). The model is generous, however it favours a male breadwinner model by combining important but differing types of aid: cohabitants, predominantly women, systematically receive fewer social benefits than heads of households, predominantly men.

For some years now, the Belgian social protection system has been undergoing profound changes, notably through the introduction of market principles into the heart of public affairs. There is severe criticism of a mode of state functioning characterised by excessive bureaucracy and a lack of effective management, which allegedly predisposes recipients of social assistance to disempowerment, if not to perpetual dependence on assistance. This penetration of neo-liberal logic into the welfare system led to a call for the development of quasi-markets, in which public- and private-sector service providers compete for public funding in a logic of marketisation. The concept of marketisation is a broad concept that covers a broad span of arrangements where private sector organisations contract with public sector bodies to deliver a welfare service in exchange for public funds (Brown and Potoski 2003).

Pensions and End of Career

The pension system in Belgium is based on a capitalisation principle: today's working people pay today's pensioners. There are three pillars in the Belgian system. The first is a statutory pension, the amount of which is determined by the number of years of contribution and depends heavily on the status of the worker: civil servants receive a much higher pension than workers in the private sector, and the self-employed receive only a limited pension. The second pillar, optional in the private sector, is paid by the employer and does not concern the public sector. The third pillar is paid for by the worker through insurance that is partially tax-deductible.

The most recent statistics on the amounts received by men and women in retirement show that the differences between male and female pensioners are particularly striking. The average difference is €612.90 (before tax) per month for those who have been employed throughout their careers and €907.62 per month for those alternating careers in self-employment and public service employment. The first cause of the significant difference between women's and men's pensions is the wage gap that still exists for the same job: the hourly wage difference between men and women is still 7.6% in Belgium (Le Soir 2018). The amount of the pension is based on the salary. This also explains the impact of the 'glass ceiling,' i.e., the difficulty for women to access the highest-level and best-paid jobs, on women's eventual pensions. Part-time work, which currently concerns almost one in two women but only one in ten men, is another major cause of the gap between men's and women's pensions. Moreover, women make greater use than men of strategies such as career breaks that, for some, may have an influence on the calculation of the pension.

The legal retirement age, which is now 65, will be 66 in 2025 and 67 in 2030. The rules regarding age and career conditions for access to early retirement will also change progressively. The minimum age for early retirement was previously 62 years; it increased to 62.5 years in 2017 and to 63 years in 2018. Early retirement was accessible after 40 years of work; in 2017 this increased to 41 years, and it will increase further to 42 years in 2019 (Federal Pension Service 2019). There are some exceptions to this general scheme for heavy occupations. The federal government adopted this measure in order to increase the rate of employment amongst older workers, which is very low in Belgium compared to the European Union. In 2017, employment rates among older workers aged 55–64 years in Belgium were 53.8% for men and 42.8% for women, although the Belgian 48.3% rates have been increasing steadily for the past several years (more than 30% since 2004) (Eurostat 2019). This significant increase results from the development of policies favouring the retention of older workers, as well as from two other factors affecting the labour market: a general increase in the rate of participation amongst women and an increase in educational levels. The employment rate for people aged 65–69 years is very low in Belgium. In 2017, only 5% in this age bracket were still working (Conseil supérieur du travail 2018), despite a relaxation of the measures for combining work and pension that occurred in 2017.

A special module of the 2012 Labour Force Survey identified the main reasons for stopping work amongst economically inactive persons who receive a pension. Table 9.1 shows some differences between men and women in Belgium. Higher proportions of women than men stop working due to health problems or disability and due to family and care related reasons, while higher proportions of men than women stop working due to favourable financial arrangements for leaving or because they become eligible for a pension.

Concerning health issues encountered at the end of the professional career, a special module of the Labour Force Survey (2013) shows that for both sexes, the two most widespread work-related health problems among those aged 55–64 years are musculoskeletal disorders and mental health problems (stress, depression, and

Table 9.1 Main reasons for stopping work amongst economically inactive persons in Belgium who receive a pension 2012 (%)

| | Women | Men |
|---|-------|------|
| Favourable financial arrangements for leaving | 9 | 13.7 |
| Lost job and/or could not find a job | 7.3 | 7.5 |
| Had reached the maximum retirement age | 7.8 | 8.2 |
| Had reached eligibility for a pension | 20.5 | 23.5 |
| Other job-related reasons | 8.9 | 9.0 |
| Own health or disability | 18.0 | 16.1 |
| Family or care-related reasons | 6.5 | 2.5 |

Source Labour Force Survey (LFS) (2012)

anxiety). In Belgium, the prevalence of both kinds of problems in this age group is higher for women, with 59.4% of women aged 55–64 years reporting musculoskeletal disorders and 22.6% reporting stress, depression, or anxiety compared to 55.8% and 18.3% respectively for men (Vendramin and Valencuc 2014).

In 2006, national trade unions negotiated a measure that allows reduction of working time at end of career while guaranteeing social benefits (notably in terms of pensions) for full-time workers; this system of ‘time credit’ was very popular during the first decade of the 2000s. This has contributed to the extension of careers and to an increase in the employment rate of older workers (Burnay 2011). The time credit system appeared in Belgium in a context marked by a high level of early retirement. In this context, the system was considered to be a career extension tool, since it largely replaced the use of early retirement (use of which decreased in the 2000s)—and as a tool for reorganising working time. In this chapter, we are specifically interested in the system dedicated to older workers, but other types of time credit systems exist, for example, parental leave, palliative care or informal caregiver leave. The time credit system for workers at end of career established the right for workers aged 55 years or older (or possibly 50 years or older in heavy occupations) to reduce their working time until retirement, with a financial compensation from the National Employment Office. Several criteria are considered: the employee must have been in the company for at least 24 months, and must have a career as an employee for at least 25 years (equivalent periods included). In practice, this time credit system allows full-time employees working five days a week to reduce their weekly working hours by one fifth (by one day or two half days per week). Moreover, the time credit before retirement is partly considered when calculating the employee’s pension. The decade from 2002 to 2012 can be considered as the golden age of partial retirement, since the time credit system provided a number of advantages (individual right, pension calculation, flexibility in the reduction of the number of hours). However, the current government (and the previous one) has reduced access to this time credit system.

The time credit system is an alternative to early retirement of older workers. From a historical point of view, Belgium can be characterised by a low activity rate amongst older workers, which is largely explained by the development of the pre-pension system. The pre-pension system was developed in 1973 with several aims, including regulation of the labour market and integration of young unemployed people. Despite some reforms in the 1990s, the system remained very popular for both employees and employers until 2012, when radical changes began. At that time, pre-pension was renamed ‘unemployment with company supplement’, and early retirees aged 60 and older, who were previously exempt from searching for jobs, became obliged to remain available on the labour market. This new name replacing ‘early retirement’ is both symbolic and practical. Symbolically, the reform focuses on the payer, which is the unemployment insurance system rather than a pension fund. From a practical standpoint, the rules for access to the system have been narrowed. The minimum age for being an ‘unemployed person with company supplement’ has been increased from 58 to 60 years, with at least 40 years of career. However, a longer transitional period exists for women.

The success of the time credit system is undeniable. In 2003, the numbers of recipients of time credit aged 25–49 years were 3,911 for men and 14,723 for women, and in 2007 they were 6,491 for men and 33,877 for women, representing a more than twofold increase over four years in this age group. More strikingly, among those aged 50 and older, there were 34,914 men and 33,054 women receiving a time credit in 2008, compared to 13,972 men and 8,829 women in 2003. In contrast, early partial retirement (which has since become ‘partial unemployment with company supplement’) decreased drastically (Office National de l’emploi 2019).

However, the success of the time credit system must be seen in the light of two phenomena: inequality of access by gender and the impact of the economic crisis of 2007–2009. The gender difference is clearly visible in the group aged 25–49 years, where the time credit for parental leave is used more by women than by men. For the group aged 50 years and older, the differences are relatively small compared to the younger age groups. However, one can assume that the type of time credit used to reduce working time differs by gender. The number of people making use of time credit is also linked to economic cycles, it decreases when employment rates decline.

The decade from 2002 to 2012 was marked by a shift in public policies related to career. The time credit system and career breaks were seen as substitutes for the early retirement culture and the organisation of working time. The question then arises whether the development of specific working time schemes for end of career represented an interim measure aiming to increase employment rates or a path to the management of sustainable careers. The reforms began in 2012 and those enacted by the last government (which came into force in 2015) would appear to support the first hypothesis of a temporary measure to increase older workers’ employment rates. It seems, considering the timing of these reforms, that the time credit system has been merely a parenthesis between a period of early exit from the labour market and a period of extended full-time careers.

Amongst the consequences of the time credit system has been a high level of part-time employment in Belgium. Indeed, the Belgian labour market is characterised by a significant proportion of part-time work, over the whole professional lifecourse (particularly for women) but also at end of career. This proportion increases significantly among over-50s, suggesting that part-time work is being used as a way of reducing working time for those approaching retirement. From 2000 to 2015, the part-time employment rate increased for both sexes, but it increased more for men than for women, for whom the part-time rate was already quite high (4.8% for women compared to 7.1% for men; Table 9.2). One in two women over 50 years old are now working part-time.

In addition, a special module of the Labour Force Survey (2012) measured the proportion of workers who had reduced their working hours before moving into full retirement. It showed that the practice was widespread in Belgium, especially for men (Table 9.2). However, things are now changing in Belgium: since 2015, the federal government has reduced access to specific working time reduction schemes dedicated to older workers, which were extremely popular (Table 9.3).

Table 9.2 Part-time employment amongst men and women aged 50–64 years as a percentage of total employment (%)

| | 2000 | 2005 | 2010 | 2015 | Increase 2000/2015 |
|-------|------|------|------|------|--------------------|
| Men | 5.9 | 10.5 | 14.9 | 13.3 | + 7.1 |
| Women | 45.4 | 46.5 | 49.8 | 50.2 | + 4.8 |

Source Labour Force Survey (2000, 2005, 2010, 2015)

Table 9.3 Persons aged 50–69 years who reduced their working hours in a move towards retirement 2012 (%)

| | Still employed | | Not employed | |
|-------|----------------|-------|--------------|-------|
| | Men | Women | Men | Women |
| EU 28 | 6.7 | 6.1 | 7.4 | 5.7 |
| BE | 15.4 | 11.0 | 26.0 | 17.0 |

Source Labour Force Survey (2012)

Older Workers and Management Practices

In an effort to increase employment rates amongst older workers, the Belgian government has introduced binding measures for companies. Since 2015, any company with more than 20 workers must set up a plan to keep older workers in the workforce (CCT104). This plan must be negotiated with union representatives in the companies. Several themes are included in this legal obligation:

Selection and hiring of new workers.

Development of workers' skills and qualifications, including access to training.

Career development and career support within the company.

Possibilities of obtaining through internal transfer a position adapted to the evolution of the worker's faculties and skills.

Opportunities to adapt working time and working conditions.

Workers' health, prevention, and possibility of remedying physical and psycho-social obstacles to retention in work.

Systems for the recognition of acquired skills.

However, initial analyses show that companies have developed few new strategies (Vendramin and Burnay 2017). To meet legal obligations, they either reuse pre-existing measures within the organisation or enter into legal arrangements such as time credit; few companies are truly innovative. Despite these legal attempts, older workers continue to suffer from discrimination even though an anti-discrimination law was adopted in 2003. Moreover, gender differences are not considered. These strategies are general measures that are not necessarily adapted to the local environment.

Care Policies and Informal Caregivers

Supporting informal caregivers is increasingly considered among health and social care professionals, health insurers, federal and regional authorities, and researchers in Belgium. Indeed, care provided by family members, friends, and neighbours remains a central and essential part of the long-term care system. However, the availability of informal caregivers may decline due to societal changes, such as the growing integration of women into the labour market, changing family structures, and declining family size. Moreover, providing informal care may have negative consequences for the caregivers' physical and psychological health, and may affect their participation in the labour market. Not surprisingly, ways to support informal caregivers constitute an important part of current discussions—on both national and international levels—on how to ensure the sustainability of the long-term care system.

Before 2014, there was no specific legal status for informal caregivers that would guarantee access to particular social rights (KCE-Belgian Healthcare Knowledge Centre 2014). There are several protective measures stemming from social security or labour law, and in some sectors there are legal options for combining care and work. However, these measures were not linked to the status of caregiver. Since 12 May 2014, there has been legal recognition of informal caregivers taking care of people with disabilities or dependency needs. In order to be recognised as a caregiver, one needs to have reached the age of majority and not be under guardianship, and be a sibling or have an affective, confident, close, or geographic relationship to the care recipient. The period of caregiving must last for at least six months, and must comprise on average 20 h/week. Caregiving for individuals with severe care needs must take place in a non-professional setting, but the informal caregiver must collaborate with at least one professional care provider.

In several preliminary discussions, concerns were raised about the correct level of decision-making; whether the recognition of caregivers should be a federal competence, given the fact that aid to individuals is a community competence. The advising bodies aired other concerns, such as the risk of a cut-off of investment in domestic aid services, competition between professional care providers and informal caregivers, and inequality between recognised and non-recognised caregivers.

Chronic Disabilities

Belgium has nearly 400,000 long-term patients, i.e., approximately one in 20 Belgians between the ages of 20 and 64 years. This number has doubled in the last 15 years. A report from the National Institute for Disability and Health Insurance (INAMI 2014) highlights that for the first time (data 2014) the budget dedicated to disability insurance was higher than that dedicated to unemployment, which is a key issue in a country such as Belgium, where unemployment benefits are among the most favourable in Europe. From 2010 to 2014, the budget dedicated to disability

insurance increased by 24.67%. The explanation suggested by INAMI is that this increase is not only due to the ageing of the working population, but also to the increased participation of women (including older women) in the labour market. Consequently, the number of beneficiaries subject to insurance payments increased too. However, more importantly, the retirement age for women has been gradually aligned with that of men. Since 2009, the retirement age has been 65 years for both sexes (before 1997 it was 60 for women). This measure implies *inter alia* that women can now rely on disability insurance for a longer time and/or at an older age.

Since 2017, the federal government has been preparing a major reform of this sector, as the cost of these payments is too high to be borne by social security. The government intended to save €100 million on long-term disability payments in 2017. For the government, the new measures are based on a policy of ‘activating the sick’ and a philosophy of flushing out fraudsters and punishing profiteers. The trade unions reacted strongly against these measures and denounced a policy embedded in a neoliberal perspective. When a physician recognises a long-term illness, the worker must be offered another job better suited to his/her health situation. Where no solution can be proposed, the employer may dismiss the worker without financial compensation. In 2017, according to the trade unions, more than 70% of those summoned were declared permanently unfit and then dismissed. These figures were confirmed by the Minister of Employment, who had to admit that adapted work had indeed been offered in less than three out of ten cases (Vif 2018).

Debate in the Media

The current debate about extended working life in the media and mainstream press in Belgium is structured around two central topics. The first is not new and concerns consequences of the latest measures taken in the field of long-term illness that we mentioned in the previous section.

The second is indirectly connected with current events. Indeed, the Belgian federal government is currently negotiating with social partners in order to define a list of demanding jobs—an umbrella term for employment that is unusually stressful, contributes to greater potential physical injury and/or increases the risk of mental or physical work-related disabilities. The central aim of these negotiations is to draw up a list of occupations considered as physically demanding. This list is at the core of intense negotiations because the occupations included in this list would allow older workers to leave the labour market early without penalty on the amount of their pension.

Two direct consequences can be determined and have actually been discussed in the media. Firstly, occupations included in the list so far will be unfavourable for women, especially in the care sector, for which few occupations are included. Secondly, the amount available under this reform is structurally insufficient to cover all the occupations concerned. At the end of 2018, no agreement had been signed between social partners and the federal government. The media have adopted a critical position but each position is presented with the same weight and the same importance.

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