EP ECON COMMITTEE HEARING ON IORP II, 26 MAY 2015
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BUSINESSEUROPE represents one part of the triangular relationship in occupational pension provision – the employers. The IORP directive sets rules for pension funds, but this has an impact on employers' ability to continue providing their workers with pensions in an effective and efficient way. Whereas state pensions still play a major role in providing for income in old-age, occupational pensions are increasingly important in view of demographic change and pressure on public budgets. Regulation must not hamper pension funds in taking on and developing this role.

5 main objectives for revision of the IORP directive:

1. Respect the social dimension of occupational pensions and ensure that social partners can continue to play their role in the governance of the systems. Workplace pensions are an initiative - often collective - as part of an employer-employee relationship and not a financial product offered to the individual.
2. Ensure that pension systems and how they are organised remains a national competence, avoiding a one-size-fits-all approach. Pension systems vary considerably from one member state to another, between sectors and even between companies and schemes.
3. Avoid new EU solvency capital requirements for pension funds, as these come with high costs, which risk making it more difficult for employers to provide workplace pensions. Also, such measures are not justified by a need to create a level playing field with insurance provided pension funds, as they operate in different ways.
4. We welcome the objective to improve the internal market in this area as this has not been fully achieved. We support the draft opinion of the EP Employment committee, to not apply fully-funded requirements to cross-border provision, but to have the same rules for national provision.
5. Avoid overly prescriptive/detailed requirements, as they do not respect the diversity of pension schemes and may significantly raise the costs for IORPs and employers. In particular the overly detailed harmonised Pension Benefit Statement does not leave enough room for different and legitimate national practices to continue. We welcome the Council general approach, as this provides for less detailed rules.

Key concern: Although the commission does not propose additional solvency capital requirements for pension funds, there is still a risk of these being introduced in the future. The Risk Evaluation for Pensions (REP) is designed in a similar way to the Solvency II Own Risk and Solvency Assessment model. The proposed REP would oblige the pension fund to assess the risks regarding the overall funding needs of the institution. This could lead to an additional requirement to set aside capital to ensure the solvency of the pension fund. Combined with continuing work in EIOPA, specifically the current Quantitative Impact Study (QIS), which is testing the Holistic balance Sheet on pension funds, this system could develop into capital requirements in the future.

As suggested by some members of the EMPL committee, we would like the European Parliament to exclude the possibility that solvency II capital requirements are applied to IORPs in the future, give more flexibility to member states in this area and to express concerns about the work being done on this by EIOPA.

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