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PRESS RELEASE

EMPLOYERS, WORKER AND INDUSTRY REPRESENTATIVES:
"COMMISSION SHOULD RECONSIDER PLANS ON OCCUPATIONAL PENSIONS"

Today the European Commission will launch a process to review European pension regulation when Michel Barnier, European Commissioner for Internal Market and Services opens a public hearing on the review of the "IORP Directive". The European Commission aims to make important elements of the Solvency II legislation for insurance companies applicable to IORPs across Europe. This objective is repeated in the Commission's White Paper on Pensions, which talks of a "level playing field with Solvency II".

We believe that it is dangerous to apply legislation made for insurance companies to IORPs. There are fundamental differences between them. Any effort to harmonise the regulatory regime is based on flawed logic and could have unintended consequences on pension plan members, IORPs and the economy as a whole by impeding growth and job creation.

We therefore call on politicians in Brussels and the European capitals to keep workplace pensions in Europe adequate and sustainable: this is crucial given the increasing role of occupational pensions in providing retirement benefits to European citizens now and in the future, as the population grows older and particularly as state budgets suffer from the impact of the crisis.

We urge Commissioner Barnier and the European Commission, supported in its work by the European Insurance and Occupational Pensions Authority (EIOPA) to recognise the important issues at stake before making a proposal for a revised IORP Directive: the existence and adequacy of retirement provision to millions of workers and long-term economic growth envisaged by the EU2020 Strategy. We urge the European Commission to reconsider its plans and to create an environment that stimulates workplace pension provision. The impact of any new proposals must be measured through high-quality Quantitative Impact Studies, including assessment of the social, financial and economic effects of any proposed rule changes, and their macro-economic effects. A high-level political debate is also required with involvement from all the relevant stakeholders, most notably the European social partners.

COMMENTS FROM SIGNATORIES

Bruno Gabellieri, Secretary General, European Association of Paritarian Institutions (AEIP): *"Occupational pension schemes are in most cases compulsory as a part of the national labour law or collective labour agreements. Therefore they are not involved into any level playing field and do not compete with other providers. The goal of the regulation should consist in facilitating the existence of good pension schemes for the European workers and citizens and therefore social partners should be allowed to steer the promises they make rather than be imposed extra capital costs, which are a burden for the employers".*

Philippe de Buck, Director General, BUSINESSEUROPE: *"Employers are committed to providing adequate occupational pensions for their employees. However, this is only possible if such schemes remain cost-effective. Applying Solvency II - type rules to pension funds would make these schemes too expensive for many companies, forcing them to close or stop offering them to new entrants. This will not improve the adequacy of the pensions system".*

Ralf Resch, General Secretary, European Centre of Employers and Enterprises providing Public services (CEEP): *"Public employers are deeply concerned regarding the intention of the European Commission to the application of Solvency II to Pension schemes. This would increase the cost in providing such schemes, reducing their attractiveness and add new burdens in a time when public budgets suffer from the crisis. At the same time, nothing would be won in terms of security for the members in the schemes. Pension schemes are essentially different from insurance schemes and this has to be recognised."*

Claude Kremer, President, European Fund and Asset Management Association (EFAMA): *"There is strong evidence that applying Solvency II rules to pension funds would increase the administrative burden and financial costs for IORPs and employers, discourage employers to set up defined-contribution schemes, accelerate the process of defined-benefit schemes closure in Europe, and reduce benefits for pension savers. This would be an undesirable consequence, and one to be avoided, especially at a time when the authorities' goal should be to put more emphasis on the engagement of EU citizens towards pensions in general."*

Matti Leppälä, Secretary General, European Federation for Retirement Provision (EFRP): *"We believe that more workplace pensions are needed to guarantee adequate retirement benefits for citizens across Europe. The European Commission is in a position to enable good quality workplace pensions. However, if it imposes capital requirements on IORPs, then it jeopardises the future of pensions in Europe, because IORPS will de-risk their assets and employers will find it very expensive to continue funding their pension schemes."*

Claudia Menne, Confederal Secretary, European Trade Union Confederation (ETUC): *"ETUC has actively contributed to the work of EIOPA, as the provision of occupational pensions remains a crucial issue for both companies and workers. We have growing concerns regarding the possible plans of the EU Commission to propose a new solvency regime for occupational pensions. The proposals will significantly change investment patterns, restricting capital flows to business, resulting in lower benefits for pensioners. Occupational pensions are part of collective agreements, and are restricted by labour and social laws to a legal obligation to protect members' benefits and interests."*

Dörte Höppner, Secretary General, European Private Equity and Venture Capital Association (EVCA): *"Pension schemes that guarantee a secure income for millions of Europe's pensioners, are also an important source of capital for long term investors such as venture capital and private equity, which in turn generate income for pensioners by investing in innovation and growth. Applying Solvency II to pension schemes would severely jeopardise this virtuous circle of value creation."*

Andrea Benassi, Secretary General, European Association of Craft, Small and Medium-sized Enterprises (UEAPME): *"EUROPE needs the right framework conditions for supplementary pensions schemes. Only a safe system will create a real benefit for employers and employees and therefore we support reforms which are necessary to ensure adequacy and sustainability of pensions funds. But these reforms have to recognise the specificities of the occupational non-profit driven pensions schemes, which must not be mixed-up with financial market regulations such as SOLVENCY II, which applies to private and commercial financial institutions."*