What are your pension rights as a company director in Belgium ?

Traditionally, **self-employed individuals** in Belgium do not have the same pension rights as **employees**. As of 2021, **statutory pension** for self-employed is calculated **the same way** as for employees, which should result in a **higher statutory pension** over time.

As **company directors** are generally considered to be self-employed in Belgium, this is a **positive development** for this category as well. Statutory pension is normally calculated based on your **self-employed business income** or **salary** you take out of your management company. Before, **only 69%** was taken into consideration, but since 2021 this is now **100%**. The **further away** you currently are from retirement, the **higher your statutory pension** will be in the future.

Since statutory pension will in any case be **lower** than your current salary level, it will likely **be insufficient** to maintain **your current lifestyle**. For this reason, you may want to **top up** your statutory pension with one or more **supplementary pension plans**. For company managers, this is typically done in a **tax-efficient manner** through the company via a so-called '**Individual Pension Agreement**' and/or '**Group Insurance Policy**'. The premiums paid into the plan are **fully tax-deductible** as long as the total of both your statutory and supplementary pension **does not exceed 80%** of your (most recent) normal **annual gross salary**. This is the so-called '**80%-rule**'. The applicable **formula** is the following:

Supplementary pension ≤ (80% of normal annual gross salary - est. statutory pension)

Statutory pension should therefore be included in the 80% limit. As this amount is not yet known when the insurance premiums are paid, the tax office allows you to **estimate the amount**. It can be estimated at **25% of your gross salary**, considering the legal minimum and maximum (which are revised annually). However, for the years worked **from 2021** onwards, **50% of your gross salary** must be taken into account to calculate the **80% limitation**.

In this context, **supplementary pension** refers to any pension that is accrued under the so-called '**second pension pillar**'. This includes *Individual Pension Agreements* and *Group Insurance Policies*. Your **Private Supplementary Pension for the Self-Employed** (*VAPZ/PLCI*) also counts towards the maximum premium you can contribute. Policies taken out individually, such as a personal pension saving plan under the '**third pension pillar**', should **not be included**.

As a result, the tax-deductible insurance premium amount **may now be lower** than it was before. In certain cases, you can even pay premiums for the past (max. for 10 years), which is called a '**back-service**'. These payments are also **fully tax-deductible** for the company. This is a **complex** matter and **expert guidance** is recommended, like your financial advisor or insurance agent.

TAXPATRIA® can advise you on the **tax implications** of your **supplementary pension planning** and your **business accounting**.