



Global Employer Services Individual tax

Special measures for occupational pensions in response to COVID-19 extended

The Belgian government has proposed a further extension through 30 June 2021 of the special measures introduced in response to the COVID-19 pandemic to allow the continued provision of occupational pension and other related benefits during periods of temporary unemployment. This would be the second extension of the measures, which were initially intended to apply as from 13 March 2020 through 30 September 2020, and subsequently extended through 31 March 2021.

Continuation of old-age pension accrual and related benefits as “default option” during periods of temporary unemployment

In the context of the COVID-19 crisis, Belgium introduced legislation providing that during periods of temporary unemployment, occupational pension and related benefits (e.g., death in service benefits, payment of medical expenses, and payments in the event of an employee’s incapacity to work and/or invalidity, etc.) arranged by the employer or a professional association (referred to as “scheme organizers”) should be maintained as the default option. However, scheme organizers were able to opt out from this system.

For scheme organizers that opted out, the existing pension plan rules remained in place, which usually meant that, for periods of temporary unemployment, benefits relating to the old-age pension accrual and cover for other risks (except death) were suspended in the hands of the employees.

For scheme organizers not opting out, the old-age pension and cover for other risks remained in place and the scheme organizer could request to postpone payment of the related premiums for the duration of the period of special measures.

Implications of the proposed amendments

The implications of the proposed amendments for scheme organizers may be summarized as follows:

- **Scheme organizers who have not yet applied the system of temporary unemployment** in the context of COVID-19 by 31 March 2021:
 - It remains possible to opt out from the special measures or to request a postponement of payment of the premiums to 30 June 2021;
 - The decision to opt out from the measures would apply only to the period after 31 March 2021; and
 - A scheme organizer that decides to opt out of the measures must inform affected employees of the related impact on their old-age pension and/or other benefits.
- **Scheme organizers who have already applied the system of temporary unemployment** in the context of COVID-19 prior to 31 March 2021, and:
 - Have opted out from the special measures: The decision to opt out is automatically extended through 30 June 2021, with the result that the provisions of the pension plan rules already in place will continue to apply, which usually means that the benefits regarding old-age pension and other covers (except death) will be suspended; or
 - Have not opted out from the special measures: The existing covers automatically will be maintained through 30 June 2021.

Contacts

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