

RETIRING IN BELGIUM

A GUIDE FOR EXPATS

Written by
The BRATS
Brussels Retired Expats



€15

**Retiring in Belgium
A Guide for Expats**

by The BRATS
(Brussels Retired Expats)

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"Retirement has been a discovery of beauty for me. I never had the time before to notice the beauty of my grandkids, my wife, the tree outside my very own front door; and, the beauty of time itself."

(Hartman Jule)

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DISCLAIMER

This book covers a wide variety of topics, many of which are relatively complex, and the pertinent laws, rules and regulations change quite frequently. In Belgium there is the further complication in that these regulations, laws and rules often differ between the three regions of Wallonia, Flanders and Brussels. On financial matters there are further complications for UK and US citizens involving taxation of income, investments and estates. It is therefore essential that before making a significant decision based on anything in this book, you check out the latest situation with the relevant competent professionals. Please note that all financial data is current at the time of writing (Sep 2011), but needs to be checked with an official source before using, in case it has subsequently changed.

The authors have of course made every effort to ensure the accuracy of the content of this book, but totally disclaim responsibility for any actions taken by readers based on its contents. They nevertheless hope that it will prove useful. Reference should always be made to professional advice.

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Finally, thanks to Malcolm Pimm, Treasurer of the British Charitable Fund, for channelling the proceeds from this book to the two chosen charities.

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The British Charitable Fund, founded in 1815 by the Duke of Wellington to help families of servicemen stranded after the Battle of Waterloo, continues to provide both financial and social assistance to (often elderly) British citizens living in Belgium who find themselves in financial or other distress. Regular visits are paid to them, advice and practical help with everyday problems are supplied. Also, with the support of a legacy received for the purpose some years ago, a short seaside holiday is provided for some beneficiaries. More recently, even more harrowing cases of younger persons have appealed to the Fund for help. All support is voluntary and there are virtually no overheads.

The Fund relies on companies, associations (like the British Brussels Community Association) and individuals for donations. Donations of 40 EUR, or more, are deductible from income for Belgian tax purposes – thus the net cost of a donation is, normally, half or less of the amount donated.

The Community Help Service is a non-profit organization established in 1969. It provides information, support and mental health services to anyone in Belgium who needs help and prefers to speak English. CHS is committed to offering assistance, support and mental health information to the community at large regardless of nationality and taking into account individual financial circumstances.

The CHS Help Line is a 24/7 confidential information and crisis telephone service, staffed by trained volunteers under the supervision of professional therapists. CHS runs the Mental Health Centre in Brussels. Their professional team of psychologists, psychotherapists and psychiatrists offers confidential support and professional services to English speakers of any nationality. They deal with a wide range of problems, including but not limited to:

- Children's learning and behavioural difficulties
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- Drug and alcohol addiction
- Depression and anxiety
- Acute distress and behavioural change
- Marital and family difficulties
- Bereavement.

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The Authors

Bios from left to right, front row first

Maggie and **Ken Inglis** have lived in Brussels since 1994, having come for a three-year job contract. Like many who make that initial journey, they stayed!

Maggie's career was spent mostly in the not-for-profit sector in the United Kingdom, managing generalist and specialist advice centres in the London area and running courses for social work professionals. On coming to Brussels, she became a volunteer at Focus Career Services, working as a member of their training team, before joining the International School of Brussels. For eight years Maggie was ISB's Director of External Relations, responsible for marketing, public relations and admissions. She set up her own business in the field of communications - writing, editing, building communications strategy - when she retired from full-time work. Maggie currently volunteers for Community Help Service.

Ken's career was spent principally in government service in the United Kingdom where his last post was that of Finance Director for the British National Space Centre. He came to Brussels to join the European Commission as an "expert detaché" in the Space Unit in DG/Research, working closely with the European Space Agency. On retirement Ken ran his own consultancy business, specialising in providing administrative services to the international satellite data sector. He is now an active volunteer, working as the Resource Centre Manager for Focus Career Services until that organisation closed, and now serving on the board of the Community Help Service and driving for the Wednesday Club.

Maggie and Ken have a daughter in the UK and a son in the USA, who have provided them with 5 delightful grandchildren.

Jo Ann Broger American by birth, Jo Ann lived in various US cities, Switzerland and Holland before moving to Brussels in 1980. Her professional activities have included teaching English to adolescents and adults; editing scientific and educational publications; and business management. In 2004 she resigned from the American Chamber of Commerce in Belgium and the EU, having served 21 years as Managing Director of that organization.

Her interests include public speaking, bridge, and yoga. She currently serves on the Board of Community Health Service and The American Club of Brussels. Jo Ann has an MA in English Literature and has completed several professional development courses. She speaks French, German and some Dutch.

Jo Ann and Merton Hale were responsible for the formation of the BRATS group. They both had decided to retire in Belgium and were frustrated by not being able to find good comprehensive sources of information. They contacted friends in similar positions and from that BRATS was formed.

Peter Adye was educated in England and Scotland, and graduated from Glasgow University. His career with Procter and Gamble spanned 34 years in the UK, the USA and Belgium, in a variety of roles, mostly in Manufacturing and Product Supply. His position prior to retiring in Belgium in 2003 was Vice President Global Business Services, Europe. He served on the Board of Focus Career Services, and as Chairman for several years. His interests include golf, reading, travelling (especially to the US to see his 2 children and 4 grandchildren), sketching and painting, and long vacations in Mallorca.

David Humphreys qualified as a Chartered Accountant and worked in the UK and in Italy before coming to Belgium in 1976 becoming a Réviseur d'Entreprises. He was a partner in Ernst & Young in the audit and consultancy fields, spending some time as Chief Finance Officer of Europe for its consultancy arm headquartered in the Netherlands before retiring in Belgium in 2003. David was Treasurer of the Royal Belgo-British Union and was Chairman of the Community Help Service, which incorporates the Help Line. He is the Chairman of The British Charitable Fund, which helps Britons and their dependants in Belgium. His current interests include listening to good music, travelling well and playing golf badly.

Merton Hale is an American who has lived in Belgium for more than 30 years. He was educated in the US and holds a BSc degree in Electrical Engineering and an MBA. Merton was one of the founders and owners of two very successful businesses in the PC industry. Prior to that he held various marketing positions in American multinationals, both in the USA and Europe. Since stopping full-time management of his companies, Merton has been devoting a significant amount of time to one of his long held passions – inventing. He hopes to have filed his first patent application before the end of 2011.

Merton has been active in supporting not-for-profit organisations in Belgium for many years. He was on the Board of Directors of Community Help Service (CHS) and of Focus Career Services for six years where he was also a volunteer. Merton is currently on the Steering Committee of The Wednesday Club, an English-speaking social club for older men and woman. During his spare time he works at the Royal Belgian Air Force museum helping to restore the engine from a WWI German airplane. Merton has four children, all living in Europe.

RETIRING IN BELGIUM: A GUIDE FOR EXPATS

INTRODUCTION

The Story of the Book

The BRATS group was formed by an ad-hoc group of US and UK expats who had either already retired in Belgium, or were working in Belgium and thinking about retiring here.

We shared a frustration about the difficulty of finding experts who knew about the various aspects of retirement for expats in Belgium, especially the intricacies of financial planning.

One of our members concentrated on researching this aspect. Others created a checklist (see appendix 1) to help relatives deal more easily with the death of Belgian resident expats, as well as a process to help one another periodically check whether or not staying in Belgium continued to be the best choice for them (see appendix 2). We dealt with a variety of other matters – volunteering, leisure and learning opportunities, health care, etc. As the area of finance is both complex and not easy to access, we decided to make it more broadly available and started working with sponsors to enable us to publish the information. We also came to realize that we had accumulated quite a lot of knowledge about retiring in Belgium, in addition to financial planning, which would be useful to others in similar situations. Thus the idea of this book was spawned.

What this book is about

If you are an expatriate from the UK or the USA, thinking about retiring in Belgium, you will find this book invaluable. Expats from other countries will find most of it very useful, but will need to do their own research on the financial aspects, based on their country of origin.

It covers the Belgium-specific aspects of retirement in some depth. This is not a book about retirement in general. It only touches on some of the generic aspects of preparing for retirement, providing references for further investigation of these important, but non Belgium-specific areas. There are numerous other resources available to help with retirement in general.

Our intent is to raise questions we think it is helpful to consider, to answer at least some of those questions in full, and where that is not possible or practical, refer you to experts we believe will be able to help you. Although some rules and regulations are the same across the entire country, there are also some significant differences between Flanders, Brussels and Wallonia; and even within these regions, local interpretations can be different. Therefore it is very important for you to check with an official and reliable source before making any major or irrevocable decisions. To help you do this, we have included useful addresses, websites and references wherever possible.

As life expectancy increases, retirement decisions become increasingly important, because we look forward to longer and healthier periods during which we have choices about where to live, and what to do with our time. With pension income less assured, the financial aspects take on increasing importance.



Chapter I

PREPARING FOR RETIREMENT

It has been said that “You are never too young to retire.” Compared to earlier generations, many of us are, indeed, ‘retiring early’ or at least changing from full-time, paid employment to other arrangements.

Whether or not you will be retiring ‘early’, you are certainly “never too young to prepare for retirement.” The advantages of financial planning for retirement are evident to most of us and are dealt with later in this book. But have you thought of the non-financial forward planning retirement should involve?

With longer life expectancy and earlier retirement ages, most of us can look forward to several decades of retirement: a new life stage. Just like becoming a teenager, getting married, or becoming a parent or a full-time employee, this transition merits preparation, thought, discussion and research. How will you explore this exciting new phase of your life? Once you are retired you will need time to experiment and explore this new role; it will be important to be flexible.

Your present job is probably the main structure and focus of attention in your life at the moment. How will you fill that 40-60 hour gap in your life when you retire? How will you replace the social status and image you had that came with your job? Most of us do not believe that a life of complete leisure is preferable to one that includes work; and for many retirees this will mean working part-time for pay or accepting a volunteer job.

You could consider making a strategic plan for your retirement complete

with vision and goals. Some of the options for 'work' could be consulting, self-employment, home business, part-time employment, temporary employment (now includes executive level jobs), or telecommuting. It is worth starting to explore and research ideas that appeal to you several years before you plan to retire. Many people find working fewer hours as they approach retirement, now an option in many companies, to be an excellent way to bridge the gap between the two life stages.

Many retirees decide to follow a completely new path: for money or not. If your interest is oil painting or building models or interior decoration, you may wish to take lessons or join interest groups and build a network before you are retired.

You will need to discuss this new life stage with your spouse/partner and discuss how your (and perhaps his/her retirement) will alter your life together. You will need to renegotiate household tasks and time allotments, being clear about each other's needs and rights. As one wife commented to her recently retired husband, "I married you for better or worse, but not for lunch."

You will also need to build new social contacts to replace the ones associated with your professional status. The beginning stages of retirement are often associated with a sense of confusion and disorientation and having access to new people, groups and activities which you have built up, or at least begun to build up, before retirement can ease the transition. This will be of special importance if you decide to retire in a different country from where your family members live.

Keeping mentally alert and physically fit should be goals throughout your life; they become particularly important as you age. Build regular exercise and sports into your schedule before you retire so you have the skills and incentive to continue as you age. Activities to keep you mentally alert, such as bridge, brain games or regular travelling, should not be put off until you are retired and have lost the mental challenges that come with work.

Where to find help and resources as you approach retirement? Some communes as well as l'Université des Aînés, NATO, the EU and many multinational companies run courses to prepare people for retirement. Most communes also have a department for the 'Third Age' with information on activities and services for senior members of the commune.

Some of the questions you may wish to ask as you prepare are listed below. We hope this book will help you to answer them:

- Where do you want to live?
- What do you want to do with your time?
- Can you afford to retire?
- What health care cover do you need?
- How will your requirements change through time?

Summary of Key Points from Chapter 1 Preparing for Retirement

- Retirement requires forward planning, like any stage of life.
- Think of how you will replace the social status associated with your present job.
- Explore the opportunities for (part-time) work and leisure.
- Sign up for courses that will help you develop your passions and interests.
- Discuss with your spouse/partner how you will share this new life.
- Join groups and activities that will help you build new networks.
- Keep physically fit and mentally alert now and plan (start) activities you can continue when retired.
- Reflect on and research the various aspects of retirement raised in this book.
- Relish, rather than fear, retirement; it's an opportunity to realize new dreams.



Chapter 2

CHOOSING WHERE TO RETIRE

For many people, especially those who have never lived and worked far away from their place of birth, choosing where to retire is a question that never arises. They simply retire and continue to live where they have always lived, surrounded by family and friends in familiar surroundings; which has much to commend it. However, expatriates are much more likely to think about to which country they want to retire, because for many, their country of origin doesn't feel like home anymore, and so it is not the default choice; they may have lived and worked in many different countries, and so it is a more natural question for them to consider. It should go without saying that this needs to be a joint decision for a couple, as both need to be really comfortable with the decision, equally determined to make it work. So let us look at the basic options as we deal with the question of where we want to spend our retirement years.

Should we:

- stay where we are now? For those of you reading this book that's likely to be Belgium.
- go "home" i.e., back to our country of origin, or to the place that feels most like home.

or

- go somewhere else?

When we have decided on the country, what kind of environment do we want to live in, a city, a town, a village, an isolated location, at the coast, in the hills; and, in Belgium, should it be Flanders, Brussels or Wallonia?

There are obviously many factors to consider before making a major decision like this. With life expectancy increasing it is quite possible that you may have family members dependent on you for their care. In such cases, you will probably decide to live where they will be most comfortable and where their care is best assured. Some of us do not have the financial freedom to decide, and are tied to one country because we simply cannot afford to move anywhere else, but for those of us with no overriding constraints, it is well worth working through the questions methodically to help us come to a sound decision.

Income

Will your financial resources enable you to live anywhere you choose? Do you know enough about the taxation regimes in the countries you are considering, and the likelihood of them changing, to make a sensible choice? For example, in Belgium taxes on earned income are high, but with no capital gains tax and relatively low tax rates on interest and dividend income, Belgium can be considered retiree-friendly.

Could you be negatively impacted by changes in exchange rates? For example, someone with their wealth based primarily in US dollars has lost approximately 40% of their purchasing power in the Euro-zone over the last 10 years, not even accounting for inflation and the recent financial crisis. Many people from the UK, who decided to retire to Spain, can now no longer afford to live there because the pound sterling has lost value vs. the Euro. To compound their situation, the collapse in the value of property in Spain means that some of these people either cannot sell their property at all, or can get so little for it that they could not afford to buy anything back in the UK. They are trapped in an unenviable position - they cannot afford to move and they cannot afford to stay! This is not designed to scare you, just to make sure that you carefully consider some "What if?" scenarios and make sure you can adequately survive these kinds of fluctuations.

The current financial and economic crisis is resulting in larger government debt in many countries, which is likely to lead to increased taxation and/or benefit and service reduction.

It is important that you always have a significant safety margin in your

financial situation to enable you to withstand these kinds of changes without rendering you incapable of continuing to live in your chosen location. Later chapters are devoted to the financial side of retiring, which will help you wrestle further with this aspect. It will also provide references guiding you where to seek additional guidance and expertise.

Estate Planning

This is a very complex area, and will be the subject of another book, so it will not be covered in any depth here. Suffice it to say that there are very few treaties between countries on inheritance tax in the way that there are regarding income tax, and without careful planning it is possible that on your death your successors could owe more tax than your estate provides, due to double and sometimes triple taxation!

The laws and allowances vary greatly from country to country; e.g., in the USA, you can leave up to a total of \$3,500,000 to whoever you want without any tax being due, whereas in other countries, e.g., Belgium, the law is very specific about what proportion of your estate you have to leave to various relatives, and the government taxes your estate at 80% on money left to people who are not close relatives! For those of you who care about where your estate goes, and how much is left after tax, it is essential you get to grips with this subject before making your retirement location decision.

Family and Friends

Not all of us have family members dependent on us for their care, but most of us have family members living elsewhere in the world, often in our country of origin. How important is it for you to be closer to them? Is this separation an aspect of the expat life that you have regretted and now you want to rebuild or strengthen those family ties? Do you have children back in your home country, or maybe grandchildren, who you want to be able to see a lot of and become more a part of their life? This is a very strong driver for some people and will be the major determining factor in their decision about where to live. There are some watch-outs here as well. I know of several people who relocated back to their home country to be closer to their children or grandchildren, only to find that within a year or two the children had decided to move to another country, in some cases to the other side of the world!

Where are your friends? Have you been living in Belgium a long time and have already built up a network of friends and acquaintances you would be sorry to leave behind? Do most of your friends live outside Belgium,