

2025 was already set to be a bleak year for our pensions, with the retirement age rising to 66. With the arrival of Arizona, this annus horribilis could well turn into a dark decade.

A smooth transition to retirement

In Belgium, there are **three schemes that allow workers to ease into retirement**.

The **end-of-career time credit** allows older workers to reduce their working hours to 50% or 80%, while receiving compensation from the ONEM (National Employment Office) to (very partially) offset the loss of salary. To be eligible, you must be **at least 60 years old and have 25 years of service**. Arizona has decided to gradually tighten the service requirement starting January 1, 2026. **By 2030, men will have to prove 35 years of service and women 30 years**. This is yet another obstacle to one of the only measures that provide relief at the end of a career.

The **unemployment scheme with company supplement** (formerly early retirement) allowed workers who were laid off when they were close to retirement age (between 60 and 62) to receive, in addition to unemployment benefits, a company supplement paid by their former employer. **Arizona has chosen to simply abolish this scheme, except in cases of disability**. Older workers who are laid off will no longer be able to take it easy before retirement. Employers, for their part, will be able to lay off their older workers without hesitation, as they will no longer have to pay a company supplement.

Early retirement allows workers who have had **a sufficiently long career** (at least 42 years) to retire before reaching the legal retirement age, which is 66 since February 1, 2025 (67 starting from February 1, 2030).

Arizona plans to tighten the calculation of career years. Only years with **at least 156 days of work (six months)** would now be taken into account, compared to 104 days (four months) currently. In most cases, the first year of a career begins after July and the end of studies. The six-month minimum would therefore not be reached and that year would no longer count.

The loss of the first year of career would mean a one-year delay in retirement.

These decisions mark a significant step backward in social protection. They will push many older workers to the brink, leaving them with no way out.

The beginning of reduced pensions

The penalty

When a worker takes early retirement—which means he retires before reaching the legal retirement age because he has had a long career—his pension amount is already lower, since his total career is shorter.

Not content with this, **Arizona has decided to introduce a double penalty for people who take early retirement: a 5%¹ penalty per year of early retirement would also be applied to the amount of their pension**. It is possible to avoid the penalty if you can prove 35 years of 156 days of actual work (i.e., at least 35 years of part-time work) and a total of 7,020 days of actual work (i.e., at least the equivalent of 22.5 years of full-time work).

According to statistics, only one in three workers taking early retirement would meet the requirement of 35 years of employment and 156 days of actual work.



As for the requirement of 7,020 days of actual work, one in two women would not meet it. This is because **women are more likely to work part-time** and have shorter careers because they continue to take on the main responsibility for **housework** and **childcare**, or because they are more often employed in sectors where employers impose part-time work. Furthermore, periods of illness are hardly taken into account. However, women account for 60% of people on long-term sick leave. **Women would be twice as affected by the penalty as men.**

According to the OECD, the average replacement rate in Belgium is 60.9%. This means that a person's pension represents 60.9% of their last net salary. With this measure, the replacement rate for employees would be reduced by 4.4% for women and 2.5% for men².



The elimination of the welfare envelope

Since 2005, a budget—called the welfare envelope—has been allocated every two years to prevent benefits from falling behind the increase in overall wealth. The envelope is distributed among the various types of replacement income, with an emphasis on the lowest benefits, including minimum pensions.

Arizona has decided to eliminate the welfare budget for the entire legislative term. In 2025 and 2026, €1 billion should have been redistributed through this budget, part of which was dedicated to the lowest pensions. This will no longer be the case. This decision will have an immediate effect on the average pension: an additional reduction of more than 3% in the replacement rate. Once again, women will be the most affected, as they are overrepresented among minimum pension recipients. Without revaluation, their pensions will fall further behind.

These two measures are part of a broader offensive aimed at reducing the amount of our pensions. According to the High Council of Finance, the overall impact would be a drop in the replacement rate from 60.9% to 55.4%³. This is a decline of more than 9%, even though Belgium already has a relatively low rate compared to other European countries.

A political choice, not an inevitability

Arizona justifies these decisions by raising the specter of pension costs.

The increase in pension expenses (without reform) is estimated at 2.5 percentage points of GDP by 2070. By way of comparison, Belgium has committed to spending 5% of its GDP on military expenses by 2035, an increase of 3.7 percentage points of GDP. This is much more than the increase linked to pensions. **Pensions are said to be “unaffordable,” but we can find money for war?**

This comparison demonstrates one essential thing: this is not inevitable, but rather a matter of political choice. The right wing claims that there is no alternative, that savings must be made on pensions. But there is another way: **we could easily increase revenues**. It would even be enough to recover the shortfall caused by successive governments. As a reminder, pensions are financed by social security contributions on our salaries. However, employer contributions are like polar ice caps: they are melting. Reductions in employer social security contributions and wage subsidies amount to €17 billion per year⁴. With Arizona, this will be another €1 billion more. This represents nearly 3% of our GDP, which is more than the expected increase in the cost of pensions.

We could not only preserve our system, but also improve it. The “55-60-65” plan, for example, would allow people to reduce their benefits at age 55, take early retirement at age 60, and receive their statutory pension at age 65. We could also choose to **increase the amount of statutory pensions** to ensure a decent income for everyone. In addition to recovering the shortfall mentioned above, it would be sufficient to **create more quality jobs subject to social security contributions** (not flexi-jobs), allow gross wages to rise (by reforming the 1996 law that blocks wages), or **tax corporate excess profits** and high net worth individuals, who currently contribute very little.

Behind the different ways of (de)funding pensions lies **a vision of society**. We defend a fair distribution of wealth and a fair sharing of available work between young and old (remember that there are not enough jobs for everyone). Arizona, a staunch ally of employers, has chosen the opposite path: allowing a privileged minority to accumulate indecent incomes, while the majority works themselves to the bone until an advanced age.

1 Transitionally, the penalty will be 2% between 2026 and 2030 and 4% between 2030 and 2040.

2 High Council of Finance (Studie Committee on Aging), Annual report, July 2025, p.62.

3 Ibid., p.88.

4 Econosphères, September 2025