

Belmod NEWSLETTER

Dear reader,

Below you will find a new BELMOD newsletter. Did you miss the previous one? We publish all newsletters on our [website](#). Do you have any questions? Remarks? Suggestions? Contact us via belmod@minsoc.fed.be.

Enjoy reading!

The BELMOD team

New BELMOD papers!

As we announced in the previous newsletter, we have been working hard over the past few months on two papers using BELMOD:

- The adequacy of social assistance benefits;
- The cumulation scheme for people with disabilities.

And now, the time has come: as of today, these reports are available on our website! The reports are available in Dutch and French. Discover the insights and findings we have gathered [here](#). Below, you'll find a brief summary.



The adequacy of social assistance benefits

The **fourth Federal Poverty Reduction Plan** was approved on 15 July 2022. As part of this plan, it was decided to **increase welfare benefits towards the poverty line**. Consequently, the maximum benefit amounts for single recipients of income support, income support for disabilities and income support for the elderly were raised to 82%, 84% and 99% of the poverty line on 01/01/2024, respectively.

The microsimulation model BELMOD and the corresponding administrative dataset of the FPS Social Security were used to examine **the impact** of these recent increases **on poverty rates**. In doing so, we compare poverty risk levels and intensity in Belgium and specifically for benefit recipients, with and without the implementation of the recent increases.

Although the measures have had a positive effect on reducing poverty, there is still **room for improvement**. Through additional analyses, we explore some of these opportunities. For instance, benefit amounts could be further increased to be even closer to the poverty threshold. We also illustrate the possible effects of adjusting the proportions of benefits for different family types. Finally, we examine the impact of non-take-up of the income support and the income support for the elderly.

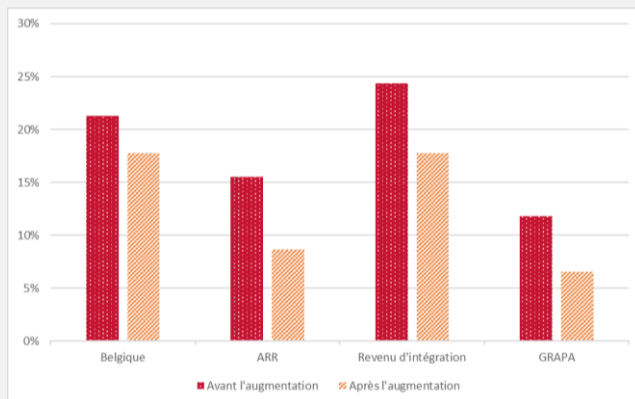


Figure 1. The poverty gap for social assistance recipients (source: BELMOD, 2024)

The cumulation scheme for people with disabilities

To achieve an 80 % employment rate by 2030, major efforts must be made to activate vulnerable groups as well. One of the necessary steps is to ensure that these precarious groups, such as persons with disabilities, gain financially through employment. **On 1 January 2024, the cumulation scheme of the income-replacement allowance (IRA) was reformed**, allowing temporarily higher exemptions on earned income in certain cases.

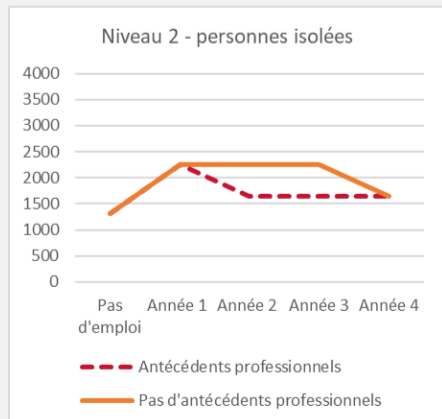


Figure 2. Change in net income when working at 30% and receiving an AR (Source: BELMOD, 2024)

Using the BELMOD simulation model and a set of type families, we examined **the impact** of the reform **on family income**, both in the short and longer term. The payback effects for the government are also briefly discussed. We then look at the other side of the story: what are the consequences of the reform if people stop working, e.g. for medical reasons? We illustrate some **remaining bottlenecks** by looking at the impact on income replacement allowance, integration allowance and derived rights. A final analysis maps inactivity traps in the employment of the partner, as we see low employment rates in this group as well. We conclude that persons with disabilities may indeed temporarily gain financially from the reform, but the precise consequences of working and a possible cessation are difficult to estimate due to the high complexity of the legislation.