

Future of pensions/Employment Council

Consensus on need to raise retirement age

By Sophie Petitjean | Tuesday 08 March 2011

The white paper on the future of pensions, to be presented in September 2011, will support the idea of raising effective retirement age. Eight months after the publication of a green paper on adequate, sustainable and safe pensions in Europe, Commissioner László Andor (employment and social affairs) assures that there is consensus on this response among respondents.

“The responses to the consultation and discussions by the social affairs ministers concur on the need to raise retirement age. There are numerous arguments in favour of a link between retirement age and life expectancy, which means that member states that have not yet adapted their statutory retirement age will have to do so soon,” declared the Hungarian commissioner after the Employment Council, on 7 March. The ministers adopted conclusions in support of restricting early retirement schemes and adapting pension entitlement to the evolution of life expectancy (see *Europolitics*4156). According to the commissioner, the ‘competitiveness pact’ to be debated at the European Council also demonstrates the determination of the eurozone countries to do more together and should serve as an example. That pact addresses the question of retirement age, noting that it should either be linked to life expectancy, as supported by European Council President Herman Van Rompuy, or be set at age 67, as Berlin seems to have proposed.

Among other converging views, respondents voice a preference for improvement of the European pension framework over its extension. France, the Netherlands, Sweden, Slovakia and Malta, moreover, voiced support for reinforcement of the ‘open method of coordination’ (OMC) in their comments in Council. Many respondents also note that pension reform schemes should be combined with active policies on labour markets, lifelong learning actions, outstanding social security and health care systems and improved working conditions. Few stakeholders see a need or even a technical possibility to develop a common approach at Union level on default options on participation and investment choice.

Most responses support a revision of Directive 2003/41/EC on institutions for occupational retirement provision, announced for December 2011, to clarify the legal uncertainties related to the exercise of a cross-border activity.

POINTS OF DIVERGENCE

The summary of responses to the public consultation, published in connection with the Council, on 7 March, nevertheless reveals certain points of divergence, including on regulatory issues.

Portability: All stakeholders support the idea of abolishing obstacles to mobility created by pension regulations, but the consensus is less general on the tangible actions needed to do so: in most responses, the idea of reviewing portability issues is fiercely rejected. On the other hand, the majority of respondents support the idea of a monitoring service, even though the accent is placed on at least initial application at national level.

Insolvency. Only a minority of respondents and the EP support new legislative measures to strengthen EU legislation on cases of insolvency of pension sponsoring employers. The majority argue that this subject would be better addressed at national level.

Solvency. Respondents are divided over application of the Solvency II Directive to pension funds. France supports this principle as a means of avoiding distortions of competition between pension funds and insurance companies. The United Kingdom and Ireland firmly reject a common approach to this issue.

The summary of responses is available at
ec.europa.eu/social/main.jsp?catId=700&langId=en&consultId=3&visib=0&furtherConsult=yes

Copyright © 2008 Europolitics. Tous droits réservés.