

Mercury Engineering Belgium SRL

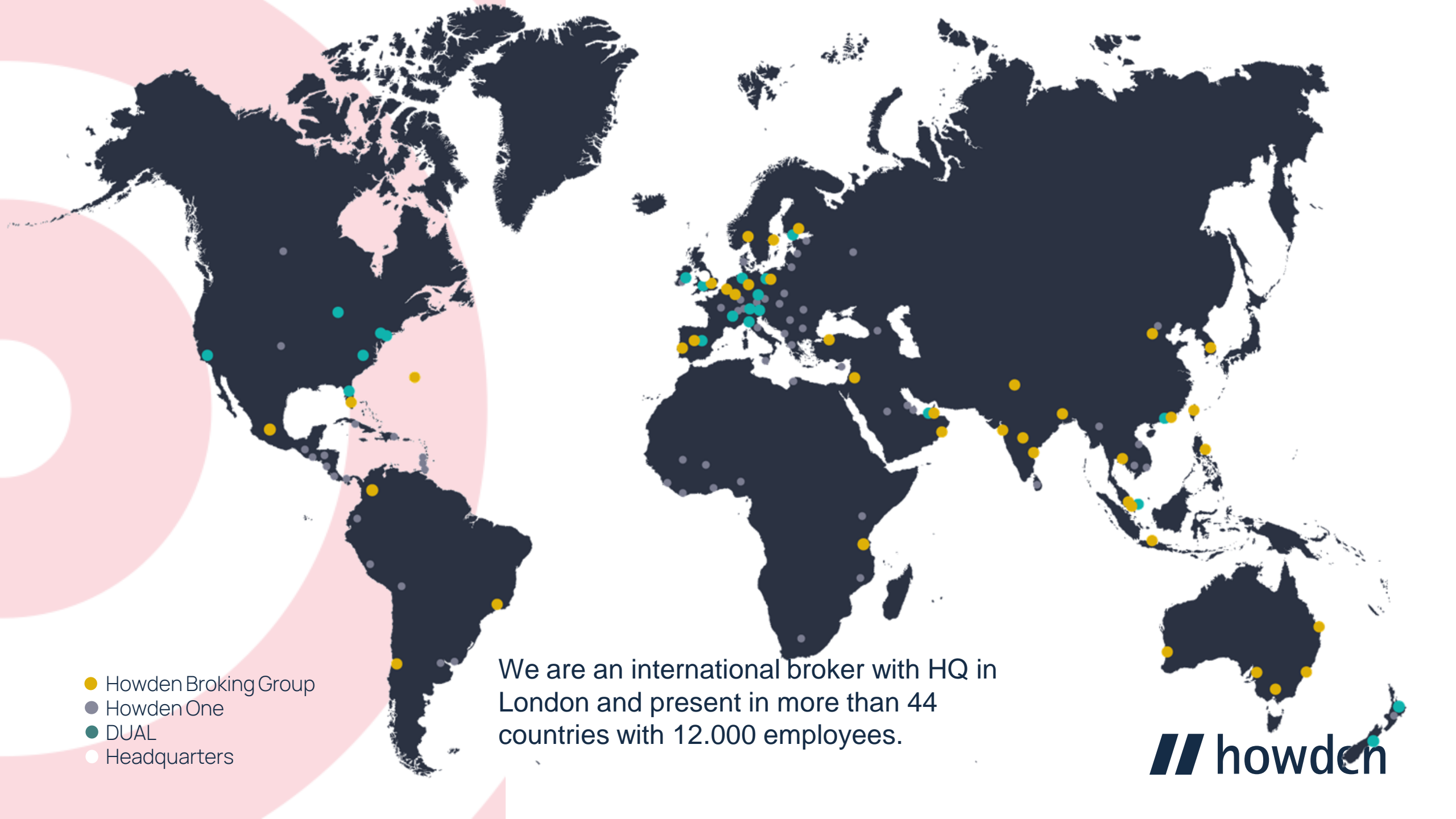
Employee Benefits



2022-21-09

Annemieke Schepers
Executive Director EB Howden Belgium

Employee Benefits
& Wellbeing



- Howden Broking Group
- Howden One
- DUAL
- Headquarters

We are an international broker with HQ in London and present in more than 44 countries with 12.000 employees.



Content

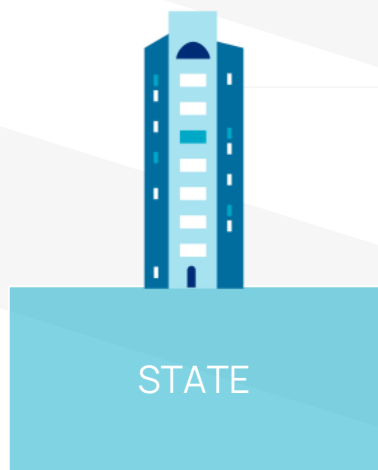
1. Social Security Benefits
2. Your complementary plan
3. Taxation of the benefits
4. About the insurer



1. Social Security benefits

The 3 pillars

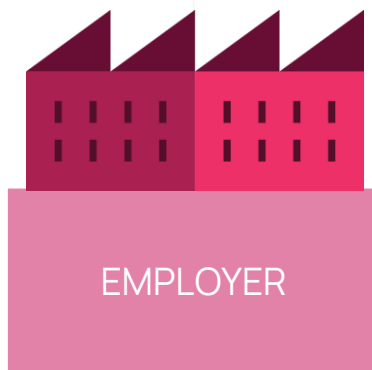
Social Security System in Belgium



1st Pillar

Legal pension

Distribution system



2nd Pillar

Extra Legal Pension

Organized by the employer.

Group Insurance



3rd Pillar

Individual Life Insurance

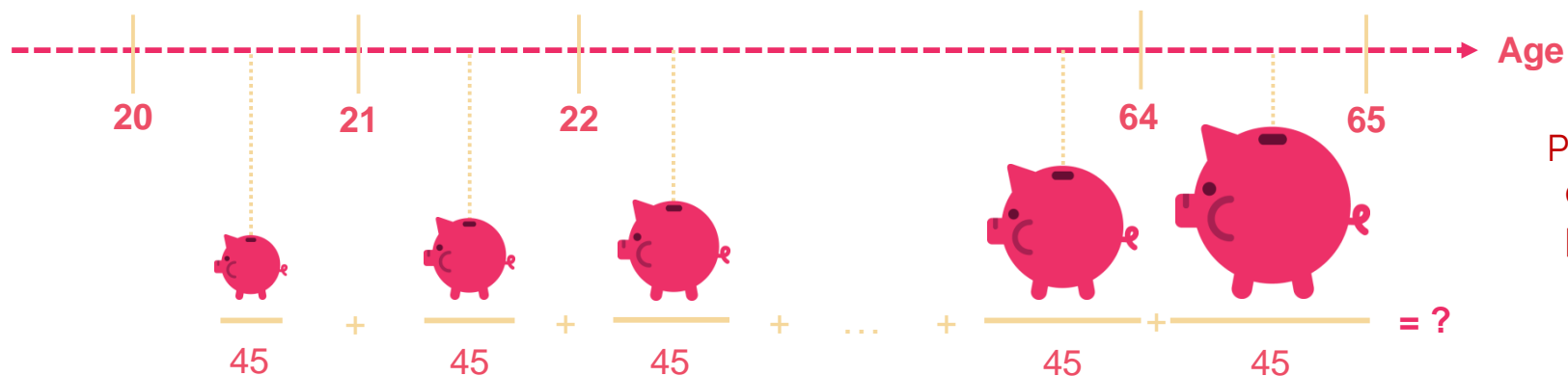
& Pension Savings

Pension

1st Pillar : Legal Pension

Figures 2022 (gross):

- Minimum: 17.680 €/year (**1.473 €/month**)
- Maximum: 32.654 €/year (**2.721 €/month**)



Pension contributions are paid on the full salary but no legal pension is built up above the Legal ceiling (63.944,72€)



- 60% (rate for single) or 75% (rate for a household) of the gross annual salary, with a maximum of 63.944,72 € for 2022.
- Career of 45 years

Issue: few people have a full career

- The study period is longer;
- Interruption of carriers for various reasons (halftime; parttime, ...);
- Less than 4 out of 10 people are still active >60 years old

1st Pillar : Legal Pension

- **Retirement age:**
 - Currently, the **retirement age is 65**.
 - With the recent reforms, it will **increase to 66 in 2025 and to 67 in 2030**.
 - However, early-retirement is still possible if certain age and service conditions are met.
- **Financing of the 1st Pillar:**
 - **Compulsory social security contributions** of:
 - **Employee: 13,07%** (from which 7,50% is for their pension),
 - **Employer: +/- 35%** (from which 8,86% is for their employees' pension).
 - **Sustainability of the current pension distribution system is under threat** due to an ageing population and the ongoing reforms regarding the tenure of professional activity.
- **For more information**, consult “socialesecurity.fgov.be” and under ‘Publications’:
 - *Everything you have always wanted to know about Social Security*
 - Available in ENG, FR, NL, & DE
 - Direct link: <https://socialesecurity.belgium.be/sites/default/files/alwa-en.pdf>

Life

1st Pillar : Life benefit

Granting Conditions:

- Age of 47 and older (50 as of 2025) and being married for at least 1 year.
- If the above conditions are not fulfilled, a survivor's pension can be granted if:
 - The employee has a dependent child or,
 - The employee has a child born from the marriage (or a civil solidarity pact) or,
 - If death is due to an accident or caused by an accident at work during their profession.
- If the survivor does not benefit from a professional/replacement income that surpasses (2017):
 - 18.291€ without dependent child
 - 22.864€ with dependent child

Remark:

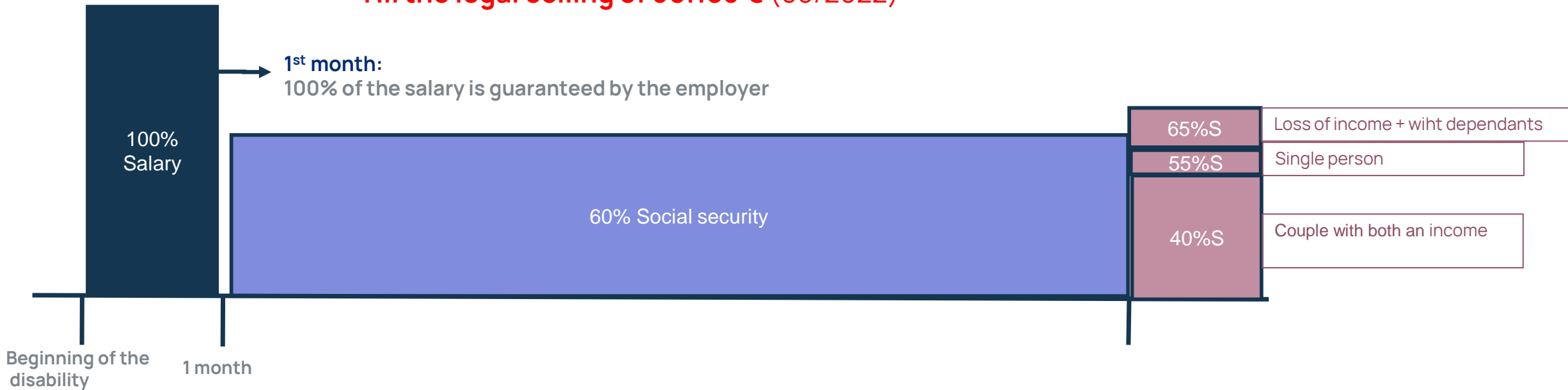
The surviving partner may qualify for a transition allowance that grants a survival pension for a period of 12 months (or 24 months with a dependent child).

Disability

1st Pillar : Disability benefit in case of an Illness or a Private Life Accident

- 1st month : 100% of the salary is guaranteed by the employer
- > 1 month :
 - 2nd till 12th month : **60% of the gross anual salary**,
 - > 13th month:
 - 40% : couple with double income (regardless of whether there are dependent children or not)
 - 55% : single person (meaning without dependent children)
 - 65% : family, loss of income (If with dependant) (spouse without income / or isolated with dependent child).

Till the legal ceiling of 50.185 € (05/2022)



Disability

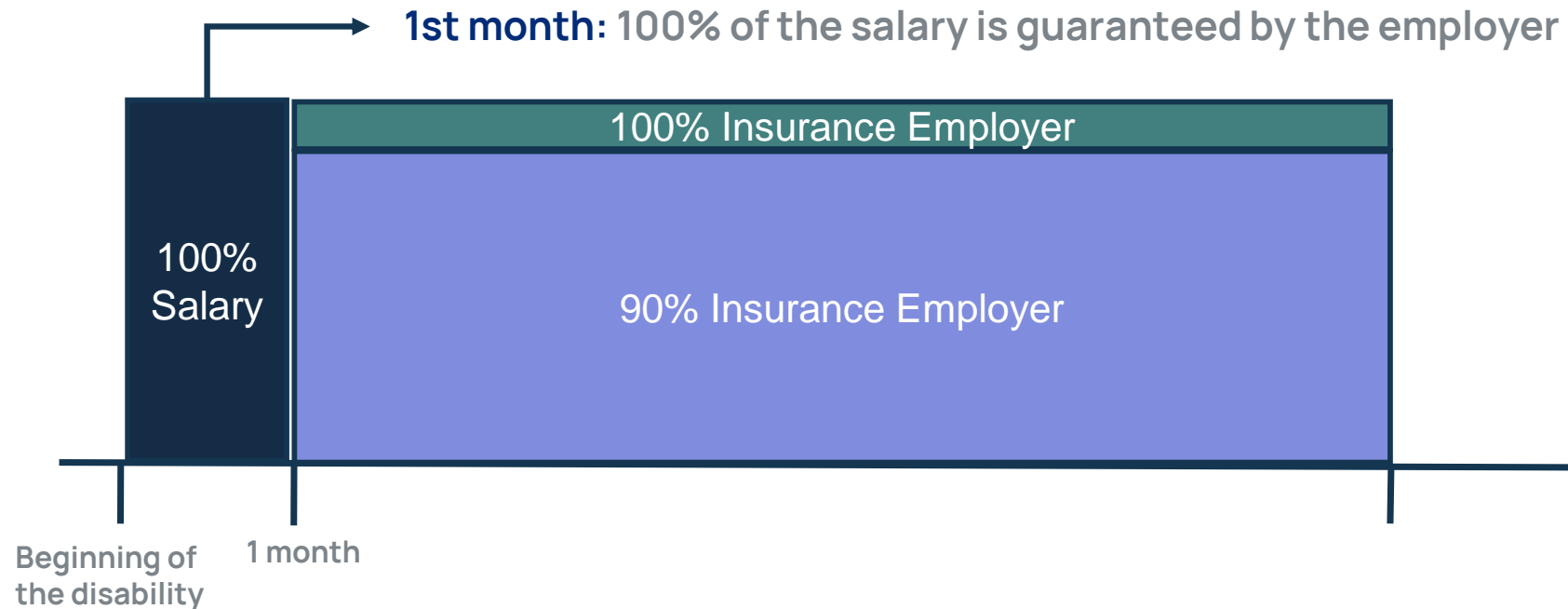
1st Pillar : Disability benefit in case of a Workaccident

- 1st month : 100% of the salary is guaranteed by the employer
- > 1 month:

In case of a workaccident:

- If temporary disability: 90% of the gross anual salary,
- If permanent disability: 100% of the gross anual salary,

Till the legal ceiling of 48.084,06 € (2022)



Your complementary plan

1.1. Insurer & Data

1.2. Pension


1.3. Life

1.4. Waiver of Premium payment

1.5. Payment method, Taxes and social contributions

1.6. General information

1.1. INSURER & DATA

- **Policyholder:** Mercury Engineering Belgium SRL
- **Insurer:** **Allianz** 
- **Start date of the plan:** October 1st, 2022
- **Affiliation:** all employees of Mercury Engineering Belgium SRL
- **Normal retirement age:** 65 going forward 67 years
- **Yearly salary:** 13,92* x gross monthly salary
- **Main renewal date:** the premiums and benefits are recalculated annually on October 1st

(*)13,92 = 12 x monthly salary + 13th month + Holiday pay

1.2. PENSION

Pension benefits:

- **Employer retirement contributions:**
5%S*
- **Employee retirement contributions:**
(Personal retirement contribution is always on the gross salary)
5%S*

Pension Lump sum = Employer contributions+ Employee contributions +return

the return on the funds influenced by the application of the premium investment method.
The minimum legal LSP** protection (1.75%), Article 24, applies.

At the request of the employee, at pensionable age, the Retirement Lumpsum may be paid out either in the form of a capital or in the form of an annuity.

In the event of death before the end date, the accrued savings will be refunded to the beneficiary or beneficiaries of the employee.

(*) S= the annual salary communicated by the employer (Monthly salary x 13,92)

(**) LSP: Law on Supplementary Pensions

1.3. LIFE

Death benefits:

- All causes death lump sum:

$$2 \times S^*$$

The benefit in the event of death before the end date is equal to the accrued savings and amounts following the above formula.

At the request of the beneficiary or beneficiaries, the death benefit can be paid out either in the form of a capital or in the form of an annuity.

(*)S= the reference salary is the annual salary communicated by the employer (Monthly salary x 13,92)

1.4. WAIVER OF PREMIUM PAYMENT

Waiver benefits:

➤ **Waiver of premium payment: exemption from premium payments**

The employee declared disabled to work will remain entitled to the benefits of the plan (Retirement/Life), the insurer (Allianz) takes over the premium payment of the employer after the waiting period.

➤ **Waiting period:** 1 month

the first month of absence is paid by the employer, after that the employee falls back on social security and the insurance kicks in.

In the event of occupational disability before the end date as a result of illness, pregnancy, childbirth or accident, the employer contribution is exempt from payment. The insurer will take the payment of these contributions upon him.

1.5. PAYMENT METHOD, TAXES AND SOCIAL CONTRIBUTIONS

The employer's and employees contribution (with tax) is payable monthly at the end of each month.

The tax is **4.40%** of the employer's contribution and the personal contribution.
This tax is paid by the employer to the insurance company.

The NSSO* contribution is **8.86%** of the employer's Retirement/Life contribution (without tax).
is paid by the employer to the social contribution authority through the payroll provider.

(*)NSSO: National Sample Survey Office – Belgium Social security

1.6. GENERAL INFORMATION

Vesting period:

The employee acquires the rights to the retirement benefit* as from the date of set up of the plan or of entry into service.

(*) the retirement benefit= employer and employee contributions

Vested rights in case of departure

The vested rights are equal to the sum of the value of the contract (premiums + return).

In case of departure, the employee may opt:

- to maintain them in the contract of Mercury (premium payment stops and savings benefit from return);
- to transfer them to his/her new employer if there is a pension scheme and all parties are in agreement
- to transfer them into the duly registered scheme of the Insurer;
- to continue the payment of premiums on personal bases (fiscally not interesting, 3rd pillar)



2. Taxation of the benefits

2.1. Taxation of the Pension Benefits

2.2. Taxation of the Life Benefits

2.3. Example

2.1.TAXATION OF THE PENSION BENEFITS

The pension capital, less the NIHDI * and Solidarity Withholding Tax , is taxed at a separate tax rate. It should be noted that the pension capital can only be paid out when the statutory pension is taken up or when the age at which the statutory pension can be taken up is reached (whether this concerns early retirement or not).

Solidarity Withholding Tax (capital and profit sharing): 2%

NIHDI Withholding Tax (capital and profit sharing): 3,55 %

On the remaining balance of the capital (94,45%), a Tax at Source is deducted:

- At age 60: 20%
- At age 61: 18%
- Between the ages 62 of 64: 16,5%
- As of age 65: 10%

(only if still professionally active until the statutory retirement age, if not: 16.50%)

Additional Municipal Taxes are due on the taxation at source.

(*) National Institute for Health and Disability Insurance (NIHDI) is a federal public body of social security in Belgium

2.2.TAXATION OF THE LIFE BENEFITS

The life benefit, less the NIHDI and Solidarity Withholding Tax, is taxed at a separate tax rate.

The tax rate for life benefit accrued through employer contributions is 16.50%.

The profit sharing included in the Death Lumpsum (30%) is not taxable.

The final tax assessment is done via the tax return in the year following the payment of the capital. The municipal tax applicable in the beneficiary's place of residence must also be taken into account. Allianz already settles an advance on this municipal tax upon payment of the capital .

If the beneficiaries are the widow, the widower and/or the employee's children under the age of 21, no succession duty is due.

If the beneficiaries are persons other than the aforementioned, then succession duty is due, which is determined according to the rates in force in the deceased employee's region of residence.

2.3. EXAMPLE

Pension Lumpsum of 80.000€ at age 65y

Pension Lumpsum: employer + employee contributions

Lump sum (contractual)	€	80.000,00	€
Profit sharing	€	5.000,00	€
Solidarity withholding tax (2 %)	€	-1.700,00	€
NIHDI withholding tax (3,55%)	€	-3.017,50	€
Taxation at 65 (10,00%) only on the contractual lump sum (after deduction of the withholdings)	€	-7.556,00	€
Balance	€	72.726,50	€
Additional municipal taxes (7%) due next fiscal year	€	-528,92	€

3. About the insurer

3.1. About Allianz

3.2. Investment method

3.3. Online tools



3.1. ABOUT ALLIANZ

Allianz Group: a solid and reliable partner

Standard &
Poor's
rating since 2007

AA

Solvency II ratio
on 31/03/2022

199%

Market Cap
on 31/03/2022

€ 88 bn

there to serve **more than 86 million customers** in over **70 countries**

- among the **top 30** of the **main companies in the world** based on turnover
- the **insurer** of the **highest number of companies** within the **Global Fortune 500**
- the **largest Property & Casualty insurer in the world** based on turnover
- a **world leader** in **Life & Health**
- the **leading assistance insurer** (Allianz Global Assistance)
- the **world leader in credit insurance** (Euler Hermes)
- **one of the four most important companies in the world in Asset Management**

(Allianz Global Investors and Pimco)

3.2. INVESTMENT METHOD

Lifecycle and Glidepath principle

This is an investment methodology in which, due to changes in the proportions of shares and bonds, the investment risk for the employee decreases as retirement age approaches.

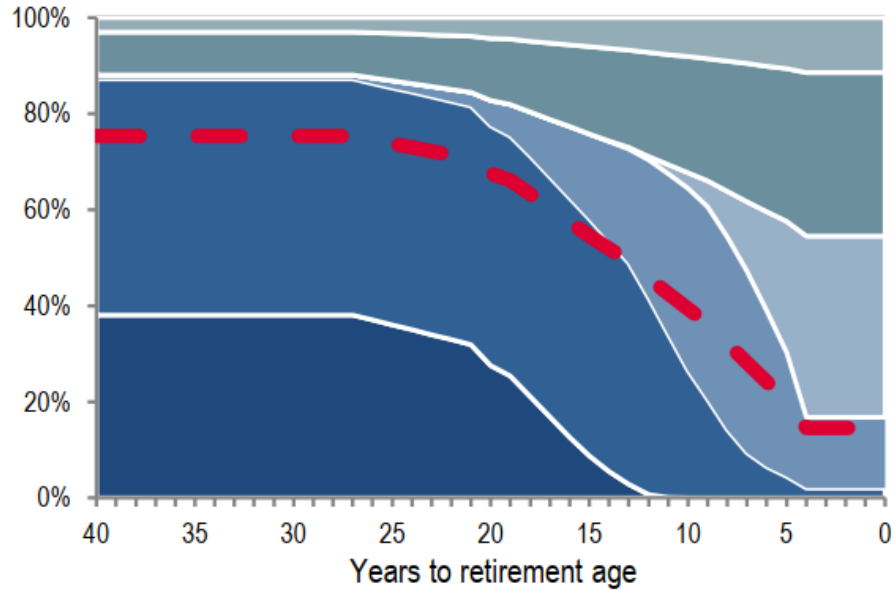
The life cycles Allianz offers have been developed by Risklab GmbH, a subsidiary of Allianz Global Investors GmbH, to determine the optimal ratio between risk and expected return, taking into account the specific elements of Belgian legislation and regulations applicable to supplementary pensions.

LSP obligation: 1.75%

The 'Glidepath' principle entails a gradual reduction of risk through an annual adjustment on the employee's birthday. Mercury has chosen for the **moderate option**, which is considered not risky.

3.2. INVESTMENT METHOD :

The moderate option



- EB Global Bonds ESG
- EB Target Absolute Return
- EB Target Volatility 4
- EB Target Volatility 8
- EB Target Volatility 12
- EB Global Equities ESG
- Strategic allocation of shares

+/- 75% allocated to shares at the start and
+/- 15% allocated to shares at retirement age

Intended for employers who wish to offer their employees an attractive return and at the same time wish to limit the risk of not achieving the legal minimum return (1.75%) as much as possible.

40 years to end date



75% shares
25% bonds

25 years to end date



74% shares
26% bonds

15 years to end date



55% shares
45% bonds

5 years to end date



20% shares
80% bonds

end date



15% shares
85% bonds

3.3. ONLINE TOOLS

For the employer's administration:

Communication **@line plus** and collaboration platform: the interactive communication module between Allianz and employers

For the employees:

Allianz offers via the website www.allianz.be under the section "Employee Benefits" a digital access for the affiliated employees under the name "**MyBenefits@Allianz**". Via this digital access, Allianz makes the yearly benefit statements available to the affiliated staff members.

The employer will provide Allianz with all the necessary data concerning the affiliated employees in order to make their registration on the platform "**MyBenefits@Allianz**" possible. Allianz makes use of the most recent technological solutions in order to secure the access to "MyBenefits@Allianz" and to respect the law relating to the protection of personal data (GDPR).

At this moment, "**MyBenefits@Allianz**" only offers the possibility to consult the benefit statements. Interaction will be possible in the future.

**Thank you very much for listening
and
if there are any questions
don't hesitate to ask!**





Howden Belgium NV/SA
Specialist Insurance Broker
Belgicastraat 1, 1932 Zaventem (Brussels)
FSMA licensed insurance broker n° 0745.664.635
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www.howdenbelgium.com

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