Basic information

2012/2234(INI) INI - Own-initiative procedure	Procedure completed
Agenda for adequate, safe and sustainable pensions **Subject** 2.50.05 Insurance, pension funds 4.10.11 Retirement, pensions 4.10.14 Demography 4.15.04 Workforce, occupational mobility, job conversion, working conditions	

Key players

European Parliament

Committee responsible	Rapporteur	Appointed
EMPL Employment and Social Affairs	OOMEN-RUIJTEN Ria (PPE)	15/03/2012
	Shadow rapporteur DAERDEN Frédéric (S&D) DE BACKER Philippe (ALDE) LAMBERT Jean (Verts/ALE) CABRNOCH Milan (ECR) HÄNDEL Thomas (GUE/NGL)	

Committee for opinion	Rapporteur for opinion	Appointed
ECON Economic and Monetary Affairs (Associated committee)	MANN Thomas (PPE)	27/03/2012
ITRE Industry, Research and Energy	The committee decided not to give an opinion.	
IMCO Internal Market and Consumer Protection	COFFERATI Sergio Gaetano (S&D)	29/02/2012
FEMM Women's Rights and Gender Equality	BASTOS Regina (PPE)	18/09/2012

European Commission

Commission DG	Commissioner
Employment, Social Affairs and Inclusion	ANDOR László

Key events

Date	Event	Reference	Summary
16/02/2012	Non-legislative basic document published	COM(2012)0055	Summary
25/10/2012	Committee referral announced in Parliament		
25/10/2012	Referral to associated committees announced in Parliament		
21/03/2013	Vote in committee		
10/04/2013	Committee report tabled for plenary	A7-0137/2013	Summary
20/05/2013	Debate in Parliament		
21/05/2013	Decision by Parliament	T7-0204/2013	Summary
21/05/2013	Results of vote in Parliament		
21/05/2013	End of procedure in Parliament		

Technical information

Procedure reference	2012/2234(INI)
Procedure type	INI - Own-initiative procedure
Procedure subtype	Initiative
Legal basis	Rules of Procedure EP 55
Other legal basis	Rules of Procedure EP 165
Stage reached in procedure	Procedure completed
Committee dossier	EMPL/7/10676

Documentation gateway

European Parliament

Document type	Committee	Reference	Date	Summary
Committee opinion	IMCO	PE488.033	02/10/2012	
Committee draft report		PE500.477	19/11/2012	
Amendments tabled in committee		PE502.214	21/01/2013	
Committee opinion	FEMM	PE502.102	20/02/2013	
Committee opinion	ECON	PE500.553	27/02/2013	
Committee report tabled for plenary, single reading		A7-0137/2013	10/04/2013	Summary
Text adopted by Parliament, single reading		T7-0204/2013	21/05/2013	Summary

European Commission

Document type	Reference	Date	Summary
Commission document (COM)	COM(2012)0055	16/02/2012	Summary
Commission response to text adopted in plenary	SP(2013)519	18/09/2013	

National parliaments

Document type	Parliament /Chamber	Reference	Date	Summary
Contribution	DE_BUNDESRAT	COM(2012)0055	13/04/2012	
Contribution	SE_PARLIAMENT	COM(2012)0055	27/06/2012	
Contribution	RO_CHAMBER	COM(2012)0055	28/06/2012	

Agenda for adequate, safe and sustainable pensions

2012/2234(INI) - 10/04/2013 - Committee report tabled for plenary, single reading

The Committee on Employment and Social Affairs adopted the own-initiative report by Ria OOMEN-RUIJTEN (EPP, NL) on an Agenda for Adequate, Safe and Sustainable Pensions in response to the Commission Communication on the subject.

The Committee on Economic and Monetary Affairs, exercising its prerogatives as an associated committee in accordance with Article 50 of the Rules of Procedure of the European Parliament, has also been consulted for an opinion on the report.

Whilst noting that the lowering of pension benefits in many Member States is a consequence of the escalation of the financial crisis, Members deplore the severe cuts in the Member States hardest hit by the crisis that have **pushed many pensioners into, or at-the-risk of poverty**. The report recommends a **multi-pillar pension approach**, consisting of combinations of:

- a universal, pay-as-you-go, public pension;
- a funded, occupational, supplementary pension, resulting from collective agreements at the national, sector or company level or resulting from national legislation, accessible to all workers concerned;
- an individual third-pillar pension based on private savings with equitable incentives geared to low income workers, self-employed people and to people with incomplete contributory years as regards their employment-related pension scheme;

Since first-pillar, public pension schemes remain the most important source of income for pensioners, Members regret that the White Paper **does not properly address the importance of universal, at least poverty-proof, first-pillar public schemes**. Member States are asked to work on:

- more inclusive labour market strategies to decrease the economic dependency ratio between inactive persons and people in employment;
- lifelong training schemes and improved working conditions which enable people to have longer careers until the statutory retirement age, and beyond if they so wish.

Raising employment rates and balancing time spent in work and retirement: noting that in the EU, the employment rate among people aged between of 55 and 64 stands at a mere 47.4 % and among women at only 40.2%, Members call for **closely linking pension benefits to years worked and premiums paid** ('actuarial fairness'), while duly taking into account periods away from the labour market due to care for dependent persons. They recommend a **ban on mandatory retirement when reaching the statutory retirement age**, so as to enable people who can and wish to do so to choose to continue to work beyond the statutory retirement age, as extending the period of premiums paid while at the same time shortening the period of benefit eligibility can help workers reduce any pension gaps at a fast pace.

The report notes that the assumption behind early retirement schemes, whereby older workers are allowed to retire early so as to make jobs available for the young, has been proven empirically wrong as the Member States displaying the highest youth employment rates, on average, are also the ones displaying the highest employment rates for older workers.

Developing complementary private retirement savings: whilst welcoming the call in the White Paper for developing both funded, complementary occupational pensions accessible for all workers, Members consider that the Commission should rather recommend **collective, solidarity-based supplementary occupational pension savings**, preferably resulting from collective agreements and established at the national, sectoral or company level, as they allow for solidarity within and between generations, whereas individual schemes do not.

The committee also stresses the **need for citizens to be properly informed about their accrued pension entitlements,** so that they are able to make well-informed decisions as regards future additional pension savings. Member States are urged to ensure **strict disclosure rules** regarding the operating costs and risk of, and the return on, investments of pension funds operating within their jurisdiction.

Pensions of mobile workers: noting the lack of mobility between the Member States with only 3 % of working-age EU citizens live in another Member State, Members call for the **establishment of efficient tracking services**, possibly web-based, that enable citizens to track their employment- and non-employment-related pension entitlements and thereby make timely and well-informed decisions on additional, individual (third-pillar) pension savings. They welcome the Commission's pilot project, which should be complemented by an impact assessment of the benefits of providing EU citizens with consolidated pension information in an accessible way. Pension tracking services should ideally **cover not only occupational pensions, but also third-pillar schemes and individualised information on first-pillar entitlements.**

Review of the IORP Directive: the aim of the review of the Directive 2003/41/EC (the IORP Directive) should be to providing enhanced protection to current and future pensioners. Members make a series of observations on the Commission's proposals regarding precautionary measures which must apply the principle of 'same risk, same rules' within each national system and respective pillar.

Protection of workers' occupational pensions in the event of insolvency: Members stress that entitlements under Article 8 of Directive 2008/94/EC, which requires Member States to ensure that the pension rights of employees are protected in the event of the employer's insolvency, should be consistently safeguarded. They want the Commission to carry out a comprehensive overview of national guarantee schemes.

Complementary third-pillar pension savings: the committee calls on the Commission to assess and **optimise incentives for private pension savings**, in particular for individuals who otherwise would not build up an adequate pension. It also recommends:

- the legal cost limits at national level for contract conclusion and management, change of provider or change of contract type be investigated and that proposals be made in this regard;
- EU-level voluntary codes of conduct – and possibly also product certification schemes – with regard to quality, information provision to consumers and consumer protection in the third pillar.

Removing tax and contract related cross-border obstacles to pension investments: the Commission and the Member States concerned are asked to reach agreement in the field of cross-border pensions, especially as regards how to avoid double taxation and double non-taxation.

Gender: Members recall the gender challenge regarding pensions, noting that around 22% of women over the age of 75 fall below the EU's poverty threshold. In this respect, first-pillar, public pension schemes should guarantee at least a decent standard of living for all. Members also stress that **gender equality in the labour market is crucial to ensure the sustainability of pension systems**, and that the equalisation of the pension age for men and women must be accompanied by effective policies to ensure equal pay for equal work, reconciliation of work and care for dependents.

Agenda for adequate, safe and sustainable pensions

2012/2234(INI) - 21/05/2013 - Text adopted by Parliament, single reading

The European Parliament adopted by 502 votes to 138, with 49 abstentions a resolution on an Agenda for Adequate, Safe and Sustainable Pensions in response to the Commission Communication on the subject.

Whilst noting that the lowering of pension benefits in many Member States is a consequence of the escalation of the financial crisis, Parliament deplores the severe cuts in the Member States hardest hit by the crisis that have **pushed many pensioners into, or at-the-risk of poverty**. Emphasising the likelihood of a long-term, low-growth economic scenario, which would require most Member States to consolidate their budgets and reform their economies under austere conditions, Parliament agrees with the Commission that it is necessary to build up funded, complementary occupational pensions, apart from the priority of safeguarding universal, public pensions that at least guarantee a decent standard of living for all in old age.

Parliament recommends a **multi-pillar pension approach**, consisting of combinations of:

- a universal, pay-as-you-go, public pension;
- a funded, occupational, supplementary pension, resulting from collective agreements at the national, sector or company level or resulting from national legislation, accessible to all workers concerned;
- an individual third-pillar pension based on private savings with equitable incentives geared to low income workers, self-employed people and to people with incomplete contributory years as regards their employment-related pension scheme. Parliament calls on Member States to consider introducing such schemes where they do not yet exist, and asks the Commission to ensure that any regulation in the field of pensions be conducive to this approach.

Since first-pillar, public pension schemes remain the most important source of income for pensioners, Members regret that the White Paper **does not properly address the importance of universal, at least poverty-proof, first-pillar public schemes**. Member States are asked to work on:

- more inclusive labour market strategies to decrease the economic dependency ratio between inactive persons and people in employment;
- lifelong training schemes and improved working conditions which enable people to have longer careers until the statutory retirement age, and beyond if they so wish.

Raising employment rates and balancing time spent in work and retirement: noting that in the EU, the employment rate among people aged between of 55 and 64 stands at a mere 47.4 % and among women at only 40.2%, Members call for **closely linking pension benefits to years worked and premiums paid** ('actuarial fairness'), while duly taking into account periods away from the labour market due to care for dependent persons. They recommend a **ban on mandatory retirement when reaching the statutory retirement age**, so as to enable people who can and wish to do so to choose to continue to work beyond the statutory retirement age, as extending the period of premiums paid while at the same time shortening the period of benefit eligibility can help workers reduce any pension gaps at a fast pace.

Parliament notes that the assumption behind early retirement schemes, whereby older workers are allowed to retire early so as to make jobs available for the young, has been proven empirically wrong as the Member States displaying the highest youth employment rates, on average, are also the ones displaying the highest employment rates for older workers.

Developing complementary private retirement savings: whilst welcoming the call in the White Paper for developing both funded, complementary occupational pensions accessible for all workers, Parliament considers that the Commission should rather recommend **collective, solidarity-based supplementary occupational pension savings**, preferably resulting from collective agreements and established at the national, sectoral or company level, as they allow for solidarity within and between generations, whereas individual schemes do not. Parliament stresses the importance of ensuring that any measures proposed at EU level must complement and not contradict national pension reform programmes, noting that pensions remain a Member State competence.

Parliament also stresses the **need for citizens to be properly informed about their accrued pension entitlements,** so that they are able to make well-informed decisions. Member States are urged to ensure **strict disclosure rules** regarding the operating costs and risk of, and the return on, investments of pension funds operating within their jurisdiction.

Pensions of mobile workers: noting the lack of mobility between the Member States with only 3 % of working-age EU citizens live in another Member State, Members call for the **establishment of efficient tracking services**, possibly web-based, that enable citizens to track their employment- and non-employment-related pension entitlements and thereby make well-informed decisions on additional, individual (third-pillar) pension savings. They welcome the Commission's pilot project, which should be complemented by an impact assessment of the benefits of providing EU citizens with consolidated pension information in an accessible way. Pension tracking services should ideally **cover not only occupational pensions, but also third-pillar schemes and individualised information on first-pillar entitlements.**

Members stress that any action to promote mobility must be balanced by the cost-effective provision of supplementary pension schemes and must take into account the nature of national pension schemes.

Review of the IORP Directive: Parliament urges the Commission not to jeopardise the investment potential and to respect the different characteristics of pension funds and other pension providers when introducing or changing EU regulation, especially when reviewing this Directive on the activities and supervision of institutions for occupational retirement provision. It goes on to make a series of observations on the Commission's proposals regarding precautionary measures which must apply the principle of 'same risk, same rules' within each national system and respective pillar.

Protection of workers' occupational pensions in the event of insolvency: Members stress that entitlements under Article 8 of Directive 2008/94/EC, which requires Member States to ensure that the pension rights of employees are protected in the event of the employer's insolvency, should be consistently safeguarded. They want the Commission to carry out a comprehensive overview of national guarantee schemes.

Complementary third-pillar pension savings: Parliament regrets that third-pillar systems are most often more cost-intensive, more risky and less transparent than first-pillar systems. It calls on the Commission to assess and **optimise incentives for private pension savings**, in particular for individuals who otherwise would not build up an adequate pension. It also recommends:

- the legal cost limits at national level for contract conclusion and management, change of provider or change of contract type be investigated and that proposals be made in this regard;
- EU-level voluntary codes of conduct – and possibly also product certification schemes – with regard to quality, information provision to consumers and consumer protection in the third pillar.

Removing tax and contract related cross-border obstacles to pension investments: the Commission and the Member States concerned are asked to reach agreement in the field of cross-border pensions, especially as regards how to avoid double taxation and double non-taxation.

Gender: Members recall the gender challenge regarding pensions, noting that around 22% of women over the age of 75 fall below the EU's poverty threshold. It considers the growing number of elderly people, especially women, who live below the poverty line alarming.

In this respect, first-pillar, public pension schemes should guarantee at least a decent standard of living for all. Parliament welcomes the call made in the White Paper for Member States to consider the development of care credits as a means of ensuring that periods spent taking care of dependent persons are taken into account when calculating individual pension entitlements.

Members also stress that **gender equality in the labour market is crucial to ensure the sustainability of pension systems**, and that the equalisation of the pension age for men and women must be accompanied by effective policies to ensure equal pay for equal work, reconciliation of work and care for dependents.

It should be noted that the alternative motion for resolution presented by the EFD group was rejected in plenary.

Agenda for adequate, safe and sustainable pensions

2012/2234(INI) - 16/02/2012 - Non-legislative basic document

PURPOSE: presentation by the Commission of a White Paper on an agenda for adequate, safe and sustainable pensions.

CONTEXT: pensions – mostly from public schemes – are the main source of income of older Europeans, who are a significant and growing part of the EU population (120 million or 24%). An ageing population presents a major challenge to pension systems in all Member States. **Unless women and men stay longer in employment and save more for their retirement, the adequacy of pensions cannot be guaranteed** as the required increase in expenditure would be unsustainable. By 2060, the life expectancy at birth for males is projected to increase by 7.9 years and by 6.5 years for females, when compared to 2010. The number of people of prime working age (20-59) will fall every year over the coming decades. Together, longevity growth and the transition into retirement of baby-boomers will have far-reaching economic and budgetary consequences in the EU, reducing the economic growth potential and exercising pressure on public finances.

Pensions represent a very large and rising share of public expenditure: more than 10% of GDP on average today, possibly rising to 12.5 % in 2060 in the EU as a whole. But with spending on public pensions ranging from 6% of GDP in Ireland to 15% in Italy today, countries are in rather different situations although they face similar demographic challenges.

These prospects are further aggravated by the current financial and economic crisis. Sluggish economic growth, budget deficits and debt burdens, financial instability and low employment have made it harder for all pension systems to deliver on pension promises. Pay-as-you-go pension schemes are affected by falling employment, and hence lower pension contributions. Funded schemes are affected by falling asset values and reduced returns.

In this context, the Commission considers that it is a matter of urgency to draw up and implement strategies adapting pension systems to economic and demographic changes.

CONTENT: the White Paper reflects the common concerns about problems in pension systems outlined above and sets out an agenda for making pensions adequate and sustainable in the long term, by **creating the conditions for a high level of labour force participation of women and men throughout their lives and enhancing the opportunities to build up safe complementary retirement savings.**

It suggests forward policy orientations and initiatives at the European level through whereby the EU can support national policy makers in their efforts to address reform needs, notably those highlighted in the Annual Growth Surveys 2011and 2012 which highlighted key orientations for pension reforms which contribute to growth-friendly fiscal consolidation and specified in the **2011 Country-Specific Recommendations**.

The EU can harness a range of policy instruments to promote adequate, safe and sustainable pensions, even though the main responsibility for achieving these goals clearly remains with Member States.

The White Paper also reflects the results of the wide-ranging consultation launched by the Green Paper on adequate, sustainable and safe European pension systems.

The main points of the **agenda, set out in the White Paper,** are as follows:

1) Balancing time spent in work and retirement: to reach this objective, it will be necessary to adapt pension systems, raise the pension age and strengthen the incentives to extend active life.

During the European Year 2012 on Active Ageing and Solidarity between Generations, the Commission will raise awareness of the benefits and possibilities of working longer and stimulate the dissemination of good practices of age management in work places and labour markets. In the framework of Europe 2020, the Commission will step up its support for policy coordination and joint work on **enabling and encouraging older workers, women in particular, to stay longer on the labour market**.

The Commission will:

- encourage reforms linking retirement ages to increases in life expectancy, **restricting access to early retirement** and closing the pension gap between men and women.
- call on the social partners to develop ways of adapting work place and labour market practices, including career management notably regarding strenuous jobs, so as to facilitate longer working lives for women and men.
- building on its proposal for the **European Social Fund** in the 2014-2020 programming period, encourage Member States to make use of the ESF for supporting active and healthy ageing, including reconciliation of work and family life, and closely monitor whether ESF programmes effectively support the reform needs identified in this area in the Country Specific Recommendations.
- ask the relevant committees (e.g. the Social Protection Committee, Advisory Committee on equal opportunities between women and men) to identify and recommend **best practice in reducing the gender gap in pensions** (e.g. promotion of equal pay, minimum pension entitlements, care credits, pension rights splitting at divorce).

2) Developing complementary private retirement savings: there would be added value in stepping up European support for better coverage of women and men and the proliferation of good practices including in the optimal targeting of tax incentives for prefunded pension schemes. These can be promoted by governments (via the optimisation of tax or other incentives) or by encouraging the social partners to develop such schemes. In addition, it needs to be borne in mind that opportunities for complementary retirement savings through occupational and third pillar arrangements are underdeveloped and lacking in cost-effectiveness and safety in many Member States. The Commission will:

- as from 2012, cooperate with Member States following a **best practices approach t**o assess and optimise the efficiency and cost-effectiveness of tax and other incentives for private pension saving, including better targeting of incentives on individuals who would otherwise not build up adequate pensions;

- in 2012, present a **legislative proposal to review the Institutions for Occupational Retirement Provision** (IORP) Directive, the aim of the review being to maintain a level playing field with Solvency II and promote more cross-border activity in this field and to help improve overall pension provision in the EU;
- take initiatives to ensure a more effective protection of workers' occupational pension rights in the event of insolvency of their employer on the basis of Article 8 of Directive 2008/94/EC;
- resume work on a **pension portability Directive** setting minimum standards for the acquisition and preservation of supplementary pension rights;
- by 2013, present an initiative aimed at **raising the quality of third-pillar retirement products** for women and men and improving consumer information and protection standards via **voluntary codes** and possibly an EU certification scheme for such products, building, where appropriate, on measures to improve information for consumers planned for 2012 on 'packaged retail investment products' (PRIPs);
- promote the development of **pension tracking services.**

3) Enhancing the EU's monitoring tools on pensions and strengthening synergies across policy areas: the Commission will release the **2012 Ageing Report**, assessing the economic and budgetary impact of ageing, which will form the basis for a thorough assessment of the sustainability of public finances envisaged for release in the Commission's 2012 Sustainability Report.

In cooperation with the Social Protection Committee it will also prepare in 2012 **a Pension Adequacy Report** which can help Member States, in the context of the Platform against Poverty, to assess the adequacy of their pensions systems for women and men.