

Make more of the end-of-year bonus

Turn the bonus into meaningful employee choice

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forvis mazars

Introduction

As year-end approaches, many employers are preparing to award an end-of-year bonus. A cash payment may be straightforward, but it does not always deliver the greatest value for either the business or its employees. With advance planning, and where the applicable legal and sector rules permit, the bonus budget may offer an opportunity to build a more flexible, attractive and strategically aligned remuneration package.

Turn the bonus into meaningful employee choice

An employer may allow employees to exchange all or part of their end-of-year bonus for benefits that better match their individual needs. This is typically organised through a **flexible reward plan**, also referred to as a salary plan or à la carte remuneration plan. Within a predefined framework, employees can select benefits in areas such as mobility, multimedia, health, financial wellbeing and work-life balance.

A well-designed flexible reward plan can increase the value employees receive from their remuneration package, and enhance employees' perceived purchasing power, because certain benefits (such as a bike lease) are subject to a different tax or social security treatment than ordinary salary. For employers, it can strengthen the employee value proposition, support recruitment and retention, and remain cost-controlled when the budget and benefit valuation are structured correctly. Participation should be voluntary, while the available choices, valuation methods and employment-law, tax and social security consequences must be communicated transparently.

The end-of-year bonus, and, depending on their legal basis, certain other cash or sectoral bonuses, may in principle be used to create the plan budget. Not every remuneration component is suitable, however. Statutory holiday pay, overtime supplements and existing supplementary pension contributions, for example, cannot simply be converted into a flexible budget. Before implementation, the applicable collective labour agreements, employment contracts, company policies and sector rules should therefore be reviewed carefully.

Consider alternatives to the traditional cash bonus

Depending on the employer's objectives, other reward mechanisms may also be worth considering:

- The collective bonus under **Collective Labour Agreement No. 90** (CLA 90 bonus) links the award to objective, measurable and verifiable collective results. If the statutory conditions, ceiling and formal implementation procedure are respected, a specific tax and social security regime may apply. This can be a powerful way to align teams around shared business goals.
- Granting a **profit premium** enables a Belgian company to distribute part of its profit among employees. It can offer an attractive reward mechanism, but remains subject to specific eligibility, allocation and corporate decision-making rules.
- **Warrants** are financial instruments that can be awarded individually or collectively. Under the applicable conditions, they may fall outside ordinary social security contributions. Their use nevertheless involves provider costs, strict timing and documentation requirements, and a degree of market risk that should be explained clearly to employees.
- An **additional group insurance contribution** directs part of the reward towards supplementary pension accrual. It can reinforce long-term retention and financial wellbeing, although it does not provide employees with immediately available purchasing power and must fit within the applicable pension framework.
- Finally, the **ordinary cash bonus r**emains the most familiar and immediately accessible option, but generally offers no specific tax or social security optimisation.

The most suitable approach will depend on the employer's workforce, reward strategy and business priorities. Key questions include whether the aim is to reward individual or collective performance, offer immediate value, encourage specific behaviours or support longer-term retention. In practice, the strongest reward strategy may combine several complementary tools rather than rely on a single solution.

Include mobility in the wider reward conversation

For eligible employees with access to a company car, the federal mobility budget provides a separate route to greater flexibility. Depending on the applicable conditions, the budget can be used for an environmentally friendly car, sustainable mobility solutions such as a bicycle or public transport, and certain housing costs. Any remaining balance can be paid in cash after deduction of a special employee contribution. Although the mobility budget is not a conversion of the end-of-year bonus, it can be an important component of a broader review of remuneration, mobility and sustainability.

Act before the bonus entitlement becomes fixed

Remuneration optimisation requires advance planning. Once an employee has acquired an unconditional right to a cash bonus, it may no longer be legally possible to replace that entitlement with another benefit. Employers should therefore start the review well before year-end and assess the legal basis of the bonus, the applicable sector rules, the existing contractual documentation, payroll feasibility and employee communication. Early preparation also creates time to build a solution that is workable in practice, not merely compliant on paper.

Would you like to make your reward budget work harder? Our employment law team can help you identify the most suitable options, assess the legal and sector-specific constraints, develop a practical implementation approach and translate the chosen solution into clear, compliant documentation and employee communication.