

The Belgian occupational pension tracking system

FSMA



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Occupational pension tracking system in Belgium: current situation - scope

- **Data on occupational pensions of:**
 - employees
 - Independent workers: self-employed/company managers
- **Centralized in a single database: DB2P**
- **To be registered by (Belgian & foreign) pension institutions:**
 - Insurance companies
 - Pension funds
- **According to a set of 'declaration instructions'**

Occupational pension tracking system in Belgium: current situation – data typology

Pension scheme: contractual documents, identification sponsor/ pension institution,...



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graph TD; A["Pension scheme: contractual documents, identification sponsor/ pension institution,..."] --> B["Account statements: individualized overview of each member's pension rights: annual and in case of 'events' (exit, retirement, death,...)"]; B --> C["Contributions: Overview of the amounts paid over the calendar year"]; C --> D["Payments: Registration of the pension payment itself (in the pipeline)"];
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Account statements: individualized overview of each member's pension rights: annual and in case of 'events' (exit, retirement, death,...)

Contributions: Overview of the amounts paid over the calendar year

Payments: Registration of the pension payment itself (*in the pipeline*)

Occupational pension tracking system in Belgium: current situation – figures

0) The Belgian population

Total population	'Active' population (18-64 age group)
11,267,910	6,919,768

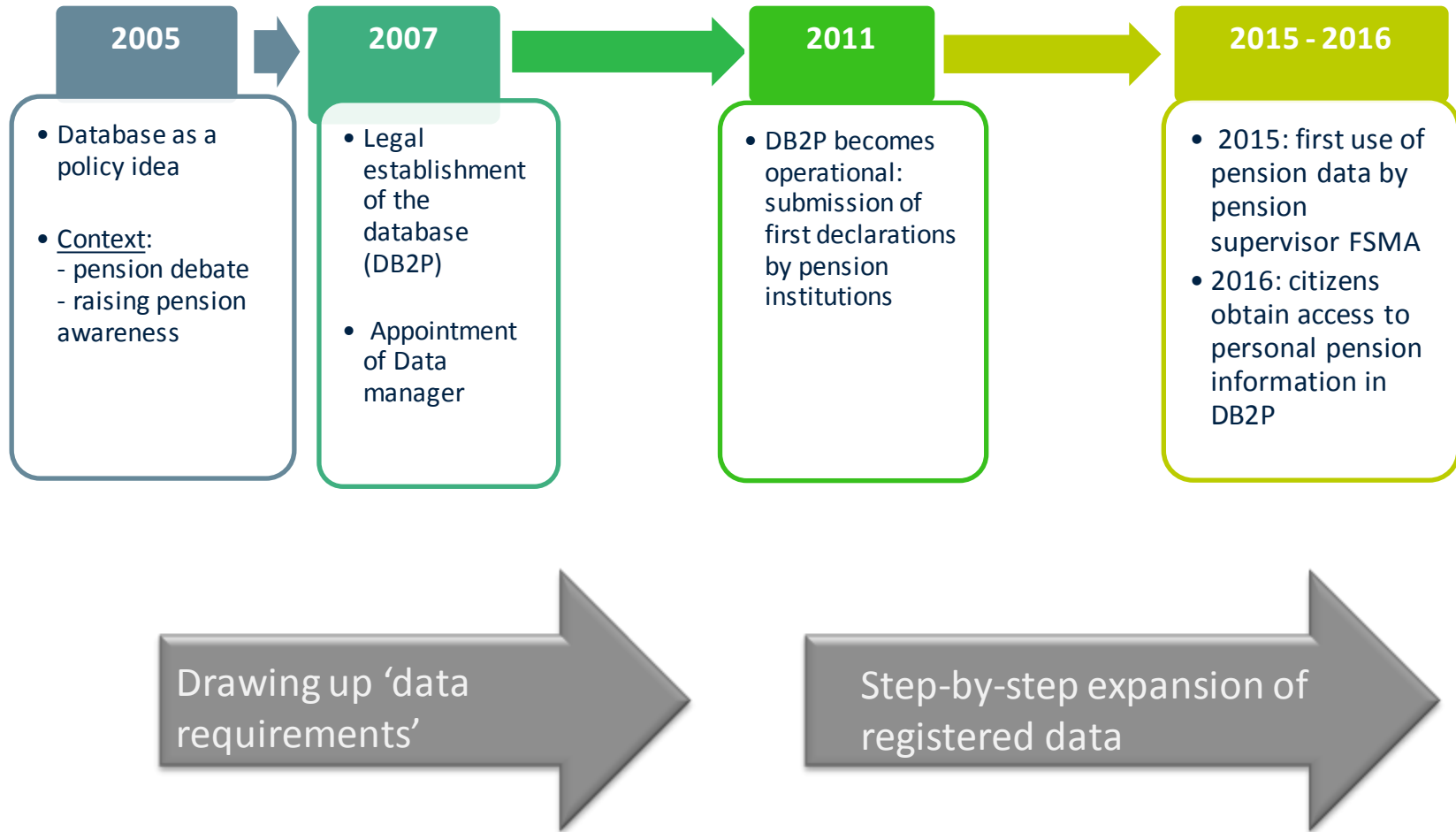
1) Registered 2nd pillar pension rights: total

Year	# unique individuals	Sum of registered vested reserves
2017	3,658,126	€ 75,511,979,365.77

2) Registered 2nd pillar pension rights: by occupational status

	# unique members	Registered vested reserves	Average	Median
Employee	3,110,527.00	€ 48,693,483,261.03	€ 15,654.42	€ 2,059.08
Self-employed	365,857.00	€ 17,302,061,351.71	€ 47,291.87	€ 14,301.46
Employee & self-employed	181,742.00	€ 9,516,434,753.03	€ 52,362.33	€ 14,517.27
Grand total	3,658,126.00	€ 75,511,979,365.77	€ 20,642.26	€ 2,908.89

Towards an operational database on occupational pensions: timeline



Towards an operational database on occupational pensions: goal setting

Multiple goals added following the establishment of the database:

- Providing citizens' access to personal pension information in database;
- Facilitating tax checks on pension premium deductibility
- Ensuring correct collection of social security contributions;
- Supervising compliance with the social legislation on 2nd pillar pensions by the Belgian pension supervisor (FSMA);
- Possibility of entrusting legal information obligations on pension institutions to database manager;
- Scientific and policy-oriented research

Multi-purpose database increases relevance, cost efficiency and builds up expertise, but also increases complexity:

- More data needed in order to meet the different purposes;
- More users to deal with (willingness to abandon pre-existing data collection methods)

Towards an operational database on occupational pensions: data management

Management entrusted to separated government agency: SIGeDIS

- Experienced in management of career data in Belgian Social Security context;
- Well-equipped to solve identification issues (ensuring declared pension rights are correctly attributed):
 - Every individual needs to be matched with a unique identification key (social security number)
 - Unique key was not always collected by the declaring pension institutions
- Capable of enriching 'pension data' with data from other existing databases

This implies that users have a right to access the data, but they don't 'own' the database:

- Set-up collaboration with data manager in order to exploit data;
- While respecting regulatory framework (privacy!)

Towards an operational database on occupational pensions: data declaration

Determining the data to be registered by the pension institutions: the tension between 'users' and 'suppliers'

- Legal framework provides only a 'high-level' description;
- Detailed declaration requirements still needed to be defined

Instead of a 'top-down' approach, a more consensual method has been adopted: set-up of a mixed working group responsible for editing data requirements

➔ Dialogue between 'users' (incl. pension supervisor), 'suppliers' (pension institutions) and the data manager:

- Consultation means compromise (optional fields, step by step entry into force,...) and takes time (sometimes lots of time...).
- A better understanding of the complexity of practical pension management
- Overcoming the resistance of pension institutions to a centralized database

Towards an operational database on occupational pensions: compliance

How to assure compliance with the different declaration requirements?

In the very beginning: no legal sanctions were provided in case of non-compliance – the data manager cannot impose sanctions

2012: introduction of ‘fiscal’ sanction: non-compliance could lead to non-deductibility of pension premiums

- Wake-up call because of its symbolic importance
- Practical relevance appears to be limited

What about the Belgian pension supervisor, the FSMA?

➔ Growing awareness that pension supervision also includes compliance with declaration requirements towards DB2P:

- Data in DB2P will be used to inform citizens of their respective pension rights;
- Data in DB2P will serve as the basis for supervision of compliance with social legislation

Since 2015: organization of systematic checks of data quality on an annual basis

The database in action: impact for the pension regulator

Completing the shift towards a proactive and structural mode of pension supervision:

Prior to the use of the database, the regulator's monitoring actions often occurred in response to certain 'events' (complaints, incidents,...)

The increasing availability of data from DB2P has allowed a different approach:

- Based on annual thematic action plans, e.g.:
 - Transparency in DC schemes
 - Information upon departure
 - ...
- Proactive and risk-driven: *what could go wrong and how does that affect the position of the members (avoiding 'box-ticking' mentality)*
- Starting point: *What do the data in DB2P tell us? How can they be used?*
- Vigilance! Not everything is predictable and data do not tell us everything

The database in action: impact for the citizen

Achievements: a full overview of pension rights (1st and 2nd pillar pensions) via web-application

Since 2016: citizens can consult their personalized pension data on:



Online access possible by ID card reader or via smartphone

For the 1st time:

- Formerly scattered information can now be consulted in a single place:
 - Total level vs detailed level
 - Offered alongside personalized information on statutory pension rights (1st pillar)
- Keeping track of future pension evolution via annual update of pension rights
- Detecting 'lost' pension rights

The database in action: impact for the citizen

Achievements: helping pension institutions with data management

- Link with other government databases makes it possible to provide pension institutions with regular updates of members' personal data
 - In a structural and automatic way ('Push communications')
 - Events that trigger payment:
 - Taking up (legal) retirement
 - Death
 - Other administrative changes (address changes,...)
- ➔ Ensuring better follow-up by pension institutions, especially in the payout phase

The database in action: impact for the citizen

Challenges: how to assure understandability and keep pace with new trends in 2nd pillar pensions

Short term: offering an all-inclusive 'pension overview'

- compatibility information about 1st pillar ('deferred annuities') and 2nd pillar ('building up pension reserves and payouts mainly in capital')
- What about 3rd pillar pension systems?

Long (?) term: anticipating ongoing and forthcoming 'pension trends'

- Database has been developed in a specifically Belgian context:
 - Historical predominance of 'Defined Benefit' schemes;
 - Legal guarantee imposed on sponsoring institution in the case of 'Defined Contribution' schemes
- Observation: responsibility shifts from sponsoring institution to members
 - DB → DC
 - collective → individual financing methods
 - Individual choices to be made and consequences to be faced by each member

The database in action: impact for the citizen

Challenges: how to assure understandability and keep pace with new trends in 2nd pillar pensions

Legitimate question: To what extent are there new information needs arising that go beyond an annual snapshot of each member's pension rights?

For example:

- In- and outflows (contributions, costs & returns);
- Underlying composition of portfolio;
- Investment strategies;
- Projections as a function of certain investment decisions;
- ...

In the end: Unlikely that all these elements can be provided by a database

➔ Accurate information provision by pension institutions will remain important

Belgian pension tracking system

Further reading:

- www.mypension.be
- www.db2p.be
- www.sigedis.be
- www.fsma.be