



Pension Funds
and EU Policies
Conference

Solidarity and the role of the Social Partners

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Content:

Solidarity – the main concept in promoting pension
system reforms

EESC recommendations for Commission and MS

Role of the social partners



Solidarity (1)

- Pay-As-You-Go mandatory schemes must continue to play a fundamental role in assuring future pensions
- Working on a concept of employment for all - focusing in particular on bringing young people into the labour market, fostering active ageing
- New financial resources in order to guarantee an inter-generational balance (non contributory “zero” tier)



Solidarity (2)

- Making gender equality a reality - the interrelationship between benefits and demographic factors puts women at higher risk of poverty in old age
- Pensioners - a very important socio-economic category not be seen as a burden but a key economic player comprising on average 25% of the population, who fuel global demand



EESC recommendations (1)

- Member States should keep in mind that funded pension schemes could not help people overcome the effects of economic crises – such schemes could be damaged by every financial and stock market crisis.
- Rise in legal retirement age do not solve the problems connected with demographic challenges but can increase pressure on other pillars of social security
(Eurostat: Population and social conditions; Statistics in focus 40/2009).
- Supplementing mandatory Pay-As-You-Go pension systems with buffer funds
- Commission's first step should be to define guiding principles of adequacy at EU level.



EESC recommendations (2)

Encouraging longer employment:

- amending legislation which, in some Member States, does not allow salaries and pensions to be combined for pensioners or beneficiaries of invalidity pensions who wish to work;
- introducing a bonus system to encourage workers to continue working beyond the legal age of retirement: benefits accrued after reaching retirement age should be more attractive than those acquired previously;
- offering comprehensive advice and support for jobseekers and rehabilitation measures for long-term reintegration into the labour market;
- implementing socially acceptable incentives for later retirement and, where desirable, development of attractive models for a flexible transition from work to retirement;
- measures alleviating the physical and mental burden of work enabling employees to remain longer in employment;
- awareness-raising among older workers and companies, especially SMEs, about innovative staff management and organisation of work favourable to older workers.



EESC recommendations (3)

Commission must consider the possibility of regulating accumulation and payout phases concerning funded pension schemes at least in the following areas:

- the prudential aspects of investment for funded pension schemes;
- gender aspects of funded pension schemes;
- solvency of all funded pension schemes
- administration costs of funded pension schemes; and
- guarantee systems for privately administered pension schemes.



EESC recommendations (4)

Directive on Institutions for Occupational Retirement Provision (IORP)

- Ambiguity surrounding the expression "venture capital markets" should be addressed
- The right of funds to invest assets in risky financial instruments must be limited
- Common European principles helping Member States to ensure that these pension schemes, managed by financial institutions, are efficient and operate in the best interest of pensioners. The profits of pension fund managers should be performance-related and linked to the profits of pension fund members
- Pension fund investments should take into account the need for lifecycle asset allocation



EESC recommendations (4)

- EU regulations on the coordination of social security systems have proven to be extremely useful in protecting **mobile workers**. The application of the same principle, adapted to all supplementary – occupational and individual - funded pension schemes, could be investigated.
- The demand for and possibility of developing pan-European individual pension accounts (along the lines of the Individual Retirement Accounts in the USA or a similar system (IKE) in Poland) **for mobile workers** could be studied



Role of the social partners

- Pension reforms having a strong impact on living conditions should be taken by parliaments, not computers, after a broad public debate, with strong participation by social partners and other important stakeholders
- Adequacy of pensions defined at national level
- The social partners must be included in the initiatives oriented towards increasing the employment rate to 75% of the active population
- Member States have to work with the social partners on the issue of onerous employment
- Improving financial literacy - it is primarily a government responsibility but the social partners should be involved as much as possible



Role of the social partners

Common monitoring platform at EU level

The EESC welcomes the Commission's idea of a common monitoring platform for all aspects of pensions, bringing together the public authorities, the social partners, civil society and the pension sector. The platform should make it possible to compare the situations of Member States and the living standards of retired people using a raft of indicators.