Social protection: long-term evolution of pensions

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PURPOSE: to present a Commission Communication on the future evolution of social protection from a long-term point of view: safe and sustainable pensions. CONTENT: Pension systems comprise both public and private schemes and are ususally built on three pillars: basic public schemes, occupational schemes and individual pension plans. However, in all Member States, the largest share of older people's income is provided through public pension schemes. Against this background however, population ageing and the retirement of the "baby boomer'generation represents a major challenge to this historic achievement. At the EU level, the promotion of a high level of social protection is one of the fundamental objectives defined in Article 2 of the founding Treaty. This is why the European Council has called for a cooperative exchange on the future sustainability of pension systems. The present Communication proposes a framework for taking this work forward. Furthermore, the Communication is intended to inform the work of the High Level Working Party on Social Protection on the long-term evolution of pensions. The main guiding principles and objectives for pension reforms are the following: - maintain the adequacy of pensions - ensure intergenerational fairness - strengthen solidarity in pension systems - maintain a balance between rights and obligations - ensure that pension systems support equality between men and women - ensure transparency and predictability - make pension systems more flexible in the face of societal change - facilitate labour market adaptability - ensure consistency of pension schemes within the overall pension scheme. In addition to the framework presented in this Communication, the Commission will undertake the following initiatives to underpin this cooperative exchange on pension sustainability: - in order to gauge public awareness and expectation regarding the modernisation of social protection schemes, it will carry out in the year 2001, a Eurobarometer survey on pensions and pension reform; - examine the relevant Community-wide statistical surveys with a view to ensuring that social protection issues in general and pension issues in particular are adequately covered; - propose an exchange of information on issues covered in this Communication with the accession countries and, in the framework of its bilateral cooperation, the United States and Japan. The Commission will also pursue its efforts to contribute to a better functioning of supplementary schemes. Finaly, the Commission will take further initiatives on the future evolution of social protection with a view to supporting the cooperative effort on all objectives for the modernisation and strengthening of social protection as approved by the Council on 17 December 1999.