The effective age of labour market exit is low in Belgium in international comparison.

Retirement-income adequacy may be an issue for future cohorts of retirees and especially so for low-earners.

Belgium records the second lowest effective age of labour market exit in the OECD: 59.6 for men and 58.7 for women relative to 64.2 and 63.6 on average in the OECD.

Similarly, participation rates of older Belgian workers in the labour market are low. While they are close to the OECD average for workers aged between 50 and 54, they are 11 percentage points lower among workers aged between 55 and 59: 58.9% relative to 69.9% in the OECD. And for the group aged between 60 and 64, Belgium records the fifth lowest participation rate, 22%, in the OECD after Hungary, Slovenia, the Slovak Republic and Austria.

Working longer will help to improve the financial sustainability of the pension system. Public pension expenditures are currently higher than the OECD average — close to 11.0% of GDP relative to 9.3% on average — and they are set to increase in the next 50 years. According to the 2012 EU Ageing report, Belgium will spend around 17% of its GDP on public pensions in 2050, which is the third highest level recorded in the OECD.

**Effective age of labour market exit**

![Effective age of labour market exit graph](image)

Public transfers currently represent 81% of the income of the over-65 year olds, the third highest in the OECD, after Luxembourg and Hungary, relative to an OECD average of 59% . Incomes from work and from capital account for 11% and 8%, respectively.

Living standards of people aged over 65 years are below the OECD average. In Belgium, the mean disposable equivalised income of this group is 77% of the overall population’s income, compared with 86% on average in the OECD. Currently, old-age poverty rates are also below the OECD average — 11% of the elderly are at risk of poverty, relative to 12.8% on average in the OECD. But retirement-income adequacy may be an issue also for future cohorts of older people.

Gross pension replacement rates of future retirees will be low relative to the OECD average. Low-income earners may expect around 58% of their lifetime earnings to be replaced, the eighth lowest observed in the OECD and well below the OECD average of 71%. People with average worker wage who enter the labour market now and retire after a full-career may expect 41% of their earnings to be replaced, which is again below the OECD average of 54%.

The coverage of occupational pensions is relatively high in Belgium: 45% of the working-age population is covered, the second highest level in the OECD after Germany. Including the income from a typical voluntary DC pension plan (with a contribution rate of 4.2%) increases the expected net replacement rate for a full career average earner by a third: from 50.1% to 68.6%.

![Income sources older people, late-2000s](chart.png)

Note: Income from work includes both earnings (employment income) and income from self-employment. Capital income includes private pensions as well as income from the returns on non-pension savings.

## Key indicators

<table>
<thead>
<tr>
<th></th>
<th>Belgium</th>
<th>OECD</th>
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</thead>
<tbody>
<tr>
<td>Gross replacement rate</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Average earner (%)</td>
<td>41.0</td>
<td>54.4</td>
</tr>
<tr>
<td>Low earner (%)</td>
<td>58.2</td>
<td>71.0</td>
</tr>
<tr>
<td>Public spending on pensions</td>
<td></td>
<td></td>
</tr>
<tr>
<td>% GDP</td>
<td>10.0</td>
<td>7.8</td>
</tr>
<tr>
<td>Life expectancy</td>
<td></td>
<td></td>
</tr>
<tr>
<td>At birth</td>
<td>80.4</td>
<td>79.9</td>
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<tr>
<td>At age 65</td>
<td>19.4</td>
<td>19.1</td>
</tr>
<tr>
<td>Population aged 65 and over</td>
<td></td>
<td></td>
</tr>
<tr>
<td>% of working-age population</td>
<td>29.6</td>
<td>25.5</td>
</tr>
<tr>
<td>Average earnings</td>
<td>EUR 46100</td>
<td>EUR 32400</td>
</tr>
</tbody>
</table>

Note: replacement rate is pension entitlement from all mandatory sources of retirement income relative to individual earnings. Calculations are for a full-career worker entering the labour market in 2012. Low earner is assumed to earn 50% of the average.


### Notes to editors:

#### Pensions at a Glance 2013: OECD and G20 Indicators

*Published 11.00am Paris time on 26 November 2013*

The report includes pension indicators for the OECD member countries and G20 economies with 2012 pension rules and parameters. There are two special chapters on (i) distributional impact of reforms; (ii) future retirement income adequacy, the role of housing, financial wealth and publicly provided services.


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