

Response Consultation Social Pillar – Pensioenfederatie

1. What do you see as most pressing employment and social priorities?

The Federation of the Dutch Pension funds represents workplace pensions in the Netherlands. In its response to the Social Pillar consultation it therefore will focus solely on pensions.

The most pressing employment and social priorities for us therefore are to achieve adequate pension provision for all employees in the EU. Because of the challenges of ageing, statutory retirement age has been raised in many, if not most Member States. Retiring at a later age is also helpful in the context of supplementary pensions. It allows for coping with the macro longevity risk. At the same time, people can save longer for a shorter decumulation phase. Supplementary retirement savings therefore, should in practice, be realised for as many employees as possible. Therefore, labour markets should be enabling, and employees should be able to develop the necessary skills by life-long learning and training. Noting and supporting these developments, our expertise however, is mainly in the provision of supplementary pensions on which we will focus in our response to the consultation.

According to us, supplementary pension provision including workplace and personal pensions should be based on the following principles:

- Adequacy, sustainability, cost-effectiveness and reliability
- A balanced multi-pillar system
- Preferably collective pension systems based on risk sharing with mandatory participation and/or auto-enrolment mechanisms. This could be done via a recommendation to the Member States.

The IORP II Directive, as recently voted by the European Parliament, stipulates for a so-called High Level Group. Reflections on how to achieve more supplementary pensions for all could be led by this High Level Group. They should include considerations on how to strengthen the share of best practices between Member States. In this respect, the social partners could play an important role. Another approach could be to set ambitions for pension adequacy in the context of the European Semester. This could be flanked by rejuvenating the Open Method of Coordination while fostering share of best practices and peer reviews of pension reforms. Furthermore, all possible new forms of work and flexible work patterns should be taken into account.

Another important aspect for the Federation is to enhance the importance of social aspects of the European Union next to the Economic and Monetary Union.

2. How can we account for different employment and social situations across Europe?

As mentioned in the answer to question 1, as a pension organisation, we focus on pensions with regard to the social situation in Europe. Different employment and social (pension) situations across Europe can best be taken into account through promoting a well-balanced and robust multi-pillar pension system with a well-functioning distribution of the charges for all the pillars, and to have a system combining pay as you go and funded supplementary pensions.

In this respect it is important to try to find tailor-made solutions for each country, bearing in mind their specific social historical background. At the same time, the social dialogue on pensions in the European Union could be strengthened. Again, mutual learning and share of best practices are in this respect of utmost importance. As mentioned in the answer to question 1, reflections on pensions should include the coverage of all labour market patterns, as well as vulnerable groups and self-employed who usually do not have access to supplementary pensions.

3. Is the EU "acquis" up to date and do you see scope for further EU action?

Rather than looking into more and new legislation on pensions, a priority for the European Commission should be to foster the implementation of the existing legislation. The IORP II Directive as soon as adopted should be flanked by supporting measures to Member States to build up supplementary pensions. This could be done via recommendations on compulsory participation, auto-enrolment or nudging mechanisms and a preferential tax treatment. As mentioned above, the High Level Group on pensions should lead these reflections in finding solutions to the national pension gaps.

Another possibility could be to enrich the European Semester and have Member States agree on pursuing additional social aims. In this context, we would like to suggest to add (still to be developed) an indicator of progress towards adequate pensions to the "scoreboard" of the annual "Alert Mechanism Report". It could be helpful to set up an efficient monitoring mechanism with a large role for peer reviews between the Member States. Pension systems could remain diverse and a Member State competence. But, allowing for such diverse systems should not be an excuse for failing to make progress. A regular dialogue, sharing best practices and peer reviews between Member States, for example in a form comparable to the Open Method of Coordination, could be helpful as well.

4. What trends would you see as most transformative? [Please select at most three from the list below]

between 1 and 3 choices

- Demographic trends (e.g. ageing, migration)
- Changes in family structures
- New skills requirements
- Technological change
- Increasing global competition
- Participation of women in the labour market
- New ways of work
- Inequalities
- Other

5. What would be the main risks and opportunities linked to such trends?

Demographic trends: Increasing pressure on public pensions makes it more urgent to build up supplementary pensions. This could be done via recommendations for Member States to introduce auto-enrolment mechanisms and a multi-pillar system. A broad debate is needed, including all relevant stakeholders (High Level Group on Pensions).

Technological change: Technological change also has an impact on pensions. Technological developments bring about the opportunity to digitally communicate with members while offering tailor-made communication. In a European context, technological developments are especially important for the mobile worker: access to pension information becomes more readily available. A European platform for pension information, or a European tracking service as proposed by the TTYPE-project, is a good example in this regard. In addition, a recommendations could be made to Member States to introduce national digital tracking services, or to combine this directly into a European tracking service (ETS). It is important that the Commission continues to contribute also financially to the development and establishment of an ETS, until such a system will be sufficiently viable to operate on its own.

New ways of work: More and more flexible working patterns make it necessary to look for flexible pension solutions covering all employees, including self-employed. We will also have to look at how self-employed can be included in collective systems, or other forms of supplementary pensions. In the Netherlands, we have experienced that a certain level of obligation to provide supplementary pensions is a necessary condition to realise good pensions. Currently, the Netherlands are looking at ways to make the pension system future-proof. One of the themes covered in this discussion is an adequate pension for all working people, including self-employed.

6. Are there policies, institutions or firm practices – existing or emerging – which you would recommend as references?

Best practice examples can be found in several Member States. We restrict ourselves here to the Member State we know best, but do not intend this as a limitation. From the Dutch point of view interesting developments are:

- Innovation in pension provision
- More accessible information to scheme members
- Increasing transparency on costs etc.
- Reflections in the Netherlands on the future of the Dutch pension system

7. Do you agree with the approach outlined here for the establishment of a European Pillar of Social Rights?

- I strongly agree
- I agree
- I disagree
- I strongly disagree

8. Do you agree with the scope of the Pillar, domains and principles proposed here? (If you wish to provide detailed comments on any of the 20 domains, please see the section "Detailed comments by domain" below)

	I strongly agree	I agree	I disagree	I strongly disagree
1. Skills, education and life-long learning	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
2. Flexible and secure labour contracts	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
3. Secure professional transitions	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
4. Active support for employment	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
5. Gender equality and work-life balance	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

6. Equal opportunities	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
7. Conditions of employment	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
8. Wages	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
9. Health and safety at work	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
10. Social dialogue and involvement of workers	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
11. Integrated social benefits and services	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
12. Health care and sickness benefits	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
13. Pensions	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
14. Unemployment benefits	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
15. Minimum income	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
16. Disability benefits	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
17. Long-term care	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
18. Childcare	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
19. Housing	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
20. Access to essential services	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Skills, education and life-long learning:

In order to make sure that people participate in the labour market at all working ages, it is important to provide for qualitatively high and well-functioning educational system, focusing on all age groups. This would also allow for the improvement of labour market participation of older generations.

Conditions of employment:

In order to reach a broad coverage of pension provision in Europe , conditions of employment should include a right to supplementary pensions for all. Increasing supplementary pensions is necessary, both through work-related and personal pensions.

Social Dialogue and involvement of workers:

Strengthening the social dialogue in pensions could be one of the more promising methods to encourage more supplementary workplace pensions. It would also allow workers and employers to have a say with regard to the choices made by their pension providers. This could be achieved by a giving them a voice in the governing bodies or at least, for them to have an advisory role.

Pensions:

Ageing in European societies requires the introduction of a broad range of measures, including allowing elderly workers to continue participating in the labour market. Achieving the implementation of more supplementary pensions in Europe is an essential topic for the years to come. These reflections should both cover occupational and personal pensions. The latter would particularly make sense in countries with no or little supporting structure for occupational pension plans. The overall European discussion has to fit into the current existing pension systems. A multi-pillar pensions should focus on promoting occupational pensions and should also look into the use and necessity of additional third pillar products, such as a personal pension product.

In our opinion, it is important to support countries in setting up multi-pillar pension systems combining pay as you go and funded systems. Such a debate could be led in the High Level Group to be set up after the adoption of the IORP II Directive.

With regard to the 2nd pillar, we consider the following to be key factors :

- broad coverage through mandatory participation, auto-enrolment or nudging mechanisms
- adequacy
- sustainability (a good financial assessment framework)
- reliability (good governance)
- transparency (good communication)
- cost effectiveness.

We prefer collective risk sharing systems that allow for economies of scale and pooling of certain risks contributing to adequate pensions. In order to qualify as a pension arrangement, we believe that as a bare minimum (micro) longevity risk should be covered in the accumulation phase. Pension saving should be geared towards provision of an adequate income after retirement. Another example of risk sharing could be to focus on investment risk.

European social partners should get involved in the discussion around promoting supplementary pension provision.

As mentioned above, representing Dutch pension funds, we certainly know Dutch innovations in pensions best. In this case, more recent developments such as a flexible payout phase and layered information could be good examples in addition to the ones mentioned above.

The Federation is certainly ready to think ahead with the Commission in this respect.

Are there aspects which are not adequately expressed or covered so far?

We think that the multi-pillar approach to pensions, combining a pay as you go with a funded system, is a good way of achieving the aims of the social pillar in the area of pensions. This also includes enhancing the importance of social aspects of the European Union next to the European Monetary Union.

9. What domains and principles would be most important as part of a renewed convergence for the euro area? (Please select maximum 5)

between 1 and 5 choices

- 1. Skills, education and life-long learning
- 2. Flexible and secure labour contracts
- 3. Secure professional transitions
- 4. Active support for employment
- 5. Gender equality and work-life balance
- 6. Equal opportunities
- 7. Conditions of employment
- 8. Wages
- 9. Health and safety at work
- 10. Social dialogue and involvement of workers
- 11. Integrated social benefits and services
- 12. Health care and sickness benefits
- 13. Pensions
- 14. Unemployment benefits
- 15. Minimum income
- 16. Disability benefits
- 17. Long-term care
- 18. Childcare
- 19. Housing
- 20. Access to essential services

10. How should these be expressed and made operational? In particular, do you see the scope and added value of minimum standards or reference benchmarks in certain areas and if so, which ones?

Another possibility could be to enrich the European Semester and have Member States agree on pursuing additional social aims. In this context, we would like to suggest to add (still to be developed) an indicator of progress towards adequate pensions to the

“scoreboard” of the annual “Alert Mechanism Report”. It could be helpful to set up an efficient monitoring mechanism with a large role for peer reviews between the Member States. Pension systems could remain diverse and a Member State competence. But, allowing for such diverse systems should not be an excuse for failing to make progress. A regular dialogue, sharing best practices and peer reviews between Member States, for example in a form comparable to the Open Method of Coordination, could be helpful as well.

An example of minimum standards for pensions:

Multi-pillar pension systems, combining a pay as you go with a funded system. This includes supplementary pensions for all, or recommendations for introducing auto-enrolment mechanisms and tax reliefs for pensions in Member States.

11. Detailed comments.

13. Pensions

Additional suggestions would be to underline the importance of balanced multi-pillar pensions in European Member States. This approach is based on combining a pay as you go with a funded system. Basing the pension income on different pillars would allow for relieving the burden on the public pension system and help to increase pension adequacy in all Member States.