WORKING PAPER

Working conditions and sustainable work

Keeping older workers engaged

Country report: Belgium

Keeping older workers in the labour force

Disclaimer: This working paper has not been subject to the full Eurofound evaluation, editorial and publication process.

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Eurofound reference number: WPEF24073

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Background

This country report is based on a series of Eurofound expert interviews with government officials, social partner organisations, and academic experts carried out in the first half of 2024. It further taps into a consultation with the Eurofound Correspondent for Belgium and a review of national-level academic literature.

Context and trends

According to demographic projections, the number of inhabitants in Belgium continues to increase in the coming years, averaging an additional 25,000 inhabitants per year until 2070 (a 10% increase between 2023 and 2070). At the regional level, the trends vary. The population of the Brussels-Capital Region is expected to decrease by 4% between 2023 and 2070. In the Walloon region, population growth is very slight, only 2% between 2023 and 2070, with negative growth starting in the late 2040s. Population growth remains more dynamic in the Flemish region, with an expected increase of 17% by 2070.

In the coming years, the Belgian population will age further due to increased life expectancy and low fertility rates, but especially due to the baby boom generation over the next 20 years. Born after the war, this generation is gradually increasing the number of those over 66 years old. By 2070, Belgium will have 2.4 people aged 18 to 66 for every person aged 67 and older. On January 1, 2023, this ratio was 3.6 people aged 18 to 66 for every person aged 67+. (Federal Planning Bureau & Statistics Belgium, 2024)

To address the demographic changes in the EU27, where people are living and working longer, Belgium will increase the statutory retirement age. In 2024, the retirement age is 65, but it will rise to 66 in 2025 and to 67 in 2030. There is no official definition of older workers, as in some policies, 45+ is being used as the threshold, for instance, in the CLO 104, while in many workplaces, a threshold of 50, or 55+ is used. Sectors in which older workers are overrepresented include healthcare, industrial, educational sectors, and they more frequently work part-time.

In 2017, the OECD stated that "*Belgium has much to do to increase the employment rate for older workers*" (p.1). However, despite older workers still being underrepresented in the Belgian labour market compared to younger age cohorts, working at an older age has become more common in recent years. The increase in older worker labour market activity is partly attributed to the recent increase in part-time work, in which people combine their job with their retirement income. In addition, Belgium is experiencing tight labour market conditions, posing opportunities for seniors to stay in- or re-enter the labour market, due to the excess demand for labour. Working at an older age remains challenging, especially in physically demanding jobs where retaining older workers is problematic. Reintegrating long-term sick employees into the workforce is also a significant concern, making it a crucial topic of discussion.

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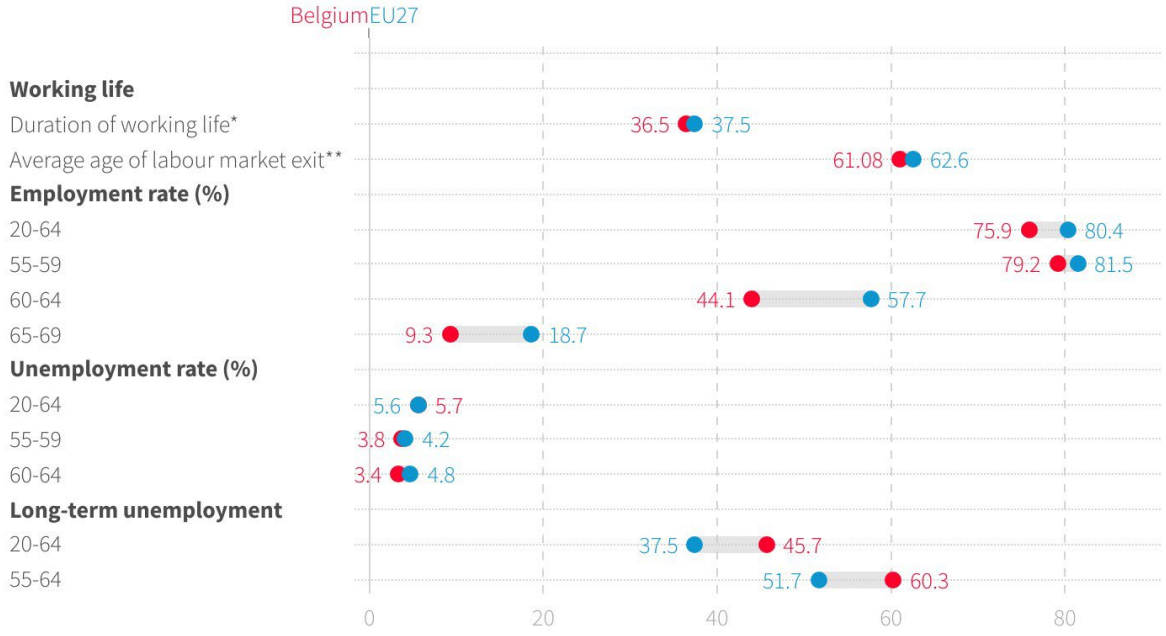
Table 1 Labour market related indicators

Males



Source: Eurostat, EU-LFS & OECD data base

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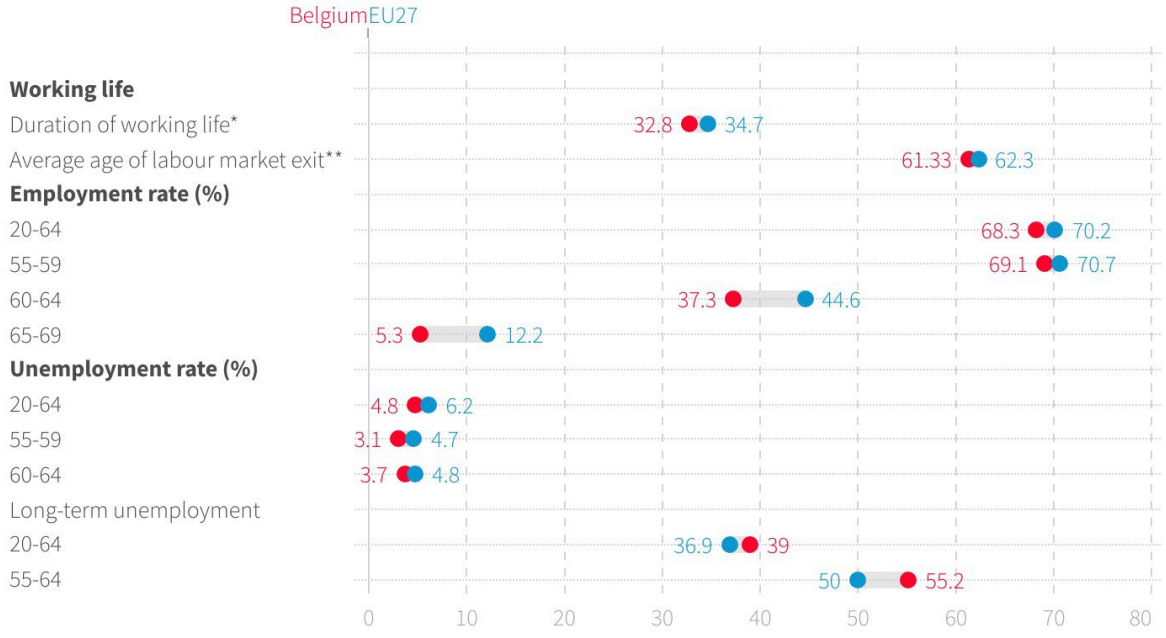
Females



Source: Eurostat, EU-LFS & OECD data base

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*Notes: *) OECD indicator shown for five-year period 2017-22. **) estimation of the number of years a person, currently aged 15 years, is expected to be in the labour force (i.e. to be employed or unemployed) throughout his or her life.*

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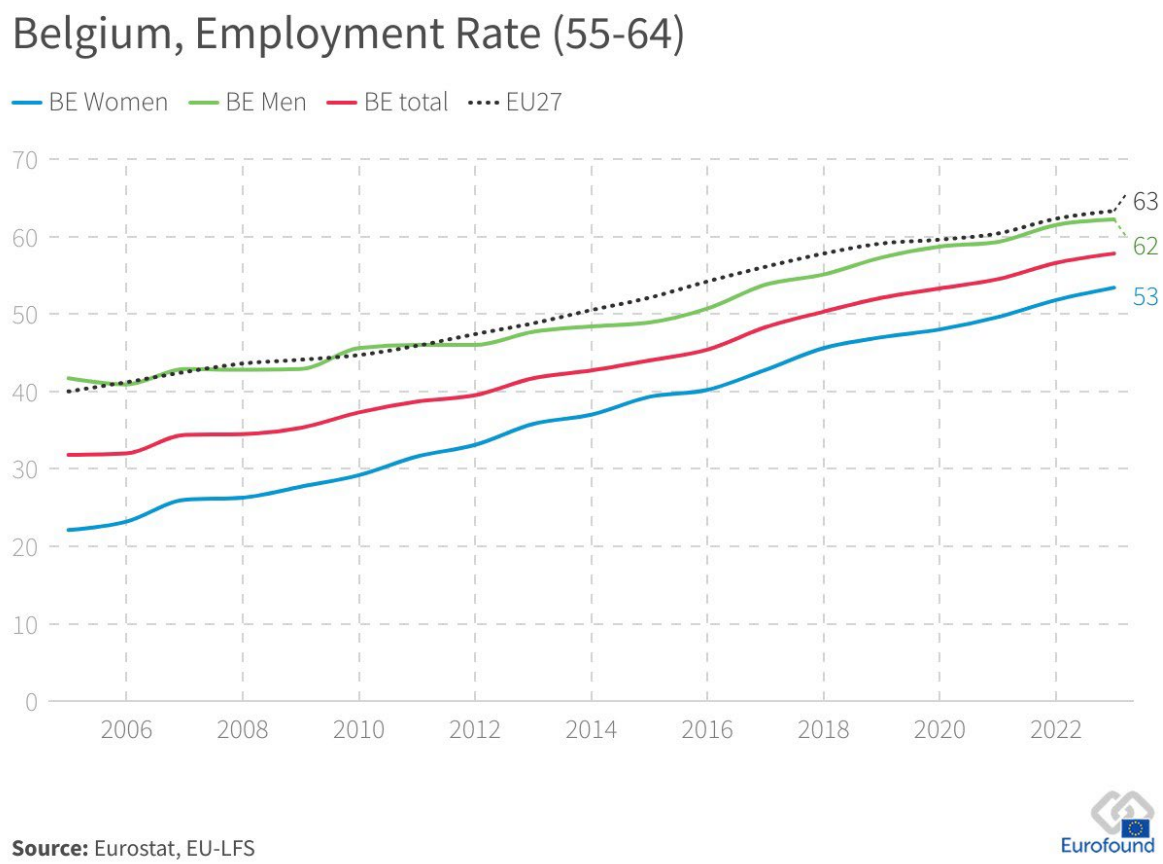
Table 1 above shows that Belgium has lower employment rates for men and women in all age categories compared to the EU27 average. The average age of labour market exit is for men 1.1 years and for women 1 year below the EU average. However, employment rates among older workers have been increasing in recent years. Between 2005 and 2022, the employment rate for men aged 55-64 has increased by 24.9 percentage points, and for women by 15.6 p.p. Several reforms have extended career durations, resulting in an increase in employment opportunities of workers aged 55-64 from 25% in 2002 to nearly 60% in 2022 (National Bank of Belgium, 2023).

Figure 1: Development of employment rates age group 55-64 across gender, 2005-22, % of total population



Main factors for exiting the labour market

Early retirement and flexi-jobs

While retiring at the pension age of 65 (in 2024) is common, employees can take early retirement at the age of 60 after having worked for 44 years, at the age of 61 or 62 after 43 years of work, and at age 63 after 42 years of work. Leaving the labour market at a lower age than the statutory pension age is thus dependent on how many years one worked. The pension received is lower than when working until the statutory retirement age, yet this does not appear to be an incentive to continue working until the statutory retirement age as other factors are at play as well. As the monetary difference is not significant, the financial difference between taking early retirement and working until the statutory retirement age can be offset by engaging in flexi-jobs. With flexi-jobs (currently only

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possible in a limited number of sector and with some restrictions[1]), retirement is combined with working for a reduced number of days at the company they used to work full-time at or at another company. With this, it is for instance common to work one day a week, or a day during the weekend.

Psycho-social and muscular conditions

People tend to leave the labour market early due to psycho-social and muscular conditions. Psycho-social conditions are often seen in those working in hospitality, banks, care and other sectors, for instance through burnout, depression, or high workloads. Bullying in the labour market also appears to be an issue, adding to psycho-social constraints. Muscular conditions are often related to the ergonomics of jobs. In addition, 70% of individuals suffering from depression are aged 45 and above, highlighting significant mental health concerns within this demographic. These issues are exacerbated by advancements in technology, evolving work methods, and changing management practices and the need to adapt to this at an older age.

Seniority system and age discrimination

Some claim that in Belgium employers are less motivated to recruit older workers because of the rigid system of seniority wages (OECD, 2017; CSE 2017). Older workers themselves may feel trapped as due to their perceived lower productivity, they risk a substantial wage drop when moving to a job in a different sector or with a different employer. In that sense, the seniority system (regulated by collective agreements at sectorial or company level) acts as a disincentive to recruitment of older workers. Age discrimination in recruitment was also proved to be an issue in the Belgium context as in Europe in general (Lippens et al., 2023).

Unemployment benefits and sick leave allowances

Reduced availability of older workers in Belgium may also be due to the full use that has been made of the common safety nets for those not at work: unemployment benefits and sick leave allowances. Fraikin et al. (2018, p.9) mention the unemployment insurance – especially the fact these benefits are not limited in time, the only such regulation in the EU – as a pathway to early retirement. Since 1985, old-aged unemployed were exempted from both actively looking for a job and from an availability condition for the labour market. In 2012, the eligibility age has been increased to 60 years. The group of people inactive due to long-term sickness or disability has doubled when comparing with 2004, leading to the hypothesis that long-term sickness is to some extent compensating for the up-moving age limits for early retirement schemes and the stricter unemployment regulation.

Priorities, policies, support

Regional disparities in older worker labour market participation are evident across Belgium, leading to differences in priorities, policies, and support per region. In Flanders, the population is older, and there is nearly full employment. Conversely, Wallonia and Brussels have younger populations but face high unemployment rates. Overall economic inactivity remains high. These regional differences necessitate tailored policy approaches to address specific economic and demographic challenges in each area.

[1] Flexi-job employment contract | Federal Public Service Employment, Labour and Social Dialogue (belgie.be)

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In accordance with the **Collective Labour Agreement 104 (CLA 104)** all companies employing more than 20 individuals are required to develop an employment plan aimed at maintaining or increasing the number of employees aged 45 and above. This plan must outline the measures intended to achieve these objects. The CLO is however not binding: companies must put a plan in place, but it does not define objectives to be achieved or minimum measures to be put in place. The agreement is established for an indefinite duration and commenced in 2013. While this agreement focuses on older people, in its application, an age-conscious employee policy is likewise promoted, as each age cohort has distinct needs, as work-place related challenges at old age can often be prevented at a younger age in the career.

In the event of redundancy, the ***'stelsel van werkloosheid met bedrijfstoeslag' / Chômage avec complément d'entreprise*** (unemployment with company top-up) allows employees aged 62 and above to receive additional compensation, called the 'company top-up,' on top of unemployment benefits. This allowance is funded by the employer. There are career requirements associated with this agreement: in 2023, men were required to demonstrate 40 years of professional experience, while women were required to demonstrate 39 years. Since 2024, women are also required to demonstrate 40 years. With this policy, people may be called upon work in a different capacity. For example, if a truck driver can no longer perform long hauls, they might be asked to educate others in the profession or transition into a role involving shorter hauls with a different company.

There are several **subsidy measures** for those working in physically demanding jobs. For instance, older workers working in factories typically prefer working in a permanent day team, avoiding night shifts. However, this preference often results in lower earnings, which dissuades them from opting for these positions. To address this issue, a subsidy measure has been introduced to ensure that older workers can maintain their current salary levels while working under new conditions. This initiative aims to incentivise older workers to choose roles that align with their preferences without financial penalty, thereby supporting their continued participation in the workforce.

Tax exemption measures for adapted work are also in place. When an employee older than 60 in the private sector agrees to shift to a working time reduction to 80% with an adapted task package, they may receive a premium from their employer. The employer is exempted from taxes for this premium. The measure was introduced to keep older workers at work. The application is however subject to sectorial collective agreements stipulating the exact terms (height of the premium etc.). An overview of which sectors have endorsed this measure and how many premiums have been provided is currently lacking.

Similarly, a measure implemented in the Flemish region, aims to **support the employment of older employees** in the profit sector. Introduced by the Flemish cabinet (2014-2018), the measure has a phased-out structure with the minimum age requirement gradually increasing. For example, in 2023, employers receive a quarterly subsidy of €600 for employees aged 60 to 62, and €1500 for employees over 62 or newly recruited staff over 58, provided the quarterly reference salary is at least €13,945. This subsidy is available for the entire remaining period of their employment and is applied as a discount on the employer's social security contributions.

Sector-specific flexi-jobs have been introduced in the hotel & catering sector in 2015 (federal law of 16th November 2015) and extended to the retail and other sectors by 2018, when they were also made accessible for retired persons. Such jobs are currently available for employees working minimum 80% (in sectors where applicable), and for retired persons. Employees receiving income from a flexi-

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job are exempted from social security contributions. The employer's contribution to the social security contribution is reduced to 25%. The measure was introduced and gradually expanded (originally to combat undeclared labour), to meet the recent strong increase in demand for labour in various sectors.

The regulation is explained more in detail here

Sustainable work

Indicators

The proportion of employees aged 55-64 rating their health as very good or good is higher in Belgium compared to the EU27 average for both men and women. Similarly, the healthy life year expectation at 65 exceeds the EU27 average for both sexes. However, women 55+ report a lower mental wellbeing score compared to the EU27 average, while Belgian men score higher than their EU27 counterparts.

Table 2: Sustainable work indicators

	Belgium		EU-27	
	Men	Women	Men	Women
Health and wellbeing				
Self-perceived health (very good/good, % of employees) 55-64	82.9	79.7	67.6	66.9
Healthy life year expectation at 65[1]	11.0	11.3	9.5	9.9
WHO-5 mental wellbeing score, employees (0-100, mean), 55+[2]	72.0	65.6	70.6	65.8
Employability (% of employees 55+)				
Participation in education or training	7.3	7.9	7.5	10.2
Job insecurity	10.0	8.0	12.9	10.4
Job quality				
Paid appropriately	67.9	67.1	64.7	54.9
High job quality	46.4	40.2	51.0	45.6

Source: Eurofound, EWCT 2021, Eurostat, EU-SILC

Notes: [1]) Life expectancy at age 65 is the unweighted average of the life expectancy at age 65 of women and men. [2]) The World Health Organisation- Five Well-Being Index (WHO-5) is a short self-reported measure of current mental wellbeing. The figure in the table is based on the EWCTS 2021

As highlighted before, several interviewees highlighted poor mental health among older employees, specifically in physical intensive jobs. When not addressed, these mental health issues continue to develop. In 2018 it became evident that people over 75 are particularly vulnerable to general unwellness and are more susceptible to psychological problems. Within this group, one in four men and one in three women use sleeping pills, tranquilizers, or antidepressants (Gisle et al., 2018). Despite

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the increased vulnerability, the likelihood of consulting a psychotherapist for depression decreases with age. The percentage of individuals with depression seeking psychotherapy drops from 62.6% among those aged 15-24 to 33.6% among those aged 55-64, and only 10.6% among those over 75 (3% for men and 13.3% for women).

Sustainable work initiatives

While not specifically targeting older workers, companies in Flanders have the opportunity to apply for **workability vouchers**, a subsidy aimed at addressing challenges related to sustainable and feasible work environments. Through these checks, companies can receive up to €10,000 in support to tackle various bottlenecks. One major bottleneck for which the subsidy can be used, is for purchasing advice, guidance, and training that enhances the psychosocial well-being of employees, which, as explained before, is an issue for older workers. It includes adjustments of workstations and organisational processes to improve workability and safety, as well as initiatives to strengthen employee competencies. This specifically aids older employees, as this age cohort is the largest share experiencing problems related to psychosocial well-being in the workforce.

The Royal Decree of 11th September 2022 held the most recent regulation regarding the reintegration of long-term sick workers. This regulation is an updated and relevant specification of the Law of Employee Welfare (4th august 1996) and based on the finding that an absence of over three months tends to reduce the chance of resumption of work. The regulation comes down to a time schedule, wherein an absentee due to sickness is contacted by an occupational physician (or prevention advisor) to assess the prospects and possibilities for resuming work. Depending on this assessment, the employer will be informed whether the illness is caused by work characteristics (tasks, work environment, etc.) or else whether adaptations at work level could facilitate the resumption. If that is the case, the employer will be demanded to come up with a proposal to offer the returning employee other or adapted tasks or even adapt the workstation.

Detailed information: here

It is also possible that an employee on long-term sick leave temporarily resumes the work with another employer who can offer an adapted task package that the original employer cannot offer. This arrangement will however need the consent of the occupational physician, the mutual health insurance company, and the original employer.

Detailed information: here

The role of social partners

Social partners engage in consultations at various levels. For instance, representatives of social partners participate in the National Labour Council, where overarching systems and policies are discussed. Additionally, consultations occur within each Joint Committee, focusing on sector-specific issues, recognising that some sectors may have more advantages than others, for instance the chemical sector. Furthermore, company-level negotiations take place, and social partners played a crucial role in the development of the earlier mentioned CLA 104.

Collective Agreement 104 encourages companies to develop employment plans for older workers, initiated by the Di Rupo Administration (2011-2014) to complement early retirement reduction policies. The National Employment Council (NAR/CNT) was tasked with creating this framework,

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resulting in the June 2012 Agreement. The Agreement suggests initiatives for an annual 'company employment plan for recruiting and/or retaining employees aged 45 and older,' including recruiting staff aged 45+, training, career guidance, internal transfers, adjusting working hours and conditions, addressing physical barriers, and recognizing acquired competences. Employers must negotiate these plans with workers' representatives (unions) or inform workers directly in small or medium enterprises. These plans must be available for social inspection. Companies with fewer than 20 employees are exempt.

In October 2016, the social partners of the **Chemical sector** launched a sectorial **Collective Agreement** to create a 'demographical fund'. Companies are required to contribute an amount equal to 0.30% of their wage & salary mass to this fund. In return, they receive financial support from the fund if they design and implement an action plan at company level (and endorsed by the social partners at company level) aimed at **making work manageable for ageing workers**. Actions eligible for fund support include work-related actions (such as age-based leave, adapted task packages, work autonomy, etc.), health-related actions (fitness, ergonomics, offering healthy food, fruit etc.), competence-related actions (knowledge management, internal diffusion of skills, training), and career-related actions (e.g. regular career talks). By mid-2022, about 370 companies had launched an action plan.

Sector funds, governed by the bipartite partners at sector level operate through a negotiated percentage of the salary mass. Although originally designed as providers of vocational training for employees, some of them are diversifying their services, offering also organisation and job design counselling with the particular aim to keep employees' competences and job satisfaction at acceptable levels.

Overview of sectoral funds: here

A good example is the sectoral fund in the food industry (Alimento IPV) which has launched a programme directed towards their members called '*langer werken met goesting*' (*working longer with appetite*) and holding a variety of components to keep older employees at work: training, HR management, work organisation, work circumstances, designing employability plans for 45+ (Collective Agreement 104)

Information on this specific offer: link

Policy pointers

- **Prioritising the mental and physical health** of older workers is essential for maintaining their engagement in the workforce. As the pension age rises, individuals are encouraged to work longer, but many are not doing so under healthy conditions. Health issues are the primary barrier to keeping older workers employed; therefore, enhancing health initiatives is crucial.
- Innovative changes on the labour market, for instance focusing on the **ergonomics of physical demanding jobs** would reduce the physical issues detected amongst older workers, specifically in physically demanding jobs. By emphasising ergonomic considerations early in a career, many physical complaints at old age can be prevented. Strategies such as implementing rotation systems are effective in reducing injuries and improving long-term health outcomes.

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- There is a critical need to **increase awareness about available educational opportunities**. Despite the multitude of options, such as workability checks, many employers and employees remain unaware of them. This underscores the necessity for comprehensive information dissemination.
- Sector funds hold substantial financial resources, yet there is uncertainty regarding their optimal allocation and utilisation. Addressing these challenges requires **strategic planning** to ensure effective and purposeful investment in initiatives that promote sustainable employment.
- The current law prohibiting workplace age discrimination needs redevelopment. Despite its existence, age-based discrimination persists and can be challenging to substantiate. **Redeveloping the law regarding workplace age discrimination** with more stringent measures is essential to effectively combat such discriminatory practices.
- To effectively address the challenges of reintegrating older workers, reintegration legislation should shift its focus from adapting people to fit work requirements to adapting work environments to meet the needs of people. For instance, by modifying job roles, enhancing workplace flexibility, and implementing supportive measures tailored to the capabilities and health conditions of older employees.

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Interviews were carried out with the following persons:

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