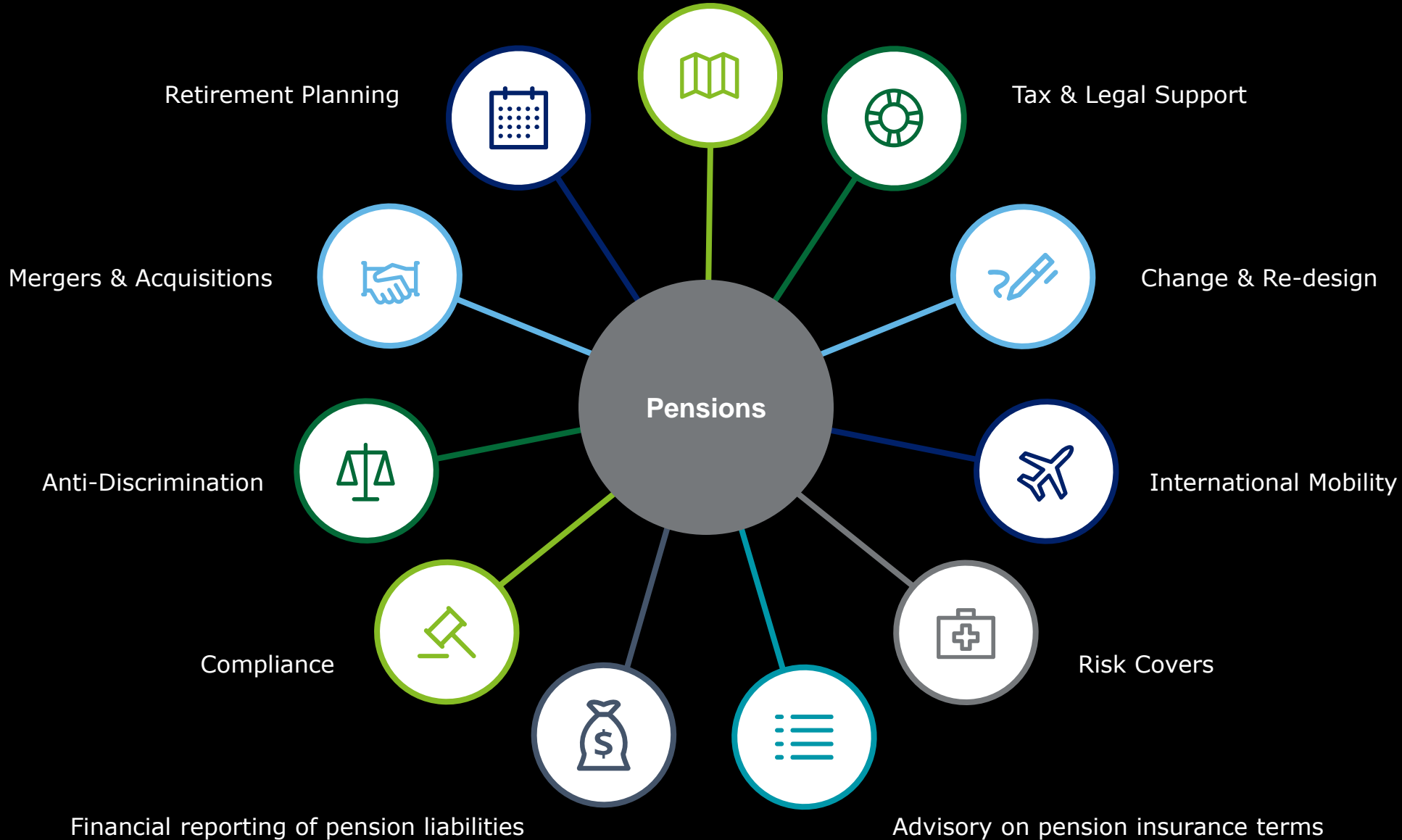


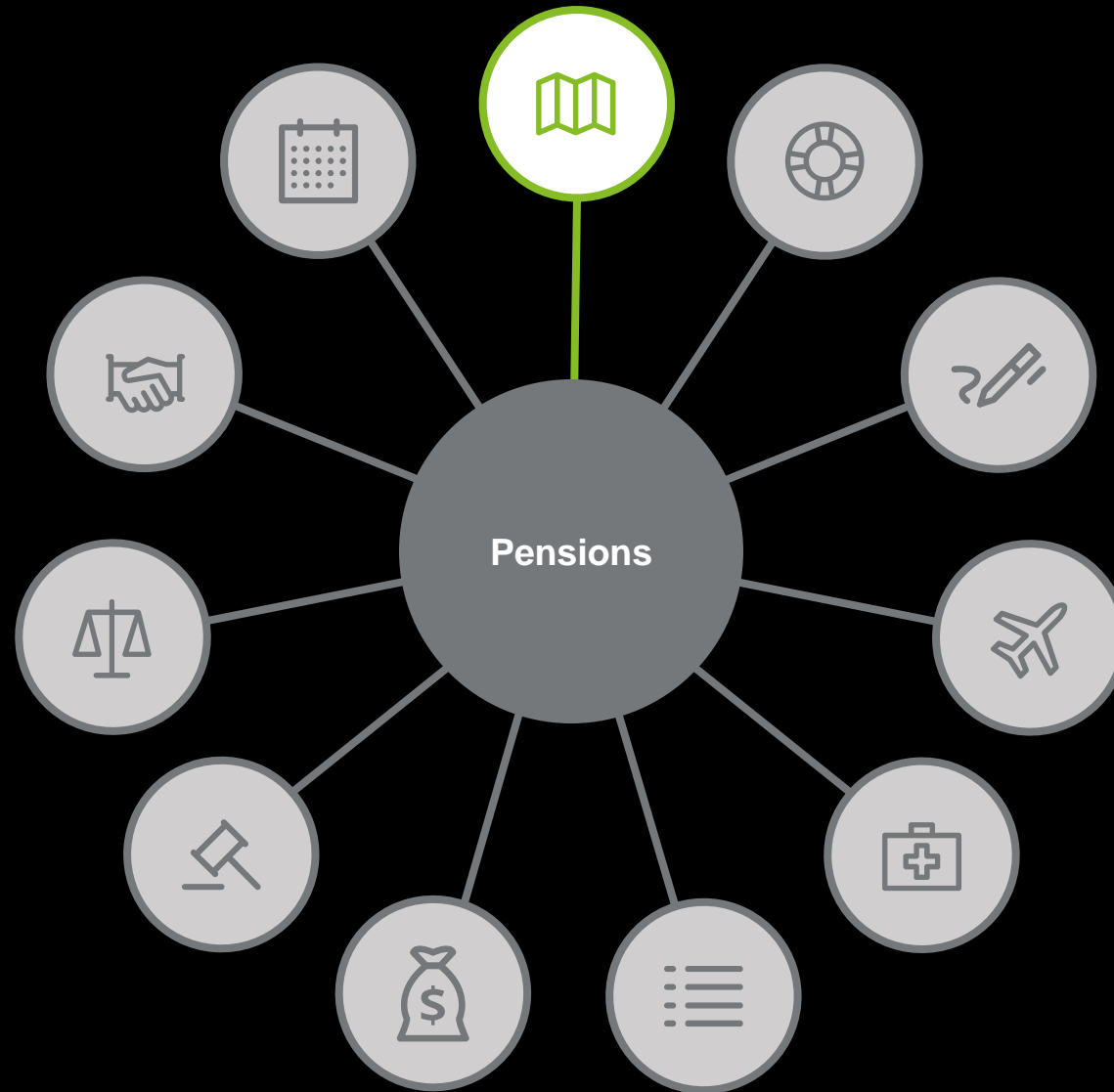
Pensions Roadmap



Pensions Roadmap

A balanced pensions strategy aims to meet the interests of the scheme sponsor, the scheme members and the pension provider, while at the same time complying with all regulatory requirements. This requires a clear understanding of outcome, risks and opportunities of a given pension set-up from a legal, tax and financial point-of-view. Our team of consultants is capable to advise clients with every-one of those aspects.

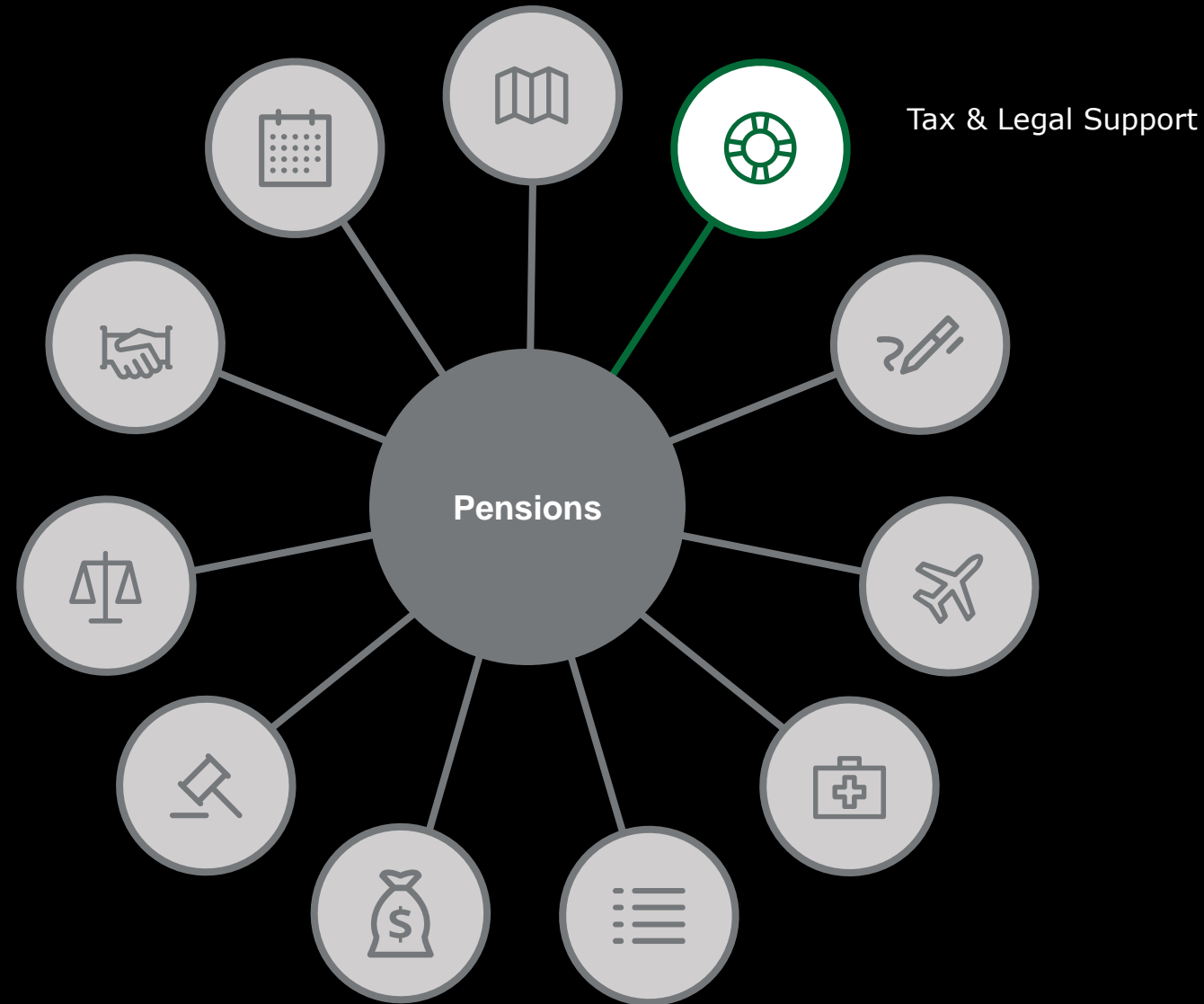
By identifying a clear course of action and timeline, we make up a Pensions Roadmap that provides guidance to clients through the process of defining the right pensions strategy and its implementation.



Tax & Legal Support

We deal with the various tax and legal aspects related to individual and collective (Belgian and foreign) occupational pension commitments for both employees and self-employed directors. Our expertise also covers sector pensions. Further, our specialists are able to advise in respect of the following specific pension domains:

- Pensions for self-employed workers, acting in their personal name;
- The free complementary pensions for employees;
- Belgian and foreign statutory old-age pension systems;
- Pensions for cross-border workers;
- Overseas social security.

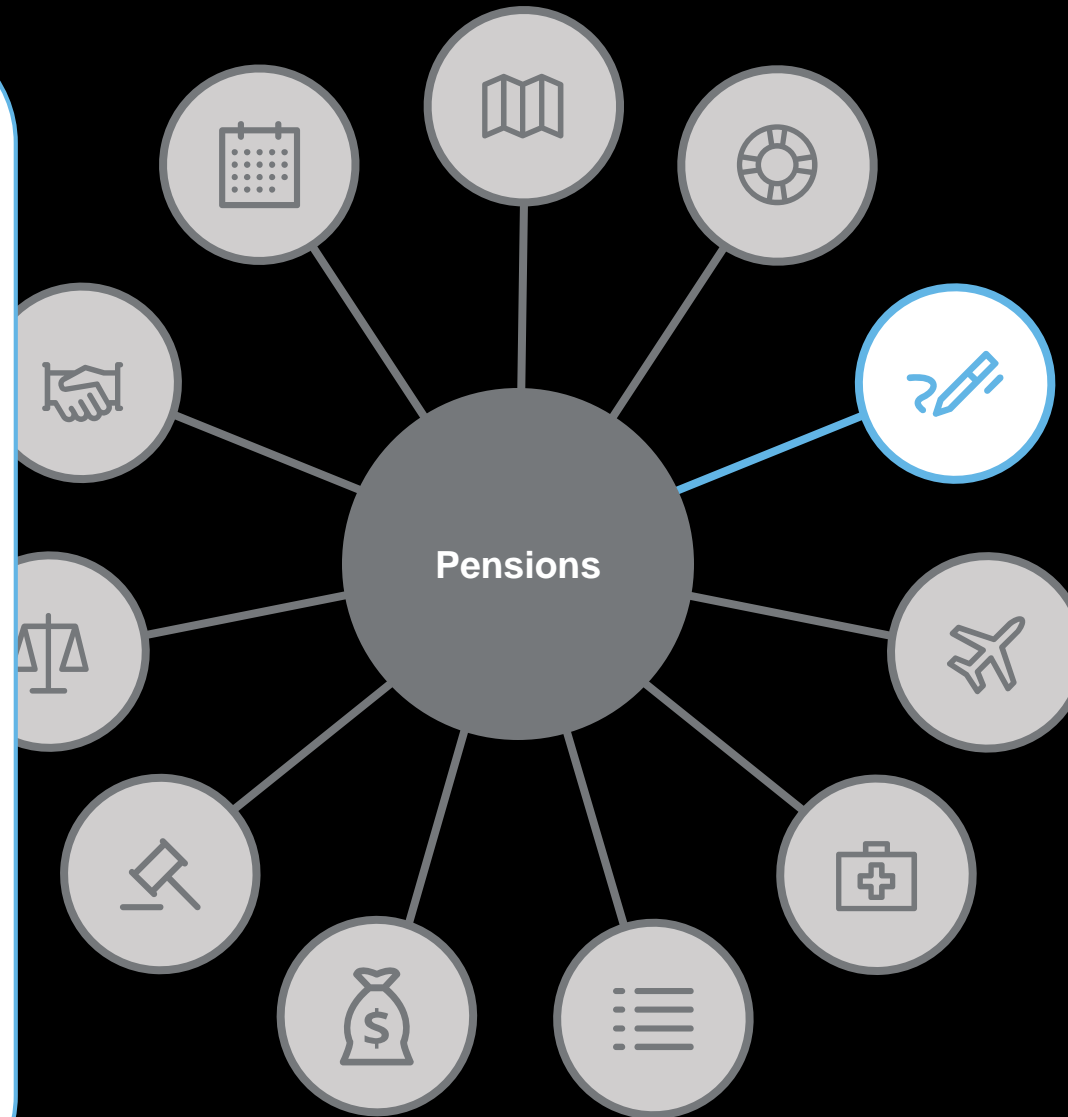


Change & Re-design

There are a number of potential barriers to pension scheme change and re-design. Our experience shows that these challenges can typically be overcome with a clear strategy and sufficient planning in advance. We consider the following areas crucial when change is implemented:

- Engagement of the individuals concerned (employees/self-employed directors);
- Engagement with stakeholders, incl. unions and employee representatives;
- Comparison of the rights and obligations under the old and new pension rules; and
- Legal requirements.

We draft and review pension rules and agreements and we analyze whether these are compliant with applicable laws and regulations. Next to that, we advise on the correct procedures to be followed to implement the pension plan change and re-design, from a regulatory, as well as from a human capital perspective.

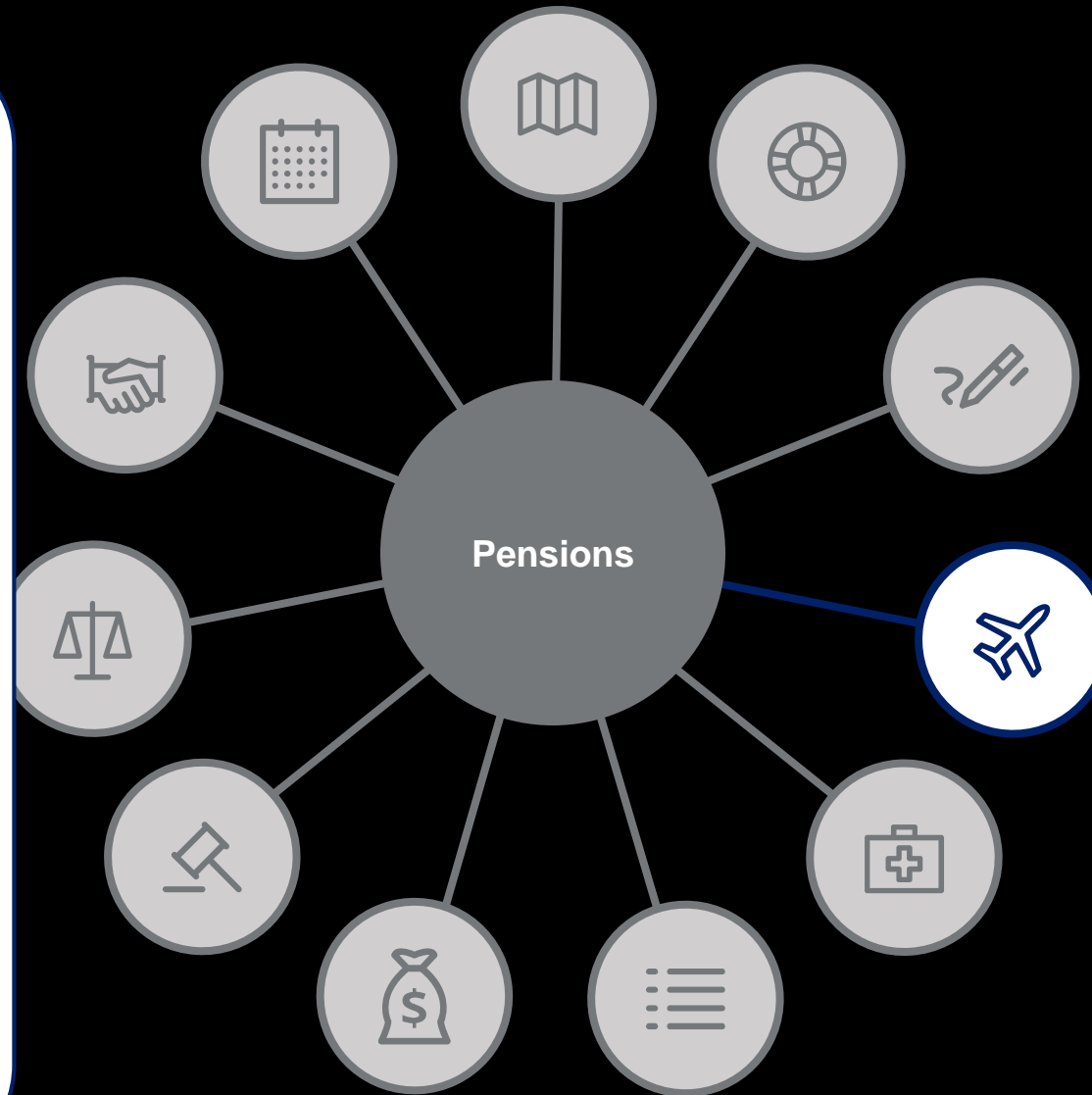


Change & Re-design

International Mobility

As international mobility is becoming the new standard, it entails that employees/directors regularly find themselves contributing into the social security system of another country. This can be in addition to their home country social security scheme, or instead. As such, employees/directors may be negatively impacted when it comes to entitlements to state benefits in the shorter or the longer run, such as medical care, disability coverage and retirement pensions.

Employers may see it as their responsibility to ensure that their internationally mobile workforce during the assignment and upon return is not worse off than the employees/directors who remain in the home country. This risk may be mitigated by meticulously reviewing the set-up to identify target areas, setting expectations right from the beginning, and determining the right course of action to offset losses.



International Mobility

Risk Covers

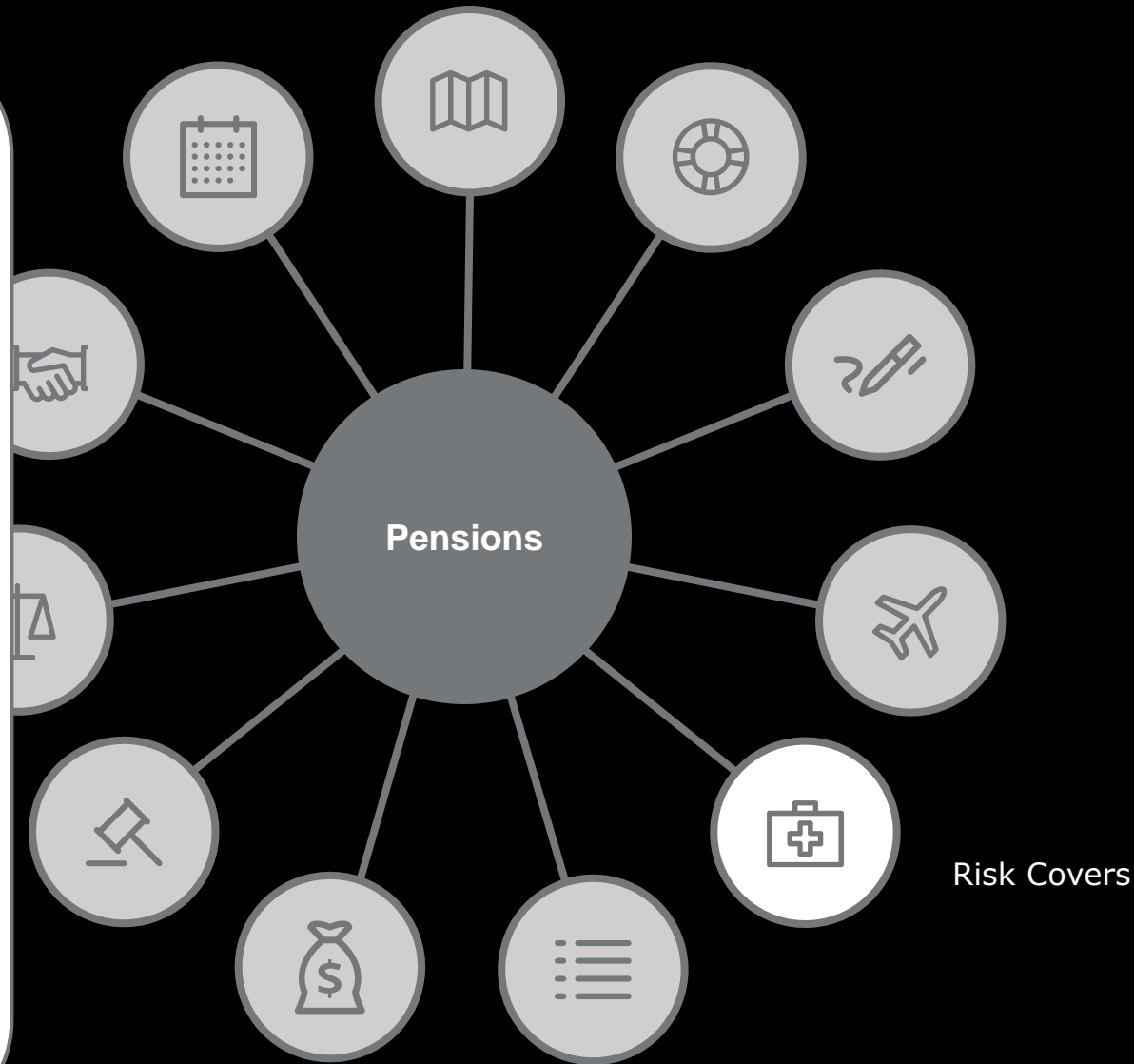
The contribution into a pension plan can only be used for old-age pension accrual or also be used to cover a number of risks, such as death and disability.

Which risks should be covered by the contribution can also be left to the affiliate’s choice. This is referred to as a “cafeteria plan”.

Awareness regarding risk covers is important to answer questions such as:

- Does the death/disability cover continue during periods of suspension of work?
- What will happen with the pension reserves should the affiliate die before retirement?

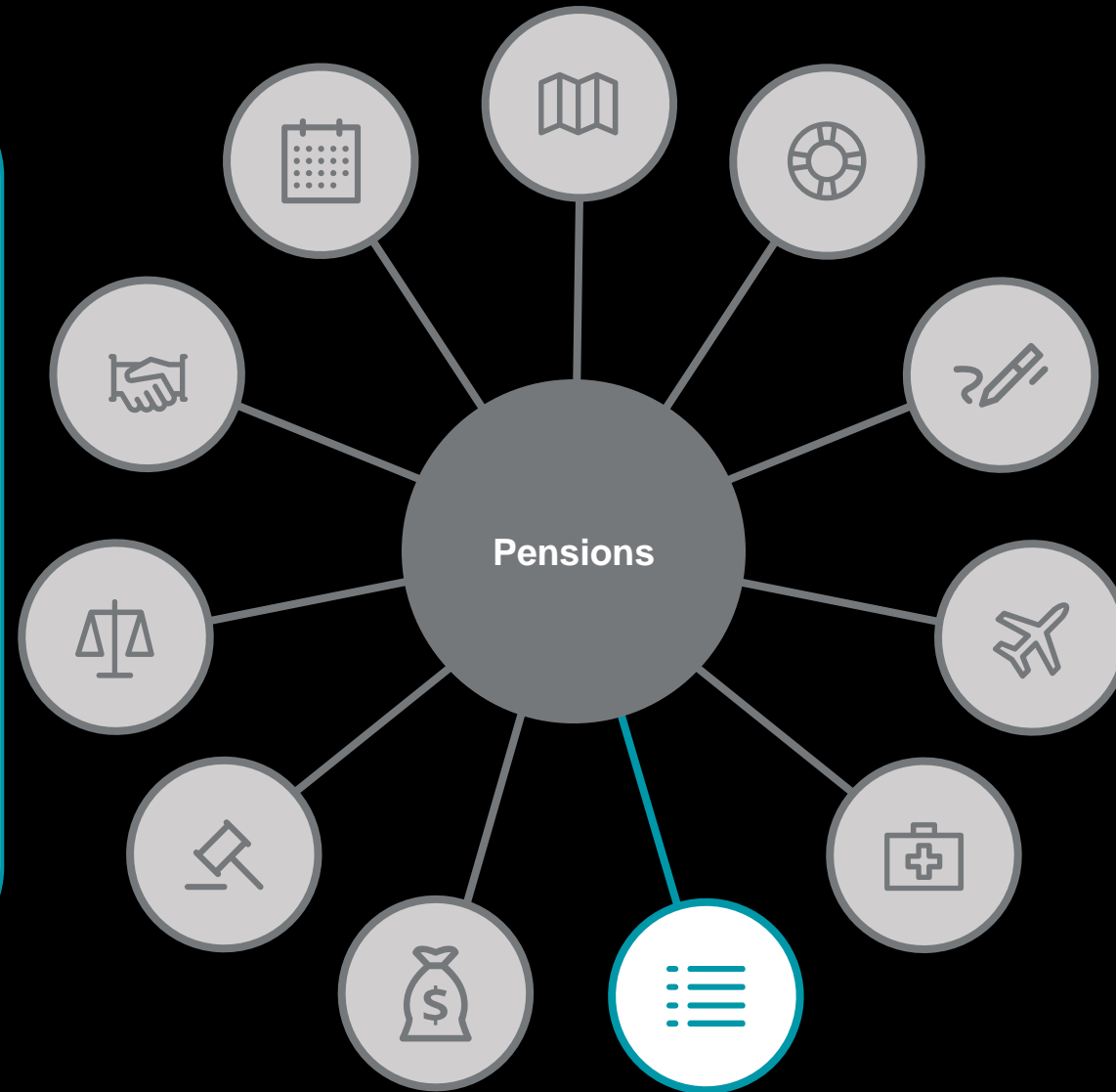
Also in the framework of a switch from an employee to a self-employed status, the question arises which impact such switch will have on the individual’s statutory and complementary old-age pension and other benefits. This impact can be mitigated by taking out appropriate insurance.



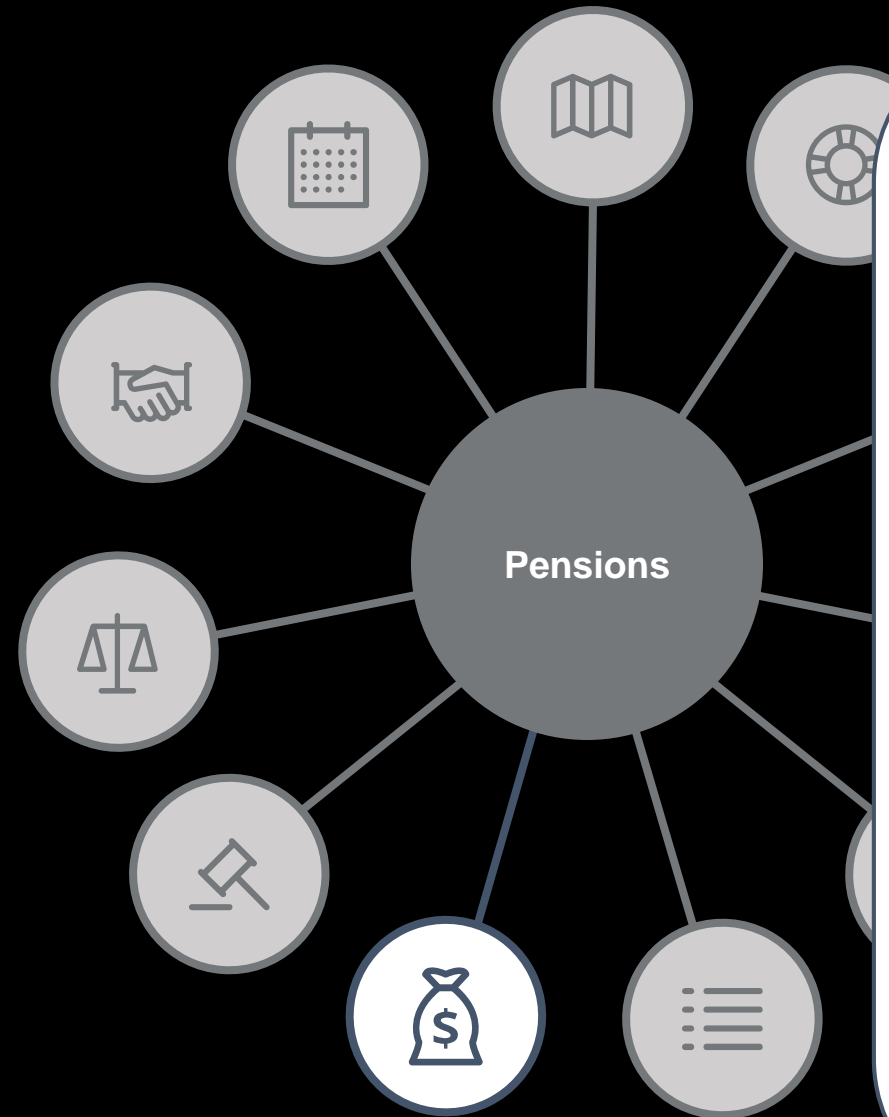
Advisory on pension insurance terms

Comparing insurance conditions is not easy. In publicity and in tenders of insurance companies, the positive points tend to be overly emphasized. Unfortunately, sometimes “hidden costs” still exist or the impact of the “small print” is not revealed but at a later stage. Group insurance policies are therefore generally not transparent and one better comes well prepared when interpreting insurance conditions.

Since we do not act as brokers, we are able to advise clients fully independently regarding the terms of a pension plan. To provide the necessary insights, we can illustrate the impact of certain terms by means of calculations.



Advisory on pension insurance terms

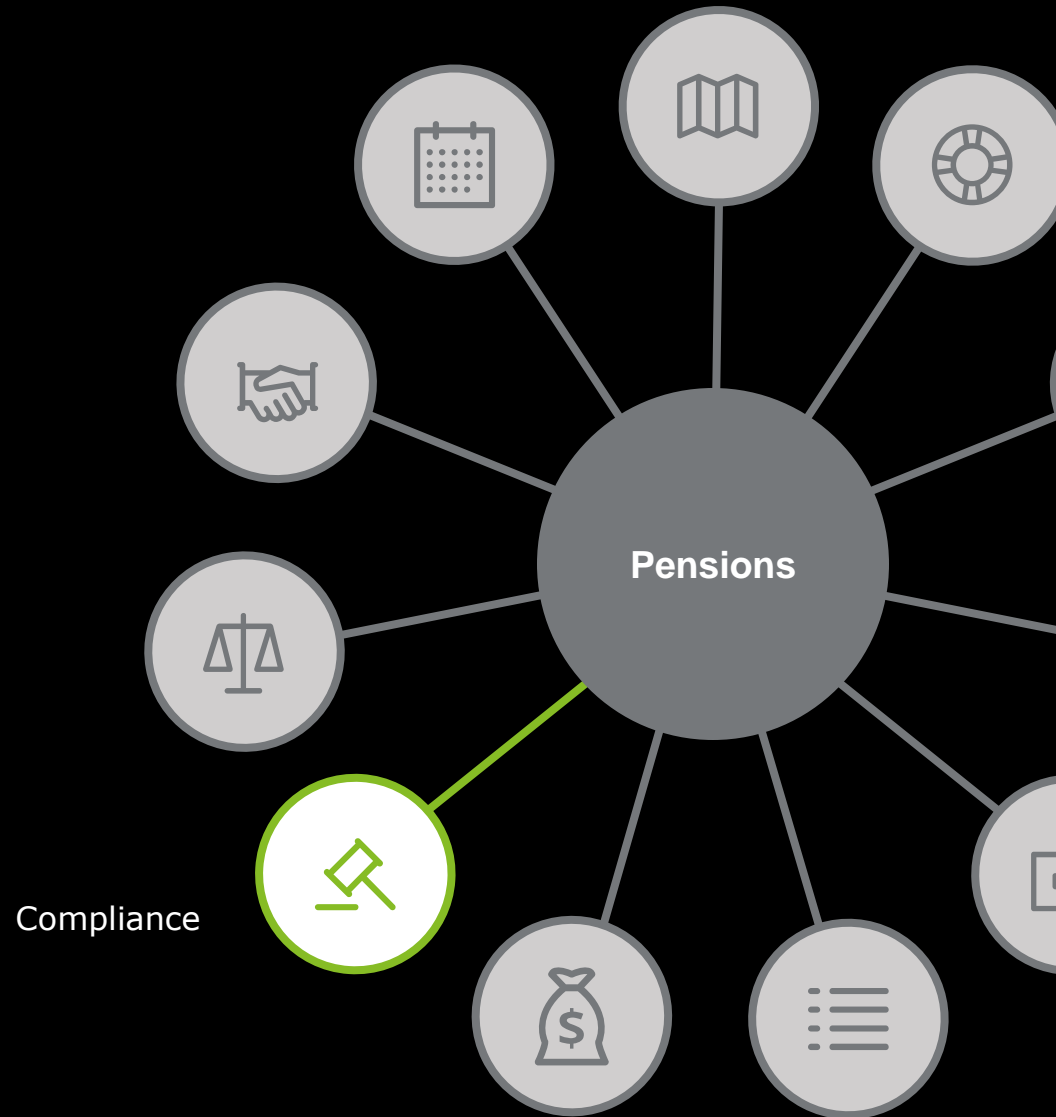


Financial reporting of pension liabilities

A number of elements play a role in determining the cost of an occupational pension plan. Far too often, we notice that companies are unaware of the financial impact of their pension plans over time.

While interest rates are at an historic depth, insurance companies, by means of which 85% of the occupational pensions in Belgium are funded, have further decreased their guaranteed interest rate. This, while employers are required to guarantee a minimum investment return - currently set at 1.75% - on the pension reserves in the framework of so called defined contribution type of pension plans. This implies a possible liability for the company which should be correctly reflected in the accounting records. However, at this moment there is no common ground on how these pension liabilities should be calculated, or in other words, to which extent the actual level of funding of the pension commitments should be reflected in the books. The problem may even be more significant in the framework of defined benefit type of pension plans.

We can help you to better understand the basic principles in terms of financial reporting for the company and how these principles should be applied to the reporting of the company's pension liabilities.

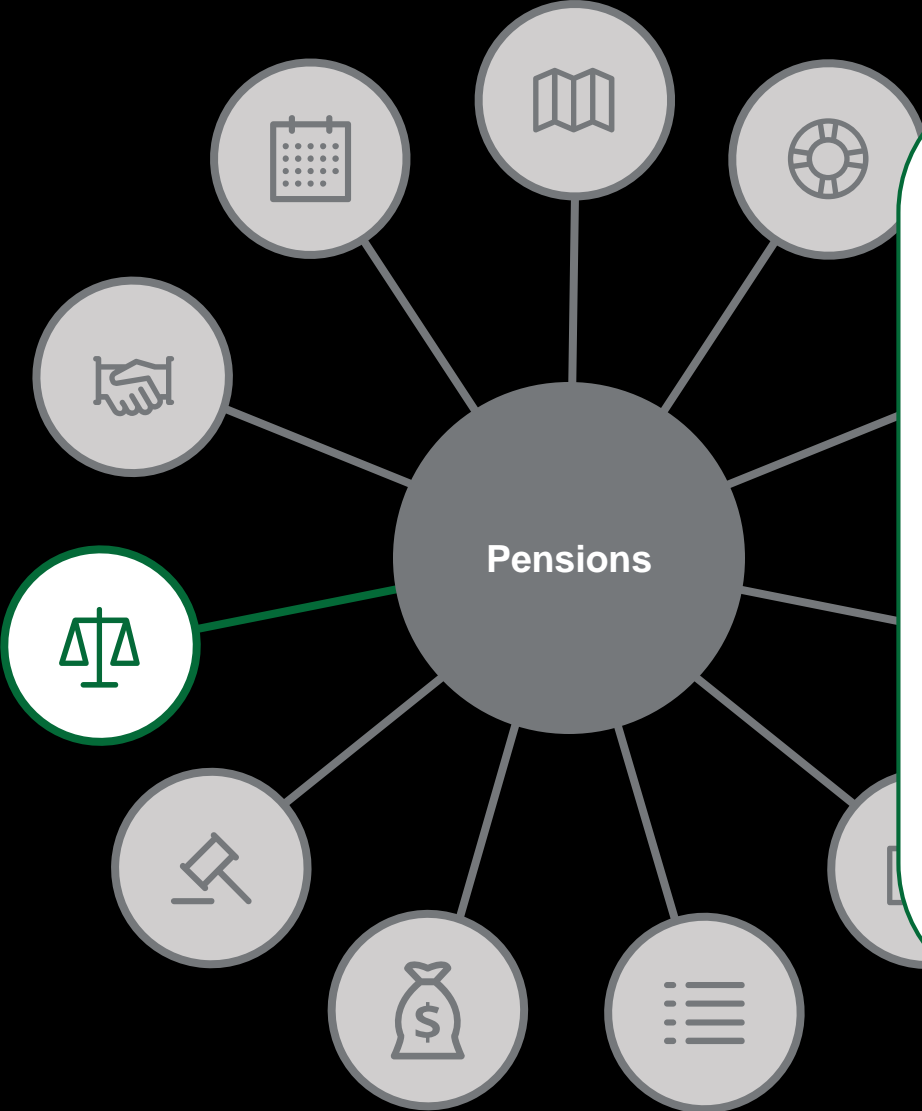


Compliance

In the course of the lifecycle of an occupational pension plan, a number of formalities will need to be complied with by the company. As an example, the sponsor of the pension scheme will need to:

- Pay the contributions/withhold the contributions on the employees' salary and pay these towards the insurance company;
- Assume liability in terms of minimum investment return on the pension reserves;
- Make sure that the employees' right to participation, advice and even co-decision in respect of important pension scheme events is fully respected;
- Comply with the necessary information requirements (e.g. regular benefit statements and inform members on options when leaving the scheme);
- Be the first point of contact in respect of every question in respect of the pension scheme;
- Comply with specific reporting requirements vis-à-vis the pensions authority (FSMA);
- IAS 19 or US GAAP compliance;
- Etc.

Our team is capable to assist with every compliance aspect related to pensions.



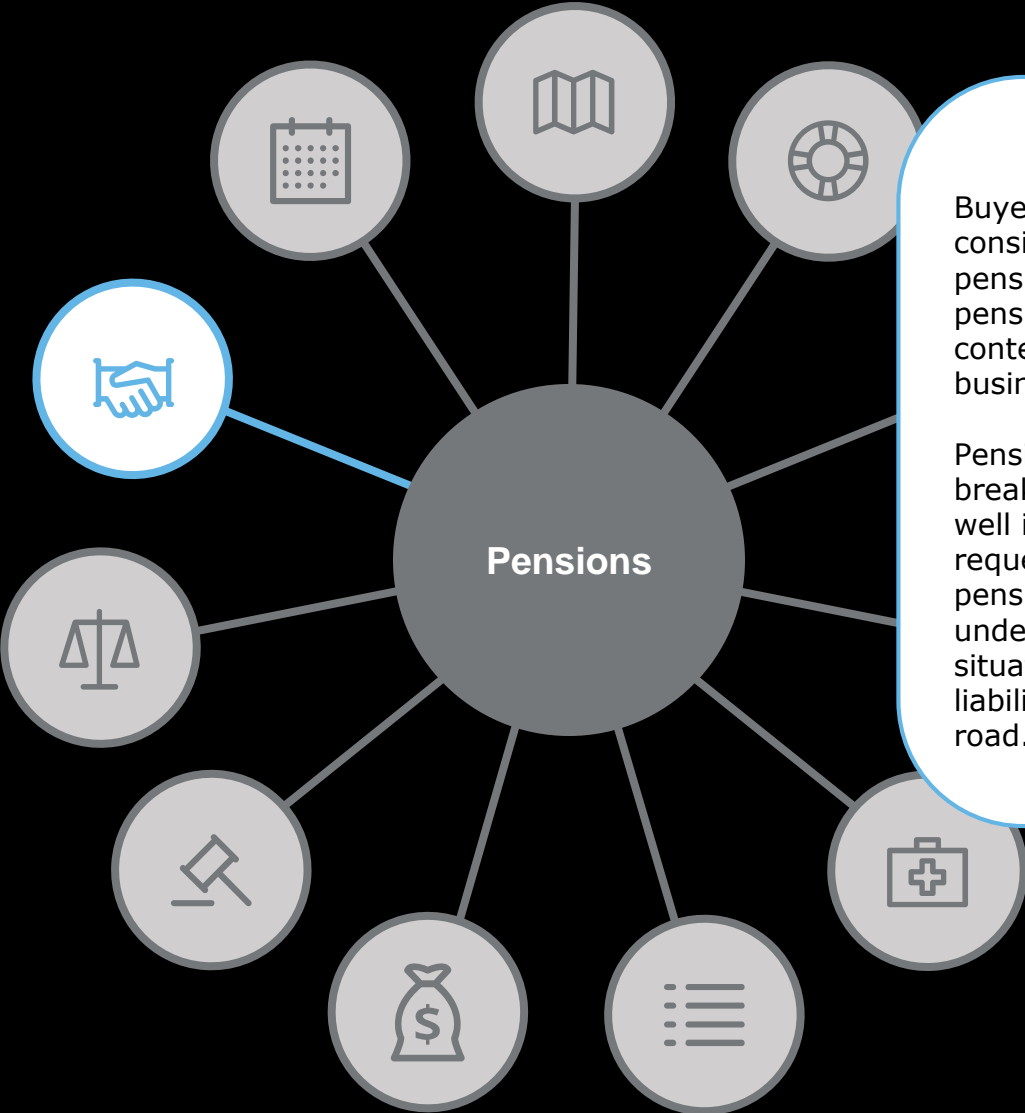
Anti-Discrimination

The freedom for the employer to implement, modify or terminate an occupational pension plan under Belgium’s pension legislation, is subject to limitations. When it comes to the affiliation conditions, it is not allowed to arbitrarily exclude certain employees. The same applies in respect of the determination of pension rights. The rules on affiliation and accrual of pension rights must be clearly defined in the pension plan rules, taking into account the strict legal provisions regarding equal treatment.

To determine whether certain plan rules imply a discrimination is not always easy, all the more because it is a subject matter that is not static, but evolves as moral standards in society change over time.

Our team of consultants is capable to make an appropriate analysis.

Mergers & Acquisitions



Mergers & Acquisitions

Buyers and sellers in M&A transactions should consider the risks related to occupational pension schemes. In practice, we see that pensions are often overlooked in a deals context where parties tend to focus on the core business and operational risks.

Pension obligations may nonetheless be a deal breaker, but are often not discovered until well into the process. Therefore, it will be key to request full disclosure of the occupational pension set-up to allow the acquirer to fully understand the underlying economics of the situation and the funding level of the pension liabilities. This will avoid surprises down the road.

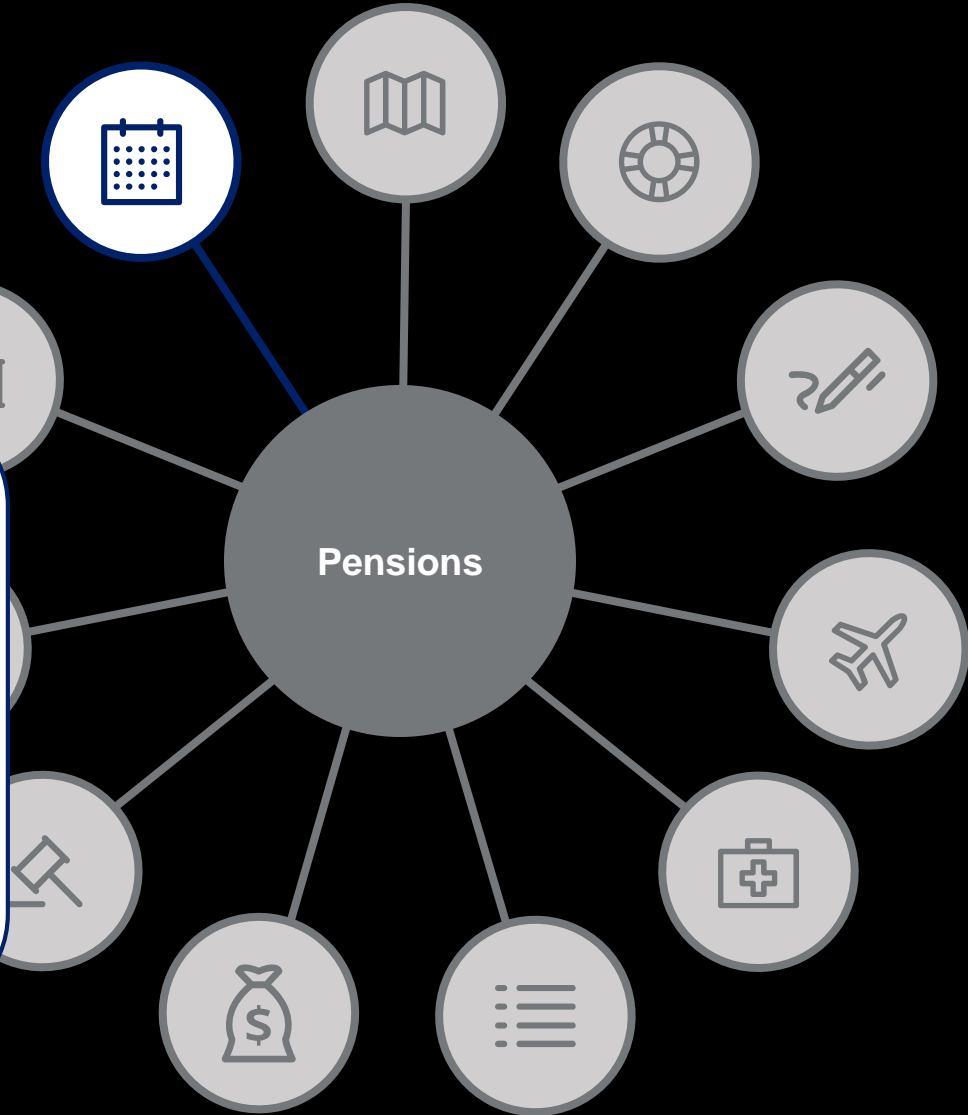
Retirement Planning

Retirement Planning

Planning retirement requires a sound understanding of possible issues and opportunities in terms of financial, tax and social security consequences implied in taking up retirement.

In an international context, the place of residence at that moment will be equally decisive.

Our team can advise you to help you determine the right strategy for retirement.





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