



29 October 2010

### **COMMISSION CONFERENCE ON GREEN PAPER ON PENSIONS 29 OCTOBER 2010 WILLEM HANDELS, VICE-CHAIR PENSIONS FORUM**

1) The Green Paper addresses legitimate concerns regarding the impact of demographic change on pension systems. Some measures have been taken, but further steps are needed from member states to ensure the sustainability of pension systems. The EU should encourage them in this respect.

2) Appropriate reform measures will depend on the national context. Some will have to prioritise increasing the retirement age, others will seek to abolish early retirement schemes and others will take action to introduce automatic adjustment mechanisms. Some member states will have to take a combination of or all of these measures.

3) Such measures should be part of member states wider attempts to reduce public debt to ensure the future sustainability of public finances. The EU should continue to support member states in an urgent return to sound public finances

4) Pension system reforms should be complemented by programmes of labour market reform, aimed at raising the number of people in work. To ensure that job opportunities exist, increased economic growth in the EU is essential.

5) An important part of retirement income is provided by private and occupational pensions in several countries and as state spending comes under increasing pressure, the 2nd and 3rd pillars will become more important in alleviating some of the burden of demographic change.

6) Provision of pensions by employers is socially desirable and is part of an employee's compensation and benefits package. Such pensions must therefore remain cost-effective for employers, which is also beneficial for employees. Substantial changes to the rules governing funded pension schemes should be avoided, including additional solvency rules, as this would raise the costs of operating such schemes.

7) There is a legitimate diversity in member state pension systems, largely driven by the differing designs of 1st pillar pension schemes. It influences national approaches towards the 2nd and 3rd pillars. This diversity not only applies to the combinations between state, occupational and private pensions but also within these categories. Given the different character of schemes, they should not be treated in the same way, however setting more burdensome requirements for some schemes than for others should be avoided. This does not allow different schemes to operate on an equal footing.



8) Given the diversity in pension systems and the balance of different pillars being the responsibility of individual member states and social partners, it is difficult to regulate pension schemes at EU level. The EU's role should be to make the principles and objectives of the Open Method of Coordination more visible and better use them to challenge member states to further reform their pension systems.

9) In addition, the EU should encourage member states to ensure that citizens have access to information about their pensions, by ensuring that an effective national framework exists for disclosure of information regarding all pillars of the pension system.

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