

## PRESS RELEASE

### Pension funds show resilience in 2025 EIOPA liquidity stress test

**Brussels, 18 December 2025** - Yesterday, EIOPA published the results of its liquidity stress test of European Institutions for Occupational Retirement Provisions (IORPs) in which 156 IORPs from 18 countries participated, representing approximately 60% of IORPs' assets in the European Economic Area (EEA).

The results highlight the resilience of EEA IORPs in managing liquidity risks, even under severe stress conditions. While the scenarios simulated significant geopolitical tensions and economic disruptions, the available liquidity, together with the application of management actions, proved effective in mitigating (substantial) drops in liquidity.

This stress test is an asset-only exercise that focuses on liquidity risks and utilizes two scenarios. One is a “*yield curve up*” (YCU) scenario with interest rates increasing rapidly because market participants are anticipating adverse economic developments in a context of the escalation of geopolitical tensions. The second one is a “*yield curve down*” (YCD) scenario with interest rates decreasing sharply because market participants are internalising an unexpected prolongation of geopolitical tensions.

Matti Leppälä, CEO/Secretary General, PensionsEurope:

*“The results of the 2025 EIOPA Stress Test demonstrate the robustness of EEA IORPs in navigating uncertain geopolitical environments. While the two scenarios tested the liquidity position of IORPs in stressed situations, the ability of IORPs to implement effective management actions underscores their commitment to safeguarding the long-term interests of pension beneficiaries. The availability of a sufficient cash reserve and adequate management actions is also crucial in ensuring that IORPs can withstand the simulated shocks simulating adverse economic developments.”*

Simone Miotto, Executive Director, AEIP, said:

*“The European Association of Paritarian Institutions (AEIP) thanks EIOPA for its efforts in conducting its 2025 stress test for IORPs, as well as for the constructive engagement throughout the preparatory phase and the execution of this exercise. We are pleased to note that this year’s stress test reaffirms that IORPs in the EEA hold a sufficient level of liquid assets, enabling them to withstand severe market shock scenarios. The stress test shows that the current risk management framework for IORPs is fit for purpose as EEA IORPs do not have any liquidity weaknesses, and have a wide range of resources, tools, and expertise to address any adverse market conditions, while continuing to deliver adequate retirement income to their members and beneficiaries.”*

At the end of December 2024, **under the yield curve up scenario**, the liquidity position of IORPs (aggregated data for both DB and DC schemes) has been reduced from a baseline of €74 billion to -€60 billion under stress, but improved to €15 billion following management actions.

**At the end of December 2024, under the yield curve down scenario**, the liquidity position of IORPs (aggregated data for both DB and DC schemes) stayed positive, moving from €74 billion at baseline to €56 billion under stress, and further improving to €70 billion after management actions.

Miotto, Executive Director, AEIP, continues:

*“We appreciate the EIOPA’s decision not to apply a holistic balance sheet approach in the 2025 IORPs’ stress tests. This is positive as it helps reduce the reporting burden for the pension funds participating in the stress test. Additionally, an asset-only methodology is more appropriate for a comprehensive and comparable analysis of all IORPs, irrespective of whether they offer DB or DC pension schemes. Given the increasing shift towards DC pensions, AEIP encourages EIOPA to continue using this approach in future stress test exercises for IORPs.”*

Leppälä, CEO/Secretary General, PensionsEurope continues:

*“The stress test also highlights the importance of diversified asset allocation strategies, particularly in the face of geopolitical uncertainties and market volatility. The stress test results reaffirm that IORPs are well-positioned to support adverse developments in uncertain environments.”*

PensionsEurope and AEIP remain committed to continued cooperation and engagement with EIOPA with the aim of further improving future stress tests for IORPs. The next EIOPA IORP stress test will take place in 2028.

## **About PensionsEurope**

**PensionsEurope** represents national associations of pension funds and similar institutions for workplace and other funded pensions. Some members operate purely individual pension schemes.

PensionsEurope has **25 member associations** in 19 EU Member States and 3 other European countries<sup>1</sup>.

PensionsEurope member organisations cover different types of workplace pensions for approximately over **100 million people**. Through its Member Associations PensionsEurope represents over **€ 6 trillion of assets** managed for future pension payments. In addition, many members of PensionsEurope also cover personal pensions, which are connected with an employment relation.

PensionsEurope also has **14 Corporate and Supporter Members** which are various service providers and stakeholders that work with IORPs.

PensionsEurope has established a **Central & Eastern European Countries Forum (CEEC Forum)** to discuss issues common to pension systems in that region.

PensionsEurope has established a **Multinational Advisory Group (MAG)** which delivers advice on pension issues to PensionsEurope. It provides a collective voice and information sharing for the expertise and opinions of multinationals.

## **What PensionsEurope stands for**

- A regulatory environment encouraging workplace pension membership.
- Ensure that more and more Europeans can benefit from an adequate income in retirement.
- Policies which will enable sufficient contributions and good returns.

## **Our members offer**

- Economies of scale in governance, administration and asset management.
- Risk pooling and often intergenerational risk-sharing.
- Often “not-for-profit” and some/all of the costs are borne by the employer.
- Members of workplace pension schemes often benefit from a contribution paid by the employer.
- Wide-scale coverage due to mandatory participation, sector-wide participation based on collective agreements and soft-compulsion elements such as auto-enrolment.
- Good governance and alignment of interest due to participation of the main stakeholders.

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<sup>1</sup> EU Member States: Austria, Belgium, Bulgaria, Croatia, Denmark, Finland, France, Germany, Greece, Hungary, Ireland, Italy, Lithuania Luxembourg, Netherlands, Portugal, Romania, Spain, Sweden. Non-EU Member States: Iceland, Norway, Switzerland.

**AEIP Disclaimer**

The European Association of Paritarian Institutions (AEIP), founded in 1996, is a Brussels-based advocacy organisation representing social protection institutions, established and managed by employers and trade unions on a joint (or paritarian) basis within the framework of collective agreements. The Association has 33 members from 13 European countries, representing more than 460 social protection providers with €2.8 trillion in assets under management and delivering social protection benefits to over 118 million people.

All AEIP associate and affiliate members are not-for-profit paritarian institutions. Through dedicated working groups, AEIP deals, in particular, with EU-coordinated pension schemes, occupational pension funds, healthcare, unemployment, provident schemes, and paid holiday, health, and safety at-work schemes in the construction sector. Complementary to their role as not-for-profit social protection providers, AEIP members are also long-term institutional investors.

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