

# **SOCIAL SECURITY AGREEMENT BETWEEN AUSTRALIA AND THE KINGDOM OF BELGIUM**

A social security agreement with the Kingdom of Belgium was signed on 20 November 2002. The purpose of this paper is to let the community in Australia know what social security agreements do, and how this Agreement in particular will affect people.

The views of the Australian community, particularly those who are most likely to benefit from the Agreement, are an important part of the Agreement process.

## **WHY DO WE HAVE SOCIAL SECURITY AGREEMENTS?**

The proposed Social Security Agreement between Australia and Belgium coordinates the two countries' social security schemes to provide better social security coverage for people who have moved between Australia and Belgium.

People who have lived in more than one country often find, when they claim a pension or benefit, that they do not have enough residence or contributions under a social security scheme to qualify for payment. In other cases, such as Belgium, pensions may not be payable abroad if the claimants are not citizens of the country where those contributions were made.

To help overcome such problems, a network of social security agreements has been set up within the international community.

One of the key elements in these agreements is that the partner countries broadly share the responsibility for social security coverage and related costs. If a person has lived and worked in more than one country, then it is fair that those countries share the responsibility for supporting that person when he/she claims a pension or benefit.

Agreements help many people to receive a pension from one or both countries, which they would not otherwise get - reflecting their insurance and/or residence in each country.

*It is an important principle that Agreements do not take away existing entitlements.*

The proposed Agreement with Belgium is one of Australia's latest agreements of this type - similar agreements are already operating with Austria, Canada, Cyprus, Denmark, Germany, Ireland, Italy, Malta, The Netherlands, New Zealand, Portugal, Spain and the USA.

## **WHAT WILL AUSTRALIA DO UNDER THE AGREEMENT?**

To qualify for an Australian pension people normally have to be Australian residents and in Australia on the day a claim for pension is lodged, and certain periods of residence (eg 10 years for an age pension) are required before an Australian pension can be granted. Also, some payments are not payable outside Australia except for temporary absences.

The Agreement modifies these rules so that:

- Australia will treat someone who is resident in Belgium as being a resident of Australia and present in Australia, so that the person can lodge a claim for an Australian age pension in Belgium;
- Australia will add the person's insurance periods in Belgium to his or her Australian residence so that the person can meet the minimum residence qualifications to get an Australian age pension;
- Access to disability support pensions is different to most other agreements. Australian disability support pension can only be granted if the person was an Australian resident when he or she became disabled; and
- Australia will pay benefits covered by the Agreement indefinitely in Belgium, as long as the person otherwise remains qualified.

## **WHAT WILL BELGIUM DO UNDER THE AGREEMENT?**

In order to qualify for a *full* old-age pension in Belgium, a man must normally have 45 years of insurance and be 65 years of age. The same requirement is being phased in for women. In the meantime, the retirement age for women rises from 62 (2002) to 63 (2003), 64 (2006) and 65 (2009); full benefits for women, in these intervening years, are based on 42, 43, 44 and 45 years of insurance respectively. Reduced pensions are payable, based on the proportion of the qualifying period completed.

The Agreement contains provisions which overcome the usual citizenship restrictions contained in Belgium's domestic legislation, on paying pensions to people resident outside Belgium.

Under the Agreement, Belgium will also treat, for particular occupations, periods of Australian working life residence [*this is the period between age 16 and Age Pension age*] as insurance periods in Belgium - for the purpose of qualifying for certain Belgian age and survivor pensions. This means that people who have less than the minimum periods of insurance required to qualify for a particular pension can count the periods they resided in Australia during their working life toward satisfying this minimum requirement.

Under the Agreement, Belgium will also pay disability pension. Qualification may involve adding relevant Australian working life residence periods, if necessary. However, this will only apply if the person was incapacitated while subject to the Belgian legislation.

## **HOW ARE PENSIONS CALCULATED UNDER THE AGREEMENT?**

### *Australian pensions*

People who live in Australia but do not have ten years' residence in Australia can count their insurance periods in Belgium to qualify for an Australian age pension, subject to the means test. During such time (until they have ten years' residence in Australia) they will be paid the normal income-tested pension rate, less the amount of any Belgian pension - ie the Belgian pension would be 'topped-up' to the rate of Australian pension.

Australian pensions in Belgium will be based on the person's period of 'Australian Working Life Residence' [*this is the period between age 16 and Age Pension age*]. A full pension, subject to the means test, is payable to a person with 25 years 'Australian Working Life

Residence'. For example, under the Agreement, a man who has lived in Australia from age 30 to age 50 (ie 20 years) may, at age 65, be paid 20/25ths of a means-tested Australian age pension in Belgium. No pension is paid overseas if a person has fewer than 12 months 'Australian Working Life Residence'.

### *Belgian pensions*

Belgian pensions are generally based on insurance periods in Belgium only. Under the Agreement, Belgium will pay those pensions into Australia regardless of a person's citizenship.

If necessary, Belgium will add periods of working life residence in Australia to insurance periods in Belgium, in order to overcome qualification requirements. The Belgian pension actually paid, however, will be based on the amount of insurance periods in Belgium.

### **ADMINISTRATION AND LODGEMENT OF CLAIMS**

The Agreement will create administrative links between the social security systems of Belgium and Australia which will help pensioners in one country in their dealings with the social security authorities of the other.

A claim for a Belgian pension, lodged in Belgium, will also be treated as a claim for an Australian pension, if the person indicates in the claim that he or she has been an Australian resident during their working life. Similarly, a claim for an Australian pension, lodged in Australia, will be treated as a claim for a Belgian pension if the person indicates he or she has insurance periods in Belgium.

### **DOUBLE SUPERANNUATION COVERAGE**

The Agreement between Belgium and Australia also includes provisions which will eliminate the need for superannuation type contributions having to be made into both countries' systems in respect of the same work, when Australians are sent to work temporarily in Belgium or when Belgian workers are sent to work in Australia temporarily.

### **WHEN WILL THE NEW AGREEMENT START?**

The Agreement is not expected to begin operating before 1 July 2005, after the necessary treaty, legislative and administrative processes are completed in both countries.

### **WHERE CAN I FIND MORE INFORMATION?**

Further information and the text of the Agreement can be found on the Department of Family and Community Services' website at:

<http://www.facs.gov.au/internet/facsinternet.nsf/aboutfacs/international/belgium-belgium.htm>

Or you can write to:

Assistant Secretary  
International Branch  
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If you would like more information or have any questions please contact:

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