

Consultation on the European Pillar of Social Rights

Fields marked with * are mandatory.

Welcome to the European Commission's online public consultation on the "European Pillar of Social Rights".

Are our social rights fit for the 21st century? The Pillar will identify a number of essential principles to address the challenges in the field of employment and social policies.

We want to involve everyone in shaping the European Pillar of Social Rights. We welcome contributions from citizens, social partners, organisations and public authorities, so have your say!

Please submit your contribution below until the end of 2016.

I. Questions for the identification of the respondent

*** Are you replying as an individual or as an organisation?**

- Individual
- Organisation

What is the type of your organisation?

- Business
- EU level organisation
- National level organisation

Your EU level organisation is a(n)

- NGO
- Trade Union
- Employers organisation
- Think tank/academia
- Other

Please specify:

500 character(s) maximum

Trade association

*** Name of your organisation or institution:**

500 character(s) maximum

PensionsEurope

*** Respondent's first name:**

Matti

*** Respondent's surname:**

Leppälä

*** Respondent's email address:**

info@pensionseurope.eu

*** Postal address of your organisation or institution:**

500 character(s) maximum

Koningsstraat 97 rue Royale bus/bte 21
B - 1000 Brussels

Country

For individuals: country of residence.

For organisations: country where the organisation is based or country where the organisation's headquarters are.

Belgium

Register ID number (if you/your organisation is registered in the Transparency register):

If you would like to register, please refer to the following webpage to see how to proceed : <http://ec.europa.eu/transparencyregister/info/homePage.do>

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*** Your reply:**

- Can be published with your personal information** (I consent to publication of all information in my contribution and I declare that none of it is under copyright restrictions that prevent publication)
- Can be published in an anonymous way** (I consent to publication of all information in my contribution except my name/the name of my organisation and I declare that none of it is under copyright restrictions that prevent publication)
- Cannot be published - keep it confidential** (The contribution will not be published, but will be used internally within the Commission)

II. Questions for the consultation

The Commission invites all interested parties to reply to the questions set out in the questionnaire below, together with any additional comments, by 31 December 2016. (*See also [Commission communication "Launching a consultation on a European Pillar of Social Rights", COM\(2016\) 127 final](#)*)

On the social situation and EU social "acquis"

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

2000 character(s) maximum

PensionsEurope is a trade association for workplace pensions. Therefore, from our perspective, an adequate income in old age is a priority. We believe that supplementary pensions should play an important role to achieve this objective.

In many countries, pension provision from the first (state) pillar is being scaled back to address demographic pressures. To avoid poverty and ensure decent living standards in old age, supplementary pension – and in some countries the provision of protection against biometric risks (old age, death, disability) – are necessary.

Most of the retirement income is and will continue to be provided by social security pensions and workplace pensions but voluntary personal pensions are useful for those who don't have access to workplace pensions.

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

2000 character(s) maximum

Social policy falls under the remit of the Member States. This is one of the reasons for the different employment and social situations. According to PensionsEurope, sharing best practices while taking into account different employment and social situations across Europe is very important. This could be done through rejuvenating the Open Method of Coordination. In this respect, peer reviews on pension reforms and foster share of best practices could be a way to better learn from each other. Moreover, minimum standards instead of harmonization are more appropriate ways to regulate these issues. For instance, due to the different design of pension systems and differences in national social and labour law, occupational pension systems vary across Member States. Bearing that in mind, the recently adopted IORP II directive is setting principles and rules at EU level, which Member States can adapt their pension systems to when transposing the Directive in order to take into account different situations across Europe.

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

2000 character(s) maximum

According to us, the social 'acquis' is indeed up to date. Where PensionsEurope would see scope for further EU action is to think ahead how to close the pension gap and how to get more people covered by workplace pensions

Guiding principles for workplace pensions should be the following:

- o Adequate, sustainable, cost-efficient and reliable pensions
- o Supplementary pension systems based on risk sharing with some form of mandatory participation and/or auto-enrollment mechanisms
- o Strengthening the share of best practices between Member States (renewed Open Method of Coordination)
- o Taking into account the role of social partners
- o Taking into account the changes in the labour market

In that sense, the High Level Expert Group introduced by the IORP II Directive could be a good platform to think ahead and help Member States on making and keeping pensions adequate also in the future.

PensionsEurope is about to finalize a paper on DB pension plans in Europe. Providing for a toolbox of good pension provision, this could certainly feed into the debate on how to promote workplace pensions in Europe.

European Commission should as well look for ways of making the existing legislation a success. This includes the mobility directive 2014/50/EU which only came into force in 2014; and the IORP II Directive which is expected to be completed with its publication in the Official Journal of the EU at the beginning of 2017. PensionsEurope would like to stress that in an area which is characterized by long-term commitments, legal stability is important. We therefore call for an adequate period of legislative calm to take stock of pension reforms and to look how to increase supplementary pensions in Member States using the existing instruments.

On the future of work and welfare systems

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

Please specify:

PensionsEurope identifies demographic trends, technological changes, the low interest rates environment but new ways of work and inequalities are equally important trends to take into consideration (see below).

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

2000 character(s) maximum

Demographic trends: for pensions two developments in this area are important: on the one hand, there is increasing life expectancy. If the retirement age is fixed, this leads to ever longer periods spent in retirement, undermining the financial sustainability of pensions. On the other hand, lower birth rates lead to an overall change in the age structure of our societies. According to their special features, all three pension pillars somehow have to take demographic trends into account.

Technological change: Technological change will affect pension provisions in many ways. It will have an impact on how pension providers communicate with their participants and their offer. Furthermore in future pension provision might also be challenged by technological change as for instance biotech can be regarded as a longevity risk.

Low interest rate environment: Even though it is useful to strengthen the economic recovery in the Euro area, the low interest rate environment puts pressure on funded pension provision. The nature of occupational pensions varies across the EU (whether guarantees are given; level of investment in fixed interest, possibility to cut pensions, sponsor support etc.), as a consequence, the impact of the low interest rate environment will vary as well.

New ways of work: This is important in the sense that more and more people are working as self-employed or short term working contracts. This means an even bigger challenge for pension provision also for those who do not automatically have access to workplace pensions. Pension provision should therefore take into account these developments and EU pension policies should look at ways to increase access and coverage of workplace pensions.

Inequalities: inequalities might undermine solidarity and therefore collective social systems.

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

2000 character(s) maximum

As mentioned above, PensionsEurope supports policy measures aiming at increasing the coverage and the attractiveness of workplace pensions and highly encourages the share of good practices between countries. In some countries, automatic enrolment and employers matching contributions have proven to be relevant to that end.

Moreover, any company which provides a good occupational pension for the employees is a good practice example; for instance collective agreements between unions and employers in Germany can include good provisions on occupational pensions.

The involvement of social partners has proven to be key in extending workplace pension coverage in the Netherlands and other countries.

On the European Pillar of Social Rights

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

Please specify:

2000 character(s) maximum

We welcome that the European Commission provides an overview of the social acquis as well as of the current social policy challenges. In this respect, we reiterate the need to promote supplementary pensions in Europe. At the same time we remind that social and labour laws are an exclusive competence of the Member States. Member States should have sufficient leeway to adjust EU rules to their national characteristics when transposing them.

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 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 checked="" 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 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 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"/>

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

2000 character(s) maximum

As stressed above, we would very much welcome a strong commitment by the European Commission to promote workplace pensions. In this context, we would like to point out that the activities of the European supervisor can also have an impact on social policy while it is and should remain an exclusive competence of the Member States. Recent works of the EIOPA on a common framework for risk assessment and transparency of IORPs would, if introduced, very likely influence the pension provision and have a detrimental impact on the employer willingness to offer supplementary pensions (mostly in countries where pension enrolment is voluntary and for DB schemes). Recent focus on personal pensions is also likely to impact the overall supplementary pension landscape savings

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

Comments:

2000 character(s) maximum

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?

2000 character(s) maximum

Rather than benchmarking on pensions, PensionsEurope recommends that the share of best practices between the Member States should be fostered through rejuvenating the Open Method of Coordination. In such a new OMC, countries should cooperate in order to strengthen the sharing of experiences and national best practices. Furthermore, the social partners should play a major role in discussions as well as all relevant stakeholders that could be relevant for setting up multi-pillar pension systems, and citizens should be granted the right to be informed on their retirement benefits where needed.

Detailed comments by domain

If you wish to provide detailed comments on any of the domains, please select one or more from the list below and fill the table(s) and comment box(es) underneath. *(A detailed description of the domains and principles is available in the [Annex "A European Pillar of Social Rights - Preliminary Outline"](#) to the [Commission communication "Launching a consultation on a European Pillar of Social Rights"](#), COM(2016) 127 final).*

- 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
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- 15. Minimum income
- 16. Disability benefits
- 17. Long-term care
- 18. Childcare
- 19. Housing
- 20. Access to essential services

3. Secure professional transitions

	I strongly agree	I agree	I disagree	I strongly disagree
Do you agree with the challenges described?	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
Is the principle addressing those challenges in the right way?	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
Should the EU act to put in reality this principle?	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>

Do you have other comments or additional suggestions? For instance: how to address these challenges in the right way? How should the EU act to put in reality this principle?

2000 character(s) maximum

During the adoption of the Directive on the acquisition and preservation of supplementary pension rights, the Member States have made a conscious choice not to include transferability and to leave it to Member States. PensionsEurope (PE) thus would like to remind that this Directive has been adopted only in April 2014 and urge cautious to wait for its transposition into national Law - by May 2018 - to thoroughly measure its impact on further Labour mobility.

That being said, PE reiterates that portability of pension entitlements would not secure professional transition as it will fail to improve coverage of workplace pension due to higher costs repercussions on scheme sponsors, employers or social partners alike, and due to its impact on risk-reallocation process. Transferring supplementary pensions is a very complex operation and, in most countries, direct transferability of pension capital can only happen if there are clear mutual agreements between Member States and institutions. A general right to cross-border transfer of pension rights can be problematic for some occupational pension schemes - particularly when it comes to DB schemes - and as well as to their members. Therefore, portability should be developed slowly and smoothly first at national level between comparable pension schemes.

With regards to professional transition and considering trends in work pattern, it is mostly important to look at how to make sure that people covered by workplace pensions on their way to self-employment continue to be covered by workplace pensions when they do so. Good solutions have to be found in this respect.

13. Pensions

	I strongly agree	I agree	I disagree	I strongly disagree
Do you agree with the challenges described?	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Is the principle addressing those challenges in the right way?	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
Should the EU act to put in reality this principle?	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>

Do you have other comments or additional suggestions? For instance: how to address these challenges in the right way? How should the EU act to put in reality this principle?

2000 character(s) maximum

PE invites the EC to launch initiatives to increase coverage of supplementary pension schemes as it already contributes to adequate benefit provision in Member States and should play an even larger role. Access to pension schemes through soft compulsion e.g. with auto-enrolment has proven to increase participation. Social partners play an important role and should be included in discussions. A supportive stable simple modern and up to date tax treatment is also key to encourage people to continue saving up. PE also strongly believes that information, employer's involvement and design are effective means to achieve pension adequacy and encourage people to be involved in retirement savings.

PE therefore calls on the EU to take a comprehensive approach to pensions and to create an enabling environment for supplementary pensions in the current challenging economic and demographic conditions.

According to EC 2015 Ageing report, an important decrease in public pensions in 17 Countries is expected in 2060 (<http://bit.ly/2gY4lVq>), due to recent reforms to cope with demographic trends. The lack of information on gradual reduction in some EU countries should be tackled. The right to be informed on future public pension benefits should be granted at EU Level, as a measure of transparency and as a way to raise the low coverage of workplace pensions and for citizens to take timely decisions to cover their future needs.

It is important to ensure pension adequacy, particularly considering women and self-employed. Since this is rather a labour market issue, it must be addressed by means of improved Labour conditions and, regarding pensions, through the state-run pillar schemes and supplementary pension provision. Another challenge is to find ways to increase coverage of low income workers.

For any EU actions, PE urges caution by reminding that a one size fits all does not exist considering the diversity between existing pensions systems and that proportionality is k

Contact

EMPL-EUROPEAN-PILLAR-OF-SOCIAL-RIGHTS@ec.europa.eu