Basic information

2002/2017(COS) COS - Procedure on a strategy paper (historic)	Procedure completed
Supporting national strategies for safe and sustainable pensions through an integrated approach **Subject** 2.50.05 Insurance, pension funds 4.10.11 Retirement, pensions 5.10.01 Convergence of economic policies, public deficit, interest rates	

Key players

European Parliament

Committee responsible	Rapporteur	Appointed
EMPL Employment and Social Affairs	FATUZZO Carlo (PPE-DE)	04/10/2001

Committee for opinion	Rapporteur for opinion	Appointed
ECON Economic and Monetary Affairs	KUCKELKORN Wilfried (PSE)	05/11/2001
JURI Legal Affairs and Internal Market	The committee decided not to give an opinion.	
FEMM Women's Rights and Equal Opportunities	SANDERS-TEN HOLTE Maria Johanna (Marieke) (ELDR)	11/09/2001

Council of the European Union

Council configuration	Meetings	Date
Economic and Financial Affairs ECOFIN	2393	2001-12-04
Employment, Social Policy, Health and Consumer Affairs	2392	2001-12-03
Employment, Social Policy, Health and Consumer Affairs	2373	2001-10-08

European Commission

Commission DG	Commissioner
Employment, Social Affairs and Inclusion	

Key events

Date	Event	Reference	Summary

03/07/2001	Non-legislative basic document published	COM(2001)0362	Summary
08/10/2001	Debate in Council		
03/12/2001	Debate in Council		
16/01/2002	Committee referral announced in Parliament		
19/02/2002	Vote in committee		Summary
19/02/2002	Committee report tabled for plenary	A5-0071/2002	
10/04/2002	Debate in Parliament		
11/04/2002	Decision by Parliament	T5-0180/2002	Summary
11/04/2002	End of procedure in Parliament		
29/05/2003	Final act published in Official Journal		

Technical information

Procedure reference	2002/2017(COS)
Procedure type	COS - Procedure on a strategy paper (historic)
Procedure subtype	Commission strategy paper
Legal basis	Rules of Procedure EP 148
Stage reached in procedure	Procedure completed
Committee dossier	EMPL/5/15687

Documentation gateway

European Parliament

Document type	Committee	Reference	Date	Summary
Committee report tabled for plenary, single reading		A5-0071/2002	19/02/2002	
Text adopted by Parliament, single reading		T5-0180/2002 OJ C 127 29.05.2003, p. 0593-0659 E	11/04/2002	Summary

European Commission

Document type	Reference	Date	Summary
Non-legislative basic document	COM(2001)0362	03/07/2001	Summary
Non-legislative basic document	COM(2002)0737	17/12/2002	Summary

Other institutions and bodies

Institution/body	Document type	Reference	Date	Summary

EESC	Economic and Social Committee: opinion, report	CES1491/2001 OJ C 048 21.02.2002, p. 0101	29/11/2001	

Supporting national strategies for safe and sustainable pensions through an integrated approach

2002/2017(COS) - 03/07/2001 - Non-legislative basic document

PURPOSE : to establish a set of common objectives for supporting national strategies on the pensions systems. CONTENT : this paper looks at the demographic changes throughout Europe which make the modernisation of the pensions system high on the political agenda of all Member States. A set of common objectives will, inter alia, help Member States focus on necessary reforms and make pension policy more transparent, thus allowing citizens to adapt to foreseeable changes. The paper proposes the following set of common objectives: On the adequacy of pensions: - ensure that all older people enjoy a decent standard of living. - provide access for all individuals to appropriate pension arrangements necessary to maintain their living standards. On financial stability of public and private pension schemes: - in the context of the Employment Strategy, achieve a high level of employment so that the ratio between the active and the retired remains as favourable as possible. - ensure that pensions systems, particularly early retirement and invalidity schemes, and their interaction with the tax-benefit systems, offer effective incentives for the participation of older workers; that workers are not encouraged to take up early retirement and are not penalised for staying in the labour market beyond the standard retirement age; and that pension systems facilitate the option of gradual retirement. - ensure that public spending on pensions is maintained at a level in terms of percent of GDP that is compatible with the Growth and Stability Pact. - strike a balance between the active and retired through adjustments to the levels of contributions and taxes. - ensure, through appropriate regulatory frameworks, that private funded management schemes will continue to provide the pensions to which members are entitled. On the modernisation of systems in response to changing societies: - ensure that labour market mobility does not result in undue loss of pension entitlements and that self-employment is not discouraged. - review systems and eliminate gender-based discrimination while dealing with sources of inequalities in entitlements (career breaks for family, actuarial factors) - make pension systems more transparent and predictable. The Commission will develop appropriate indicators which aim at providing comparable information on the major economic, financial and demographic trends, which need to address the triple challenge of adequacy, financial sustainability and adaptability to change.

Supporting national strategies for safe and sustainable pensions through an integrated approach

2002/2017(COS) - 17/12/2002

The Council and Commission have produced a joint report detailing the first comprehensive assessment of national pension systems and policies at EU level. To recall, the open method of coordination on pensions was launched at the Laeken European council in 2001 on the basis of 11 common objectives under three headings: safeguarding the capacity of systems to meet their social objectives, maintaining their financial sustainability and meeting changing social needs. The report analyses the National strategy Reports on Pensions submitted by each Member State, with a view to assessing the achievement of the eleven common objectives. These are presented in the Annexes. The report states that the momentum must be maintained, since ageing will start to produce its effects on pension systems within the next ten years in most Member States. The general conclusion may be summarised as follows: - Adequacy of pensions : preventing social exclusion - all Member States ensure compulsory membership in pension schemes, and provisions to ensure a minimum income to people who have not earned sufficient entitlements in their own right. In some countries higher poverty risks persist, particularly for older women. In future, pensioners are likely to acquire more pension entitlements during their working lives. - Enabling people to maintain living standards : pension systems comprising flatrate or earnings-related first pillar scheme, private occupational schemes (second pillar) and individual retirement provision (third pillar) offer good opportunities for most Europeans to maintain their living standards after retirement. Most come from first pillar schemes. However, the national strategy reports present a wide range of pension reforms aiming to contain future public pension expenditure growth, leaving more scope for private provision. The report emphasised the importance of postponing retirement. Whilst occupational and personal pension provision is developing in many Member States, voluntary private provision would not be expected to automatically fill the gap left by reduced public provision. An increasing number of countries therefore allow the social partners to establish sectorwide pension schemes based on mandatory collective agreements, enabling high rates of coverage. - Promoting solidarity : Member States build strong redistributive elements into first pillar pension schemes, notably in the form of minimum pension guarantees or credits for certain periods without pensionable income (e.g. unemployment, studying, parental leave etc.). This is not incompatible with stronger links between contributions and benefits, particularly if solidarity elements are financed from general budgets. Strong solidarity elements can also be present in occupational pension schemes based on collective agreements. The latest available income survey data suggest, for the EU as a whole, somewhat smaller income disparities among older people than among the population as a whole. - Financial sustainability of pension systems : Raising employment levels - projections of public pension expenditure indicate that higher employment rates alone will not solve the problem of the financial sustainability of pension systems. - Extending working lives : currently, most Europeans retire before reaching the statutory retirement age. A one-year increase in the effective retirement age would absorb about 20% of theaverage expected increase in pension expenditure in 2050. Member States are reforming early pension systems and labour market policies and promoting active ageing. However, in many cases, the pace of reforms falls short of what is required to achieve the Stockholm and Barcelona targets for the employment rate of older workers (50% by 2010 compared to 38.5% today) and to increase the effective retirement age by about five years by 2010. - Making pension systems sustainable in a context of sound public finances - Large expenditure increases on public pensions are projected for most Member States. Some countries are still hampered by high debt ratios and the need for budgetary consolidation. - Adjusting benefits and contributions in a balanced way : to prevent adverse effects on employment, an increase in the total tax burden should be avoided, in particular on labour. Member States must achieve a sustainable balance between taxes on labour, on the one hand, and other forms of taxation, including on capital, on the other. No Member State envisages increased pension expenditure to be financed solely by raising

contribution rates. Several Member States set an upper limit for contribution rates. In the case of the new notional defined-contribution pension schemes, benefits are automatically adjusted to maintain the financial balance of the schemes, notably in the face of rising life expectancy. In view of the financial impact of the retirement of the baby-boom generation, several Member States have established reserve funds in public pension schemes which should allow them to avoid major increases in contributions. Some expect to be able to afford larger transfers from the general budget to their public pension schemes thanks to debt reduction over the coming years and hence reduced future interest payments - or thanks to increased tax revenue from future pension benefits that are subject to deferred taxation. Several Member States have taken measures to reduce gradually replacement rates under public pension schemes, while at the same time creating better opportunities for supplementary private provision. - Ensuring that funded pension provision is adequate and financially sound : the risks of funded pension provision can be greatly reduced through effective supervision and prudent management of the assets. Significant progress is being made towards sound regulatory frameworks for funded pension provision across the EU. Progress is also being made in reducing management costs of private schemes. - Modernisation of pension systems : adapting to more flexible employment and career patterns - In spite of improvements achieved in many Member States, the situation cannot yet be regarded as satisfactory. Atypical workers are less well covered by occupational schemes and workers who change jobs tend to end their careers with reduced occupational pension rights compared to workers who remain with the same employer Greater equality between men and women -significant differences between women and men's pension entitlements will persist for a long time to come. Further gender assessment is needed to understand the impact of recent reforms and notably the development of supplementary pension schemes on the relative situations of men and women. Demonstrating the ability of pension systems to meet the challenges - most Member States have undertaken efforts to improve the transparency of their pension Systems. The report emphasises the importance of this. - Further co-operation at EU level - This includes work on common indicators which would allow to measure the extent to which the common objectives are being achieved, and Improving the quality of income data and their timeliness. This co-operation on pensions will have to be extended to new Member States. The report suggests that applicant countries could be invited to prepare their own national strategy reports based on the 11 common objectives.

Supporting national strategies for safe and sustainable pensions through an integrated approach

2002/2017(COS) - 11/04/2002 - Text adopted by Parliament, single reading

The European Parliament adopted a resolution on the Commission communication on sustainable pensions, drafted by Carlo FATUZZO (EPP-ED, Italy). (Please refer to the document dated 19/02/02).

In addition, it stressed that in order to secure pensions in the long term, it is essential that comprehensive reform strategies are drawn up before acute financing problems arise. The aim of this reform process should also be to expand the basis of contributors and to explore alternative forms of financing statutory pension systems. The maintenance of pensions in keeping with living standards can be seen as as problem of distribution: the key question is whether the macroeconomic increases in productivity will be high enough in the decades ahead to secure rising added value even against a background of falling unemployment figures so as to finance a higher proportion of collective consumption for pensioners, and whether the political will exists to redistribute wealth in order to secure pensions in the long term. The Commission should carry out a comparison between the current pension systems in the EU in terms of sustainability and impact. Member States are asked to give priority to gender equality in their pensions systems, which includes the individualisation of pension, social security and taxation systems, while ensuring that existing pension and derived rights under the current systems are not lost or devalued; it also includes an adjustment of pension systems, whereby pension contributions are accumulated by people who are temporarily providing care in the family.