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WHITE PAPER

An Agenda for Adequate, Safe and Sustainable Pensions

(Text with EEA relevance)

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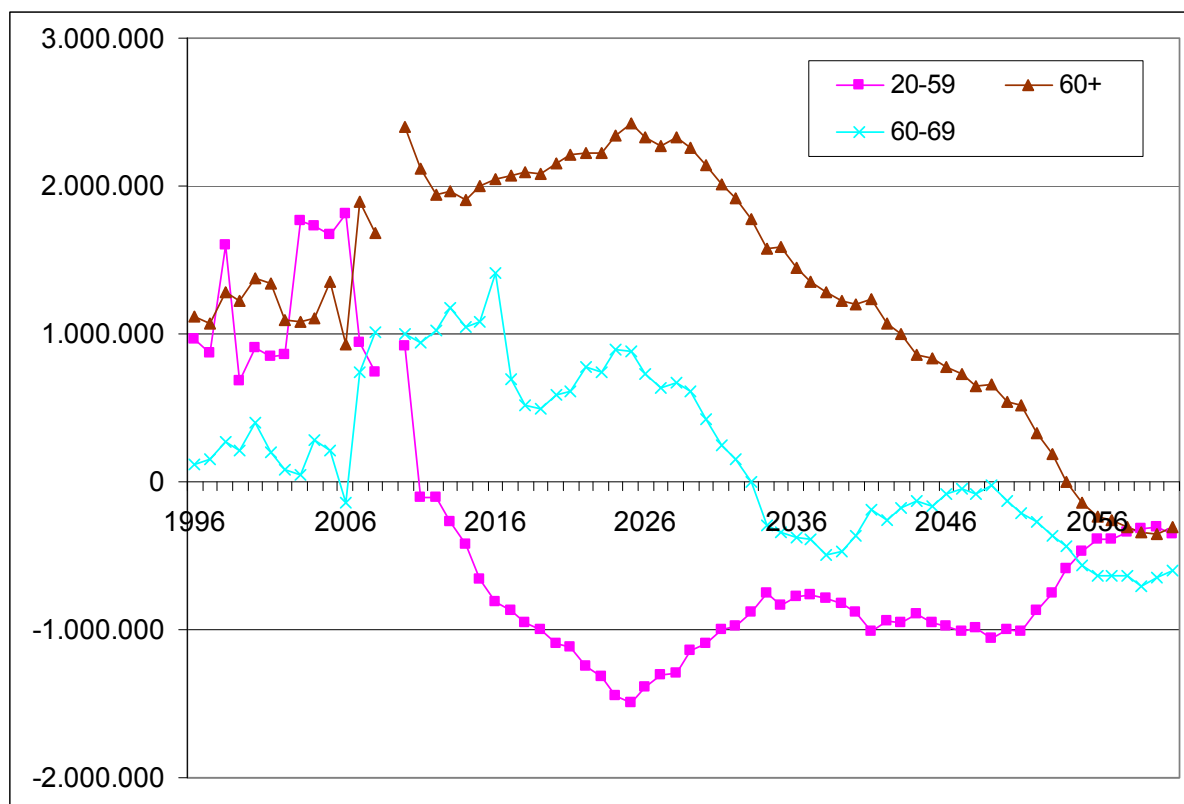
An Agenda for Adequate, Safe and Sustainable Pensions

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1. INTRODUCTION

An ageing population presents a major challenge to pension systems in all Member States. Unless women and men, as they live longer, also stay longer in employment and save more for their retirement, the adequacy of pensions cannot be guaranteed as the required increase in expenditure would be unsustainable. By 2060, the life expectancy at birth for males is projected to increase by 7.9 years and by 6.5 years for females, when compared to 2010. And the problem is not far-off – it is upon us now as the baby-boomers retire and the working age population of Europe begins to shrink. This is reflected in an annual increase of around two million people aged 60+, almost twice as high as in the late 1990s and early 2000s. By contrast, the number of people of prime working age (20-59) will fall every year over the coming decades (Figure 1).

Figure 1 Population change over the previous year, EU-27, 1996-2061



Source: Europop 2010 and demo_pjangroup.

Together, longevity growth and the transition into retirement of the baby-boomers will have far-reaching economic and budgetary consequences in the EU, reducing the economic growth potential and exercising pressure on public finances.

These prospects are further aggravated by the current financial and economic crisis. Sluggish economic growth, budget deficits and debt burdens, financial instability and low employment have made it harder for all pension systems to deliver on pension promises. Pay-as-you-go pension schemes are affected by falling employment, and hence lower pension contributions. Funded schemes are affected by falling asset values and reduced returns.

It has thus become more urgent than ever to develop and put in place comprehensive strategies to adapt pension systems to changing economic and demographic circumstances. The challenges are massive, but surmountable, provided the right policies are put in place. Reforms of pension systems and retirement practices are essential for improving Europe's growth prospects, and they are urgently required in some countries as part of current actions to restore confidence in government finances.

As the economies and societies of the Member States are becoming more and more integrated, the success or failure of national pension policies and reforms has ever stronger repercussions beyond national borders, particularly in the Economic and Monetary Union. The central importance of pensions for Europe's social and economic success and the increased risk of cross-border spill-overs from national pension policies mean that pensions are increasingly becoming a matter of common concern in the EU. Indeed, the success of retirement reforms in the Member States is a major determining factor for the smooth functioning of the Economic and Monetary Union, and will affect the EU's ability to achieve two of the five targets of the Europe 2020 Strategy – raising the employment rate to 75% and reducing the number of people at risk of poverty by at least 20 million.

This White Paper reflects these common concerns about problems in our pension systems and sets out an agenda for making pensions adequate and sustainable in the long term, by creating the conditions for a high level of labour force participation of women and men throughout their lives and enhancing the opportunities to build up safe complementary retirement savings. It suggests forward policy orientations and initiatives at the European level through which the EU can support national policy makers in their efforts to address reform needs, notably those highlighted in the Annual Growth Surveys 2011 and 2012 and specified in the 2011 country-specific recommendations.

This White Paper also reflects the results of the wide-ranging consultation launched by the Green Paper *Towards adequate, sustainable and safe European pension systems*¹. Hundreds of stakeholders, as well as the European Parliament, the European Economic and Social Committee and the Committee of the Regions, have responded to this paper and expressed their expectation for pension issues to be addressed at the EU level in a comprehensive and coordinated way.

2. THE CURRENT PENSION CHALLENGES

The sustainability and adequacy of pension systems depends on the degree to which they are underpinned by contributions, taxes and savings from people in employment. Financing

¹ COM(2010)365 final, 7 July 2010.

arrangements, eligibility conditions and labour market conditions must be calibrated such that a balanced relation between contributions and entitlements, and between the number of actively employed contributors and the number of retired beneficiaries, can be achieved.

2.1. Securing the financial sustainability of pension systems

Pensions represent a very large and rising share of public expenditure: more than 10% of GDP on average today, possibly rising to 12 ½ % in 2060 in the EU as a whole². But with spending on public pensions ranging from 6% of GDP in Ireland to 15% in Italy today, countries are in rather different situations although they face similar demographic challenges.

In the last decade, there has been considerable progress in reforming pension arrangements. A majority of Member States have adapted pension systems so as to put them on a more sustainable footing and enable them to weather the demographic changes that are set to take hold. This has been implemented through reforms that aimed to make the parameters of the systems consistent with fiscal sustainability, or through structural reforms such as shifting from defined benefit (DB) to defined contribution (DC) schemes or establishing mandatory funded pillars.

However, further reforms are in many cases necessary and the financial and economic crisis has made the demographic changes harder to cope with, as well as highlighting further weaknesses in some pension systems. So further adjustments on the expenditure side will be unavoidable in many Member States together with enhanced efforts to boost employment rates and productivity. A credible fiscal strategy needs to be rigorously implemented in line with the fiscal framework in the Stability and Growth Pact, taking due account of the net cost of implementation of a pension reform. Regarding the challenge of population ageing, the Stockholm European Council defined a three-pronged strategy in 2001, comprising: (i) public debt reduction, (ii) increasing employment, notably of older workers, and productivity and (iii) reforming social security systems. Recently, the three-pronged strategy to cope with the challenge posed by ageing populations was enriched in the context of the overall Europe 2020 strategy, while the 2010 Green Paper on Pensions launched a debate on a comprehensive approach in view of delivering adequate sustainable and safe retirement incomes.

2.2. Maintaining the adequacy of pension benefits

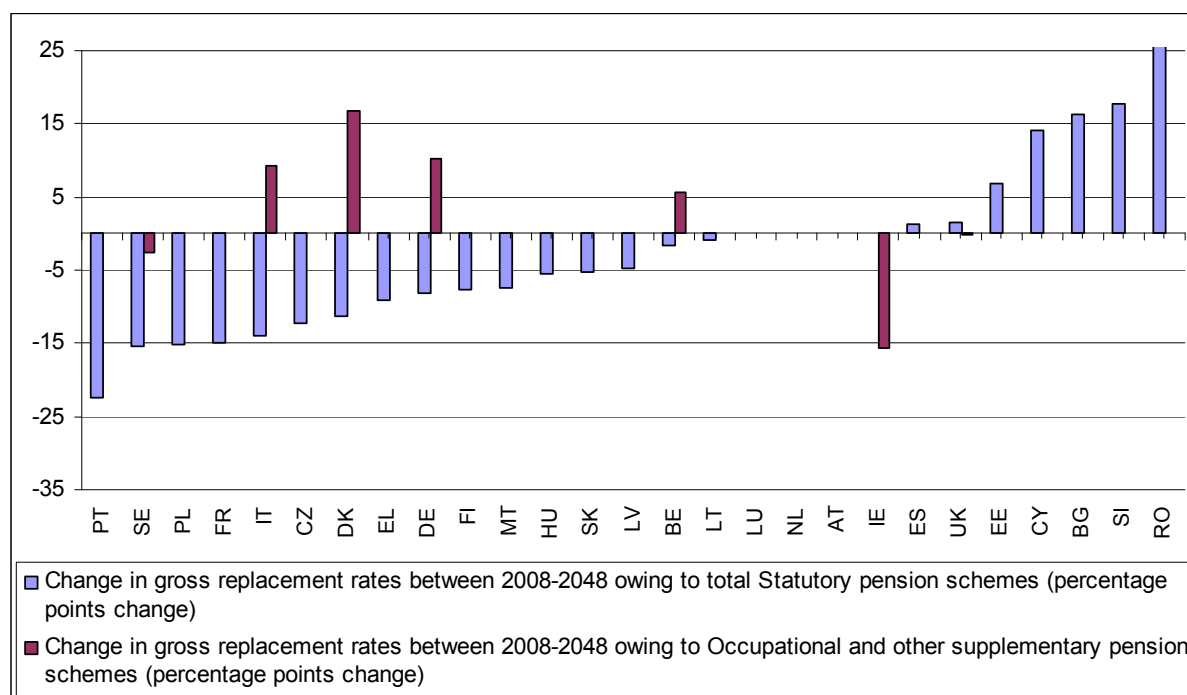
Pensions – mostly from public schemes – are the main source of income of older Europeans, who are a significant and growing part of the EU population (120 million or 24%). Indeed, the basic purpose of pension systems is to deliver adequate retirement incomes and to allow older people to enjoy decent living standards and economic independence and pensions also play a role as automatic stabilisers. Broadly speaking, this has been achieved across the EU, although important gaps remain. People over 65 have an income of almost 94% of that of the

² Up-to-date long-term projections of public pension expenditure currently under preparation by the EC and the EPC are envisaged to be released in the 2012 Ageing Report in May 2012. The values refer to initial estimates. These suggest that additional recent reforms undertaken since the release of the 2009 Ageing Report in a number of Member States have successfully curtailed future spending increases on pensions.

average for the total population³, yet about 22% of women over the age of 75 fall below the at-risk-of-poverty threshold⁴.

While recent public pension reforms have tended to improve or maintain their poverty protection, most of these reforms will result in lower replacement rates (pensions relative to previous earnings) in the future (Figure 2).

Figure 2: Projected change in replacement rates of statutory and supplementary pension schemes between 2008 and 2048 (in pp.)



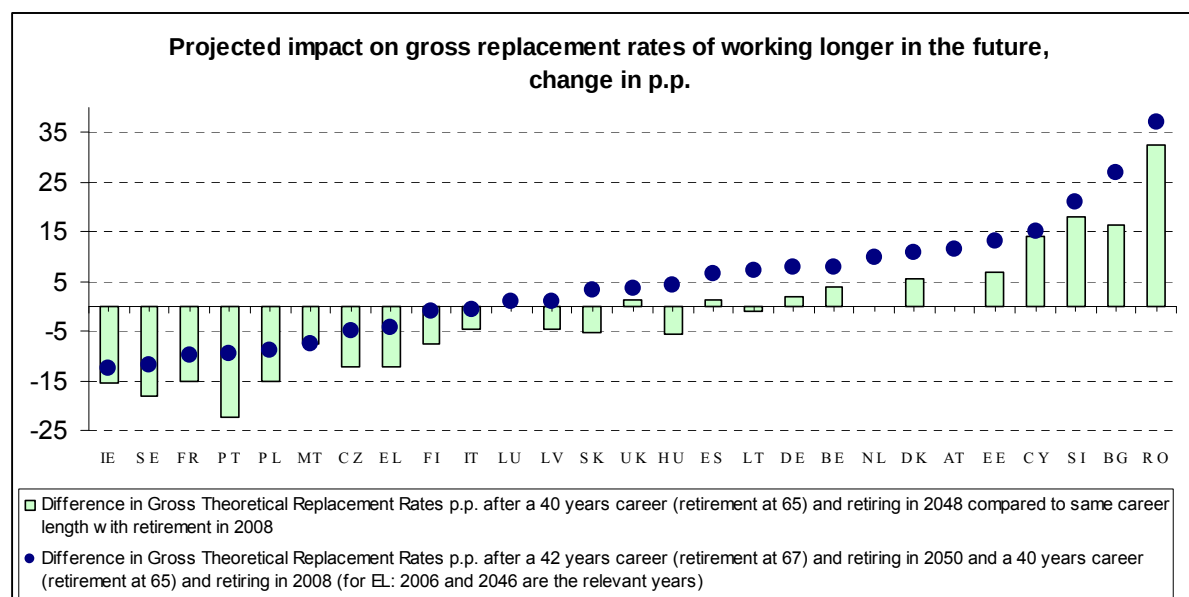
Source: Social Protection Committee Indicator Sub Group (ISG) exercise on 2008-2048 theoretical replacement rates

The expected reduction in replacement rates is, however, based on the assumption of an unchanged retirement age. Working to a higher age may help maintain or even increase the future level of replacement rates. This effect is illustrated in Figure 3 which compares the gross replacement rates received by people retiring currently at 65 after a 40-year career with replacement rates of people retiring at a higher age (67, after a 42-year career with all other elements assumed alike) in the future (Figure 3).

³ Eurostat, EU-SILC data for 2009. Equivalised mean income of people aged 65+ as % of mean income of the total population in EU27. Across Member States, the level varies between around 70% and just over 100%.

⁴ Eurostat, EU-SILC data for 2009.

Figure 3 Projected impact of longer working on change in replacement rates between 2008 and 2048



Source: ISG exercise on 2008 – 2048 theoretical replacement rates

Complementary retirement savings can also help secure adequate replacement rates in the future⁵. Some countries have introduced measures to complement their public pay-as-you-go pension schemes with private funded schemes, but there is much scope for further development of complementary pension savings opportunities in many Member States. This would require, though, that funded private pension schemes become safer and more cost-effective, as well as more compatible with flexible labour markets and mobility.

In some countries the crisis clearly demonstrated that the ability of pre-funded pension schemes to mitigate risks and absorb shocks needs to be improved. The recession and the subsequent deterioration of public finances also revealed some weaknesses in the way some Member States had sought to build mandatory private pension schemes.

2.3. Raising the labour market participation of women and older workers

The ageing challenge is often illustrated by the doubling of the old age dependency ratio (population 65+ to population 15-64) from 26% in 2010 to 50% in 2050. Yet the real issue is the economic dependency ratio, defined as *the unemployed and pensioners as a percentage of the employed*. If Europe achieves the employment goal of the Europe 2020 strategy of 75 % employment rate in the age group 20-64 and further progress is made in the period 2020-2050 the economic dependency ratio will only increase from the current level of 65 % to 79 % in 2050.⁶

⁵ Complementary retirement savings include occupational and personal pensions, life insurance and other forms of asset accumulation that can be used to maintain living standards after retirement. In addition, there are instruments (e.g. reverse mortgages) which enable people to convert assets (in general their home) into an additional retirement income.

⁶ Calculation based on the Dependency Ratio Calculator of the Austrian Federal Chamber of Labour, Vienna. The economic dependency ratio is defined as number of pensioners (incl. early retirement, disability) and unemployed relative to the number of people in employment. Main assumption for 2050: rise of the employment rate in the age group 20-64 to 79.6 % (such an employment level was achieved

Many countries have considerable scope for improving the future adequacy and sustainability of their pension systems by raising employment rates, and this not just in the higher age groups, but also for groups with lower employment rates such as women, migrants and youths. Reaching the EU employment target or catching up with the best-performing countries could almost neutralise the effects of population ageing on the weight of pensions in GDP.

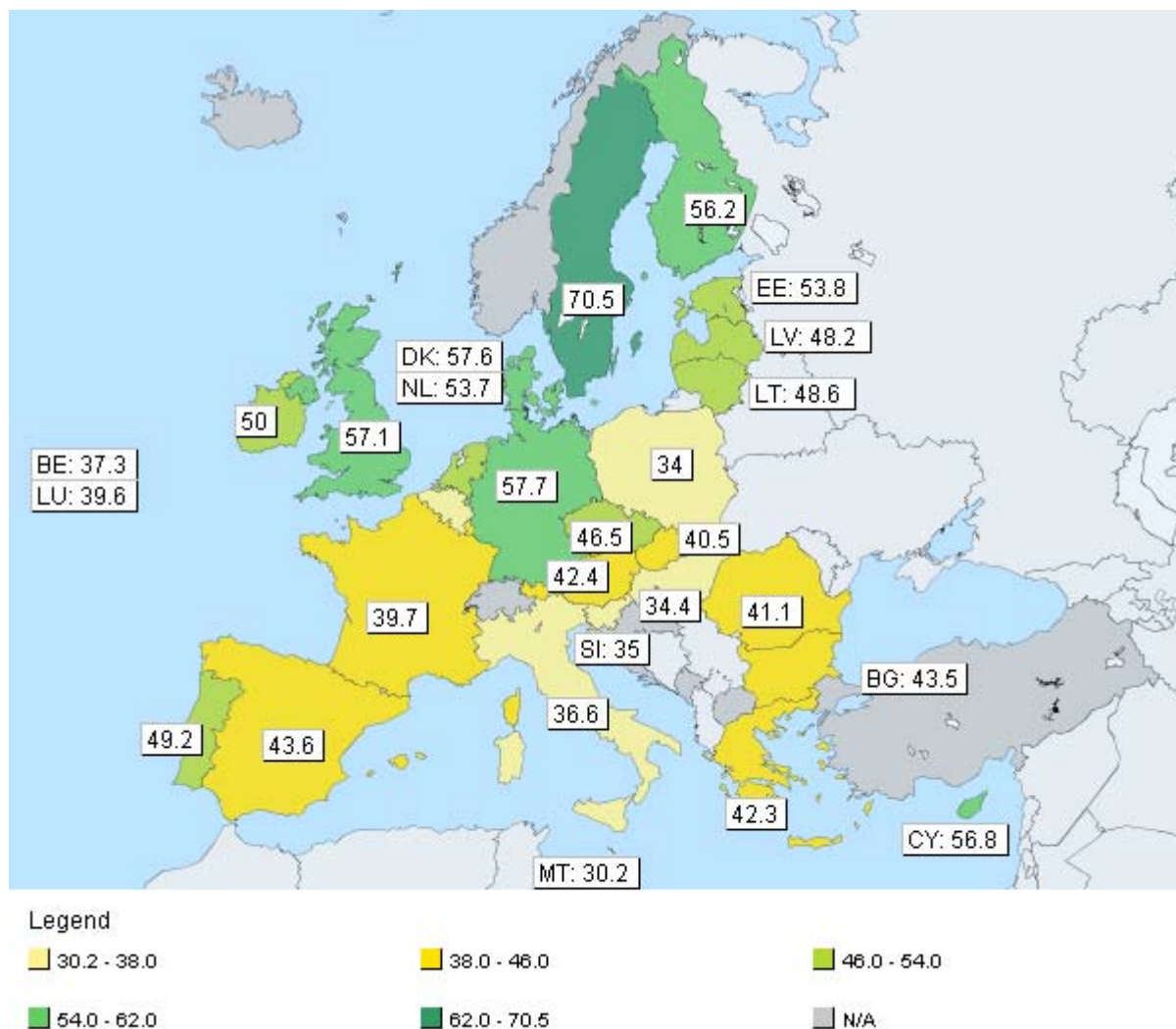
Pension systems influence retirement patterns, and hence the supply of labour and the economic dependency ratio. Key parameters are the normal and early pension eligibility ages. Currently, about one third of adult life is spent in retirement and, with unchanged policies, this share would increase in line with future gains in life expectancy. Moreover, early labour market exit pathways result in employment rates of older workers (aged 55-64) below 50% in 2010 in the EU. But this aggregate figure for the EU masks large differences across Member States, ranging from 30.2% in Malta to 70.5% in Sweden (see Figure 4). Also, the employment rates of older women (38.6%) are significantly below those of men (54.6%).

The trend in recent decades towards earlier retirement has, however, been reversed. The employment rate of the 55-64 age group increased in the EU-27 from 37.7% in 2001 to 46.3% in 2010. Moreover, pension reforms already adopted in Member States, which will often be phased in over time, could result in significant increases in participation rates of older workers. But more needs to be done. Labour force participation is currently still too low in the age groups just below the retirement age and progress too limited. A fixed retirement age in combination with easy early labour market exit options will create growing imbalances between active years and years in retirement. Reforming pension systems to increase the labour market participation rate will be crucial to enhance economic growth and to lay a solid foundation for sustainable and adequate pensions.

The success of reforms aimed at increasing pension eligibility ages (including by phasing out early retirement schemes) depends, however, on better opportunities for older women and men to stay in the labour market. This includes the adaptation of work places and work organisation, the promotion of lifelong learning, cost-effective policies aiming at reconciling work, private and family life, measures to support healthy ageing and combating gender inequalities and age discrimination. Moreover, the political acceptance of such reforms will depend on whether they are perceived as fair. This requires taking into account the fact that the ability to work – and to find employment – differs widely between individuals, and that life expectancy and health status at age 60 or age 65 tends to be lower for manual workers who started working at a young age.

in 2008 in the three best performing countries - SE, DK, NL).
Data: Labour Force Survey, Ageing Report 2009, Europop 08.

Figure 4 Employment rates of older workers (55-64) in the EU Member States in 2010



2.4. The role for Member States and EU in pensions

Member States have the primary responsibility for designing their pension systems according to their circumstances. Nevertheless, the Treaty on the Functioning of the European Union requires the EU to support and complement the activities of the Member States on social protection (Article 153) and to take into account adequate social protection in defining and implementing its policies (Article 9).

Many EU competences and policy initiatives affect national pension systems and policies. So far, the EU has been addressing very specific issues related to pensions in a somewhat fragmented way, such as removing obstacles to the free movement of people, defining how private pension providers can benefit from the Internal Market, promoting gender equality, combating discrimination and monitoring fiscal sustainability. Given the magnitude and interrelated character of the macroeconomic, social and employment challenges related to pensions, it is necessary to take a more comprehensive approach.

The EU has a wide range of policy instruments to support Member States achieve adequate pensions on a sustainable basis. In the Green Paper on Pensions in 2010, the Commission has underlined the importance of tackling pension issues in a holistic way and optimising

synergies across policy areas. The Europe 2020 strategy and the strengthening of economic governance at European level, provide a stronger framework within which to critically examine pension systems. This acknowledges that pensions, which play a vital role supporting many EU citizens, are also one of the largest public expenditure items and hence an issue of common concern amongst Member States. In addition to close cooperation with Member State governments (notably in the Social Protection Committee, SPC, the Economic Policy Committee, EPC and the Employment Committee, EMCO), it is important to ensure that other, non-governmental stakeholders can participate in discussion on how to achieve adequate, sustainable and safe pensions.

This White Paper respects the responsibilities of the Member States. It aims to gear EU policy instruments towards offering better support to pension reform efforts in the Member States and proposes a set of mutually reinforcing initiatives, ranging from legislation over financial incentives to policy coordination and monitoring progress towards shared objectives within the integrated and comprehensive Europe 2020 framework.

3. THE NEED FOR PENSION REFORMS

The challenge for pension policies is to put in place a system that is financially sustainable so that the basic purpose of pension systems, namely to deliver adequate retirement incomes and to allow older people to enjoy decent living standards and economic independence, can be achieved.

The Commission's 2011⁷ and 2012⁸ Annual Growth Surveys (AGS) highlighted key orientations for pension reforms which contribute to growth-friendly fiscal consolidation and will ensure adequate and sustainable pensions. To achieve these objectives, the AGS emphasised the relevance of securing a better balance between years spent working and years in retirement and of promoting complementary retirement savings. More specifically the Commission recommended to:

- (a) link the retirement age with increases in life expectancy;
- (b) restrict access to early retirement schemes and other early exit pathways;
- (c) support longer working lives by providing better access to life-long learning, adapting work places to a more diverse workforce, developing employment opportunities for older workers and supporting active and healthy ageing;
- (d) equalise the pensionable age between men and women; and,
- (e) support the development of complementary retirement savings to enhance retirement incomes.

Successfully implementing pension reforms along these lines will contribute to putting the pension systems on a more sustainable path and thereby help Member States to offer their citizens adequate incomes in old age even in a much less favourable demographic context.

⁷ COM(2011) 11 final, 12.1.2011.

⁸ COM(2011) 815 final, 23.11.2011.

Significant progress in reforming social security in line with the recommendations of the Annual Growth Surveys has been made in several countries (most recently in CZ, EL, ES and IT, see Annex 3 for recent pension reforms). Nonetheless, more policy action is needed, and is needed now. The necessary components of successful reforms in accordance with the AGS are sketched out below.

3.1. Balancing time spent in work and retirement

3.1.1. Linking retirement age to gains in life expectancy

The country-specific recommendations on pensions adopted in July 2011 focus strongly on the need to keep older workers longer on the labour market, notably by raising the pensionable age and linking it to gains in life expectancy. In the first instance, increasing effective retirement ages would compensate to some extent for the earlier longevity growth which has not been factored into pension calculations. Linking the pensionable age to life expectancy could then help stabilise the balance between working years and years in retirement. This is of key importance for future sustainability. Simulations in the Commission's 2009 Sustainability Report suggest that increasing the retirement age in line with future gains in life expectancy could result in budgetary savings representing more than half of the projected increase in pension expenditure over the next 50 years⁹.

Some Member States try to achieve later retirement by increasing the number of contribution years required to obtain a full pension or by linking it to gains in life expectancy (e.g. CZ, EL, FR, IT). Others link the level of pension benefits to life expectancy gains (e.g. PT), while a few tie benefit levels to the financial balance of the pension scheme (e.g. DE, SE), which will be affected by demographic change and rising life expectancy. Most Member States offer some opportunities to earn a higher pension by working longer, allowing them to compensate for the declining value of pensions at a given retirement age, thereby preserving the adequacy of their pensions.

Raising the effective retirement age will not be about pitching the interests of the young against those of the old but finding the right balance between them. Staying active during some of the extra life years gained does not mean that older people are being deprived of their well-deserved retirement for the benefit of the young. Neither does it mean that older workers will keep jobs that would otherwise be available to younger workers. Indeed, those Member States with the highest employment rates for older workers also have some of the lowest youth unemployment rates. Over the longer run, the number of jobs is not fixed, but depends notably on the supply of qualified workers, which is a key driver of economic growth. The increased availability of experienced older workers will enhance Europe's growth potential and thus create more opportunities and better living conditions for the young and the old.

⁹ Estimates reveal that by linking the retirement age to life expectancy the public pension expenditure to GDP ratio in the EU as a whole would be about 1.75 p.p. of GDP lower by 2060 compared with the baseline scenario where the projected increase in public pension expenditure to GDP ratio is calculated to 2.4 p.p. of GDP. Hence, raising the pensionable age and the effective retirement age to automatically reflect gains in future life expectancy would contribute very substantially to ensuring progress towards fiscal sustainability. European Commission and Economic Policy Committee (2009), "2009 Ageing Report: Economic and budgetary projections for the EU-27 Member States (2008-2060)", European Economy, No 2. and European Commission (2009), "2009 Sustainability Report", European Economy, No 9.

Offering better opportunities for people of all ages will be at the heart of the 2012 European Year for Active Ageing and Solidarity between Generations.

3.1.2. Restricting access to early retirement

Pension reforms aimed at keeping people longer on the labour market also need to focus on removing unwarranted early retirement options which may apply to all employees or to specific professions.

In some Member States, the statutory pension system allows people with full contributory periods to retire before the standard pensionable age (e.g. AT, BE and LU). Thus, pension reforms should not focus only on increases in pensionable ages, but also, where relevant, on the length of contributory periods, which also need to reflect increasing life expectancy. Taking into account contributory periods (even if the required length rises in line with life expectancy) allows pension systems to offer fairness to people who started their careers early (usually unskilled workers who will often have a lower life expectancy and worse health).

Member States reform their early retirement schemes in different ways. Employers may be required to bear all or at least a significant share of the costs of early retirement benefits. Workers in particularly arduous or hazardous jobs can be offered alternatives to early retirement, such as job mobility. In some Member States, eligibility rules are being tightened – for instance by increasing the eligibility age. Some countries are also either reducing the levels of benefits provided by special schemes or closing these schemes. Whenever early retirement options are eliminated, it is important to ensure that the individuals concerned are enabled to work longer or, if this is not possible, can enjoy adequate income security.

3.1.3. Supporting longer working lives

Phasing out early retirement schemes and raising pensionable ages must be accompanied by measures that enable people to stay longer on the labour market through appropriate health, work place and employment measures. In the absence of these, the impact on public finances could be much less beneficial if such reforms targeting pension ages would lead to an increase in the numbers of people relying on other types of benefits (e.g. unemployment, invalidity, social assistance). Alternatively, savings for public budgets could result from older workers receiving reduced pensions if they are unable to remain in employment until the normal retirement age. This would result in a higher risk of poverty in old age.

Genuine dialogue in the Member States, bringing together governments, social partners and other stakeholders to build consensus on policies that create opportunities for working longer, whilst also ensuring solidarity with those who are unable to do so, will be essential to secure the future adequacy and sustainability of pensions. It will also be important to explain that, as life expectancy rises, working longer does not imply that people will be enjoying fewer years of retirement.

A factor of great importance is the health status of people close to the retirement age, as this affects the ability and willingness of people to continue working with consequent impacts on the labour market. Investing in the prevention of diseases, the promotion of healthy and active ageing and in more cost-effective health systems are important to maintain and maximise a healthy and productive workforce which can continue to work later in life. In turn, this will help reduce early retirement caused by illness, contribute to increase the labour participation of people over 55 and ease some pressure on pensions.

Further measures include revising unwarranted mandatory retirement ages, promoting health and safety at work, providing access to life-long learning, adapting work places to the needs of older workers and developing opportunities for flexible working arrangements, e.g. by combining part-time work and partial pension receipt. There is scope for developing 'second careers' and suitable 'end-of-career' jobs. Removing disincentives to employment and longer working lives for women and men in tax-benefit and remuneration systems will also be important. Given the significant differences in employment rates for women and men aged 55-64, all initiatives will have to pay particular attention to gender aspects of longer working lives and active ageing, including measures that facilitate the reconciliation of work and care responsibilities and reduce gender gaps in employment and pay. The European Social Fund (ESF) can play an important role in bolstering the capacity of policy makers, employers and workers to remove barriers for women and to longer working lives and bring about the progress needed to boost the employability of older workers of both genders.

3.1.4. Closing the pensions gap between men and women

Thirteen Member States still had lower pensionable ages for women than for men in 2009. However, based on current legislation in place, eighteen of the Member States will have equalised the pensionable ages by 2020. Five Member States have longer term plans to equalise pension ages and only four out of the 27 Member States have no legislation in place to do so (see Annex 3 for country-specific details). Equalising pensionable ages for women and men can make a significant contribution to raising the labour force participation of older workers and contribute to improving income for women and should be implemented without delay.

The equalisation of pensionable ages needs to be considered in the wider context of gender disparities in pensions resulting from differences between women and men in employment, pay, contributions and career breaks and part-time working for caring purposes. This persistence of gender inequalities on the labour market leads to lower pension entitlements for women. Addressing pension adequacy and sustainability therefore requires a mix of pension and employment policies aimed at tackling gender differences in pension incomes. More effective solutions that are not based on the presumption of specific gender roles are required, such as care credits that are available to both women and men and that preserve the sustainability of pension systems including by facilitating the return to work.

Addressing gender inequalities by facilitating the reconciliation of work and private life can also have long-term indirect benefits for pension systems by making it easier for people to raise a family, thus raising birth rates and mitigating the long-term decline in the working-age population.

3.2. Developing complementary private retirement savings

Complementary retirement savings have to play a greater role in securing the future adequacy of pensions, so Member States will have to find ways of improving the cost-effectiveness, safety and equitable access to supplementary pension schemes. Tax and other financial incentives, as well as collective bargaining play an important role here. These tools are being used in very different ways across the EU, so there is considerable scope for mutual learning. Addressing gender equality aspects will also be crucial in order to avoid widening the existing gender gaps, as women currently have fewer opportunities to build up supplementary retirement savings than men.

The crisis has highlighted the vulnerability of funded pension schemes to financial crises and economic downturns. It has also emphasised the need to review the regulatory framework and scheme design to improve the safety of private pensions. The EU has legislative competences in this area, and two instruments are already in place: the Directive on the protection of employees in the event of insolvency of their employer¹⁰ and the Directive on the activities and supervision of Institutions for Occupational Retirement Provision (IORP)¹¹. The Green Paper consultation has confirmed that the Single Market is a key instrument to support pension adequacy and fiscal sustainability. There is untapped potential to realise further efficiency gains through scale economies, risk diversification and innovation. The EU can strengthen its framework to support occupational retirement provision within the overall pension system of Member States and to contribute to the reduction of the cost of pensions. This is why the IORP Directive will be reviewed with the aims of further facilitating the cross-border activity for IORPs and modernising their supervision, taking into account the different types of IORP in Member States. In addition, there is a need to improve the quality of financial products for individual retirement savings not linked to employment, such as third pillar schemes and other financial products used to supplement the incomes of the elderly. Improving consumer information and protection is necessary to enhance workers' and investors' confidence in financial products for retirement savings.

An increased reliance on supplementary pension schemes could result in people who move across borders losing a significant portion of their pension entitlements. Their statutory social security entitlements are guaranteed by EU legislation (in particular Regulation (EC) No 883/2004¹²), but private schemes are outside the scope of this Regulation. It is therefore important to adopt measures that prevent supplementary pension schemes from being obstacles to professional mobility and labour market flexibility, which can make a direct contribution to increasing economic growth in the EU, without adversely impacting the overall provision of supplementary pensions.

Citizens working in another Member State not only need to preserve pension entitlements accrued across borders. They also need to have a clear overview of their accrued pension rights stemming from statutory and occupational pension schemes. This could be achieved through the establishment of pension tracking services across the EU similar to those that already exist in some Member States. Tracking services can provide citizens with accurate and up-to-date information about pension entitlements, as well as projections of their income after retirement from statutory and occupational pension schemes. Thus they can demonstrate the benefits of working longer and of making complementary retirement savings so as to maintain an adequate income after retirement. With a minimum harmonisation of key features, tracking services at the national level could be connected into an EU system of tracking services.

4. DEPLOYMENT OF EU INSTRUMENTS

With national pension policies becoming increasingly a matter of common concern, it is logical that the role of the EU in helping Member States achieving the goals of adequate and sustainable pensions becomes more important.

¹⁰ 2008/94/EC of 22 October 2008.

¹¹ 2003/41/EC of 3 June 2003.

¹² Regulation 883/2004/EC of 29 April 2004 on the coordination of social security systems.

The EU can harness a range of policy instruments to promote adequate, safe and sustainable pensions, even though the main responsibility for achieving these goals clearly remains with the Member States.

Legislation: The EU has no powers to legislate on the *design* of pension systems as such in the Member States, however it can legislate on matters that affect the functioning of the internal market (free movement of persons, freedom to provide services, protection of consumers), to tackle discrimination (on the grounds of gender and age, in particular), and to protect workers' rights. A number of regulations and directives that affect pension schemes in the Member States are already in force. In addition, the EU can promote 'soft law' measures such as codes of good practice.

Funding: The EU can also mobilise funds to achieve certain policy goals related to pensions. The European Social Fund is by far the most important European tool for this purpose and can be used to promote the employability and labour market opportunities for older workers. Various smaller funding instruments exist in policy areas such as employment and social policy (PROGRESS), public health and life-long learning and can be used to support the development of better policies in the Member States, notably through mutual learning.

Policy coordination: Europe 2020 entails a stronger coordination of national policies in the context of the European Semester, using in particular the instrument of Country Specific Recommendations. This process is underpinned by the work of policy committees such as the EPC, SPC and EMCO which examine in detail specific challenges related to pensions adequacy and sustainability and the promotion of longer working lives.

This White Paper presents a comprehensive set of initiatives to be taken at EU level in support of national pension reforms. These address the two main areas for reform recognised in the AGS, i.e. balancing time spent in work and retirement and developing complementary private retirement savings. The White Paper also focuses on ensuring that the holistic process initiated by the Green Paper is sustained through improving coordination and monitoring tools. The specific actions are set out in Annex 1, for instance on portability, the IORP review or a range of measures to enable people to stay longer on the labour market. This White Paper offers thus an important foundation upon which a fruitful cooperation with Member States, the European Parliament and the social partners can be built.

5. CONCLUSION

Many pension systems across the European Union need some degree of adjusting to ensure that they can deliver adequate pensions on a sustainable basis. This has been highlighted in the Commission's 2011 AGS and translated into Country-Specific Recommendations on pensions addressed to a majority of Member States. The need for comprehensive pension reforms, underpinned by labour market measures enabling women and men to work longer, has again been emphasised in the Commission's 2012 AGS. In support of these recommendations, this White Paper presents a strategy for adequate, sustainable and safe pensions over the coming decades. There can be no doubt that the challenges, notably those related to demographic changes and the sustainability of public finances, are very significant, but there are also good ways of tackling them.

The current sovereign debt crisis makes it clear how important it is for the European Union as a whole that every single Member States succeeds in addressing current challenges in their

pension systems. Pension reforms therefore must remain under close scrutiny in the context of the Europe 2020 strategy. We need a more European approach to tackling challenges to pension systems, in line with successive conclusions of the European Council which have called for closer economic policy co-ordination. It is now time to act and to implement in a decisive manner the actions put forward in this White Paper. Member States, European institutions and all stakeholders, in particular social partners, need to respond together and within their respective roles, to the challenges that population ageing represents. Pension systems must contribute to growth in Europe by promoting active ageing, while remaining an adequate and sustainable instrument at the core of the European social model to sustain the living standards of elderly Europeans.

ANNEX 1:
EU initiatives in support of Member State efforts

1. BALANCING TIME SPENT IN WORK AND RETIREMENT

Achieving a better balance between times spent in work and in retirement requires adjustments to pension systems, raising retirement ages and strengthening incentives to work longer. The extent to which these measures translate into higher effective retirement ages and increased labour force participation of older workers depends, however, on measures that enable older workers to stay on the labour market.

- (1) In the framework of the Europe 2020 strategy, the Commission will **closely monitor and encourage pension and labour market reforms** in line with the Annual Growth Surveys and the Country Specific Recommendations with the aim of bringing about later pension take-up including, by the timely equalisation of pensionable ages for women and men where this has not already been done and linking retirement ages to increases in life expectancy.
- (2) The Commission will support the EMCO, EPC and SPC in their **multilateral surveillance of pension reforms** and offer **financial support** to Member States through the PROGRESS programme and the future Programme for Social Change and Innovation to facilitate mutual learning and policy development.
- (3) The Commission will ask the relevant committees (e.g. SPC, Advisory Committee on equal opportunities between women and men) to **identify and recommend best practice in reducing the gender gap in pensions** (e.g. promotion of equal pay, minimum pension entitlements, care credits, pension rights splitting at divorce).
- (4) During the **European Year 2012 on Active Ageing and Solidarity between Generations** the Commission will raise awareness of the benefits and possibilities of working longer and stimulate the dissemination of good practices of age management in work places and labour markets.
- (5) In the framework of Europe 2020, the Commission will step up its **support for policy coordination and joint work on enabling and encouraging older workers, women in particular, to stay longer on the labour market**. This will include promoting joint work by the SPC and EMCO on gender specific obstacles to, and opportunities for, extended working lives, the development of end-of-career labour markets across the Member States and projects under the European Innovation Partnership on active and healthy ageing.
- (6) In the framework of European Social Dialogue, the Commission will **call on the social partners to develop ways of adapting work place and labour market practices**, including career management notably regarding strenuous jobs, so as to facilitate longer working lives for women and men. The European Foundation for the Improvement of Living and Working Conditions and the European Agency for Safety and Health at Work will provide expert advice at EU level.
- (7) Building on its proposal for the **European Social Fund** in the 2014-2020 programming period, the Commission will encourage Member States to make use of

the ESF for **supporting active and healthy ageing**, including reconciliation of work and family life, and will closely monitor whether ESF programmes effectively support the reform needs identified in this area in the Country Specific Recommendations.

- (8) The Commission will consult the social partners on **how unwarranted mandatory retirement ages could be revised** in collective agreements and national legislation.

2. DEVELOPING COMPLEMENTARY PRIVATE RETIREMENT SAVINGS

An enhanced role of complementary private retirement savings depends first of all on better access to supplementary schemes and their cost-effectiveness. Opportunities for complementary retirement savings through occupational and third pillar arrangements are underdeveloped and lacking in cost-effectiveness and safety in many Member States. Thus there would be added value in stepping up European support for better coverage of women and men and the proliferation of good practices including in the optimal targeting of tax incentives for prefunded pension schemes. These can be promoted by governments or the social partners. As people in the future will have to rely more on complementary retirement savings, the safety and performance of which will need to be optimised. Improving hard and soft EU regulation can contribute significantly to this. Finally, supplementary pension schemes must be compatible with the requirements of flexible labour markets and job mobility.

- (9) The Commission will, as from 2012, cooperate with Member States following a best practices approach to assess and optimise the **efficiency and cost-effectiveness of tax and other incentives for private pension saving**, including better targeting of incentives on individuals who would otherwise not build up adequate pensions. It will also offer financial support to Member States and social partners wishing to **design cost-effective supplementary pension schemes**, to help them benefit from the good practices and experiences of other countries.
- (10) The Commission will invite the SPC to **review good practice with regard to individual pension statements** with the aim of encouraging Member States to **provide better information to individuals for their retirement planning** and decisions on how much to save through supplementary pension schemes.
- (11) The Commission will, in 2012, present a legislative proposal to **review the IORP directive**. The aim of the review is to maintain a level playing field with Solvency II and promote more cross-border activity in this field and to help improve overall pension provision in the EU. This will help address the challenges of demographic ageing and public debt.
- (12) The Commission will, in 2012, take initiatives to ensure a more effective **protection of workers' occupational pension rights in the event of insolvency** of their employer on the basis of Article 8 of Directive 2008/94/EC, taking into account a horizontal assessment of its implementation across the EU and ECJ jurisprudence.
- (13) The Commission will, by 2013, present an initiative aimed at **raising the quality of third-pillar retirement products** for women and men **and improving consumer information and protection standards** via **voluntary codes** and possibly an EU

certification scheme for such products, building, where appropriate, on measures to improve information for consumers planned for 2012 on 'packaged retail investment products' (PRIPs).

- (14) Working with stakeholders such as the social partners, the pension industry and advisory bodies such as the Pension Forum, the Advisory Committee on equal opportunities between women and men, the Commission will develop a **code of good practice for occupational pension schemes** (2nd pillar), addressing issues such as better coverage of employee, the payout phase, risk-sharing and mitigation, cost-effectiveness and shock absorption.
- (15) In 2012, the Commission will, in close cooperation with the Council and the European Parliament, resume work on a **pension portability Directive** setting minimum standards for the acquisition and preservation of supplementary pension rights. While promoting cross-border pension mobility for all occupations, the Commission will also pursue the on-going work on a **pan-European pension fund for researchers**.
- (16) The Commission will in 2012 assess the case for **extending the scope of Regulation 883/2004/EC** on the coordination of social security systems as regards certain occupational schemes.
- (17) The Commission will **promote the development of pension tracking services** allowing people to keep track of their pension entitlements acquired in different jobs. It will consider, in the context of the revision of the IORP directive and the proposal for a portability directive, how the provision of the required information for pensions tracking can be ensured, and it will support a pilot project on cross-border tracking.
- (18) The Commission will investigate whether the tax rules concerning (i) cross-border transfers of occupational pension capital and life insurance capital (ii) life insurance contributions paid to providers established elsewhere in the EU and (iii) cross-border investment returns of pension and life insurance providers, including their income from real estate and capital gains present discriminatory **tax obstacles to cross-border mobility and cross-border investments**; where necessary, it will initiate infringement procedures. The Commission will also discuss with Member States how to reduce the risk that cross-border pensions are subject to double taxation (or escape taxation altogether).
- (19) The Commission will **explore the need for removing contract law-related obstacles to the design and distribution of life insurance products** with savings/investment functions with the aim of facilitating the cross-border distribution of certain private pension products.

3. ENHANCING THE EU'S MONITORING TOOLS ON PENSIONS AND STRENGTHENING SYNERGIES ACROSS POLICY AREAS

In view of the increasing interdependence of Member States, it is important to monitor, in close cooperation with the SPC and EPC, the progress Member States are making towards adequate, sustainable and safe pensions, including with benchmarking indicators in the context of Europe 2020. By involving a wide range of stakeholders and by strengthening the

role of the Pensions Forum, the holistic approach on pensions advocated by the Green Paper on Pensions will be developed.

- (20) The Commission, in cooperation with the EPC will release the **2012 Ageing Report**, assessing the economic and budgetary impact of ageing, which will form the basis for a thorough assessment of the sustainability of public finances envisaged for release in the **Commission's 2012 Sustainability Report**. In cooperation with the Social Protection Committee it will also prepare in 2012 a **Pension Adequacy Report** which can help Member States, in the context of the Platform against Poverty, to assess the adequacy of their pensions systems for women and men.

ANNEX 2: **SUMMARY OF THE GREEN PAPER CONSULTATION**

Results of the consultation and the debate triggered by the Green Paper

The consultation received almost 1 700 responses, including more than 350 from Member State Governments, National Parliaments, business and trade union organisations, civil society and representatives of the pension industry. The EPSCO and the ECOFIN Councils welcomed the Green Paper. Contributions from the EP, EESC and CoR arrived in February 2011.

The responses from key stakeholders provide a rich texture of well presented positions on the European framework on pensions and pension issues in general, which help to shape the various policy options for consideration.

In addition, more than 100 meetings with stakeholders involving Commissioners Andor, Barnier and Rehn or their services have taken place around Europe. The consultation has influenced the orientation of discussions in many Member States. Importantly, it has caused national deliberations to be more informed by comparative European perspectives.

The bulk of **Member States** want efforts to concentrate on improving or deepening the existing European policy framework on pensions rather than extending it. Yet, most of them at the same time welcome reinforced economic policy coordination.

In the **European Parliament**, the ECON, IMCO and FEMM committees submitted their contribution to EMPL as the leading committee, and the final text adopted by the EP adequately reflected different views and has found very broad support. The report supports the holistic approach the Commission took in the GP and calls for well-coordinated policies to tackle the intertwined issues of adequacy, sustainability and safety.

National pension-related events such as the adoption of significant pension reforms in Greece and France obviously provided a lively backdrop to the reflections on the Green Paper. Events in some central European Member States also revealed the importance of the treatment of systemic pension reforms in the **Stability and Growth Pact**.

In the key area of **policy coordination** the consultation has been overtaken by events resulting from the sovereign debt crisis. The package on reinforced economic policy coordination and the references to specific measures to be taken to modernise pension systems in the Annual Growth Survey will entail important changes to the European framework for pensions and further impetus can be expected from the European Council.

Responses on pension framework and retirement age

[Qs1-2] Responses to the Green Paper suggest that **improvements to the existing EU pensions framework** could be beneficial in ensuring the sustainability of public finances. Some respondents consider that the EU level could contribute with harmonised measures of pension indicators, facilitating an informed and straightforward discussion on relevant pension policy issues, and challenges at the EU level. Many underline that such additions should be developed within existing frameworks, which in general are deemed to be appropriate. The social OMC is seen as the right instrument to support MS efforts to strengthen adequacy of pensions.

[Qs3-4] A higher **effective retirement age** is seen as necessary. While according to some respondents, it should be determined by national policies with involvement of the social partners, other suggest that the pensionable age should evolve in line with life-expectancy while a few suggest to take into account the life or the healthy-life) expectancies of different professions. The EP recommends that priority be given to ensuring that employees work until the pensionable age. Numerous respondents underline that pension reforms should be coupled with active labour market policies, lifelong learning opportunities, effective social security and health care systems, and improvement of working conditions. Linkages with many elements of the Europe 2020 strategy are identified, including the need for greater labour market participation and the impact of pension policy on poverty rates. The EP suggests incorporating the holistic objectives of the Green Paper into the Europe 2020 Strategy.

[Q14] Respondents recognized a very important role for the EU in **policy coordination** of pension policies by facilitating surveillance, coordination and mutual learning between the Member States. The existing framework of the OMC, the Pension Forum and more broadly the SGP and the Europe 2020 strategy was seen as largely sufficient. But a deepening of the existing framework, for example through closer cooperation between the EPC and the SPC would be important. The EP thought a European Pensions Platform involving representatives of EU institutions along with all stakeholders would be helpful, and that, in order to avoid overlap, account should be taken of the existing "Pensions Forum".

Responses to regulation-related questions

[Q5] Most respondents were in favour of reviewing the **IORP Directive** in order to clarify legal uncertainties related to cross-border activity and offered suggestions for how this could be done.

[Qs6-7] There was universal support for removing any obstacles to mobility caused by pension rules, but less agreement on what this should mean in practical action. Most respondents who addressed the **co-ordination of social security** systems under Regulation 883/2004 felt that the co-ordination worked well and that there was no need either to change this regulation or to expand its scope.

Nearly all who addressed **portability of supplementary pensions** supported an EU-level initiative. The Regulation 883-type co-ordination approach was felt to be unsuitable for supplementary pension schemes and the majority were strongly against the idea of considering transfers issues again. The acquisition and preservation approach pursued for the last few years attracted wide support including from the EP, though others remained firmly opposed. The notion of a tracking service was widely welcomed, though with an emphasis on national level services, at least at first.

[Q8] Regarding **funded pension schemes and products**, employees, pensioners and insurance companies saw a need to review EU legislation to ensure consistency in regulation and supervision. Employers and pension funds were less open to further EU initiatives.

[Q9] Concerning ways to ensure **balance between risk, security and affordability**, there was a feeling that the EU should avoid binding regulation and should rather encourage relevant national regulation or a non-binding EU code (recommendation).

[Q10] The issue of a **solvency regime for pension funds** was mostly addressed by employers associations, pension funds and service providers, with little input from members and

beneficiaries. Most respondents were supportive of risk-based supervision, suggesting that substance should be favoured over form. The right approach needs to focus on the nature and duration of pension liabilities, taking account of the additional risk-mitigating security mechanisms available to pension funds. The EP considers that (i) financial markets can function efficiently only when there is confidence and trust wherefore solid prudential rules for financial institutions, including IORPs, are required and that (ii) the qualitative elements of Solvency II form a valuable starting point for enhancing the supervision of IORPs.

[Q11] Respondents agree on the need for **protection against insolvency of sponsoring employers**, but only the EP and a minority want further EU legislation, as this, according to the majority, is best secured at national level. The implementation of existing EU legislation and effectiveness of national measures should be analyzed before envisaging changes to the EU legislative framework.

[Q12] On modernization of minimum disclosure requirements for pension products, respondents including the EP stressed the need for clear and comparable information and most considered that there is a potential for EU value added.

[Q13] Though recognising the importance of good **default options** about participation and investment in pension design, few respondents saw the need or even the technical possibility for developing a common approach at EU level.

ANNEX 3

RETIREMENT, SUPPLEMENTARY PENSIONS, COUNTRY SPECIFIC RECOMMENDATIONS AND LATEST REFORMS IN EU MEMBER STATES

Mem- ber State	Life expec- tancy at 65 ⁽ⁱ⁾ M/F (2010)	Labour market exit age ⁽ⁱⁱ⁾ M/F (2009)	Pension age M/F ⁽ⁱⁱⁱ⁾ (2009)	Pension age M/F (2020) ^(iv)	Increases in pension age after 2020, M/F ^(v)	Pension Fund assets % of GDP 2009 ^(vi)	Pension Related Country Specific Recommendations (or Memorandum of Understanding references)	Latest Reforms/Comments ^(vi)
AT	17.9/ 21.4	62.6/ 59.4 ##	65/60	65/60	65/65	4.9	CSR 3- In consultation with the social partners and according to national practices, take steps to further limit access to the current early retirement scheme for people with long insurance periods and take steps to reduce the transition period for harmonisation of the statutory retirement age between men and women to ensure the sustainability and adequacy of the pension system. Apply strictly the conditions for access to the invalidity pension scheme.	Two areas of reform set out in 2010: First, as of 2014 stricter rules will apply for early retirement on the basis of long-term insurance records ('Hacklerregelung') by increasing the qualifying age by 2 years, i.e. from currently 60 to 62 years for men, and from currently 55 to 57 years for women, and only counting active employment as contributory time. Second, as from 2011 invalidity pensions have become conditional on participation in a rehabilitation measure. In addition, a centralised system for assessing applications for this type of pension has been introduced. A working group has been established to develop further reforms on basis of a proposal presented by the social partners in October 2011.

Member State	Life expectancy at 65 ⁽ⁱ⁾ M/F (2010)	Labour market exit age ⁽ⁱⁱ⁾ M/F (2009)	Pension age M/F ⁽ⁱⁱⁱ⁾ (2009)	Pension age M/F (2020) ^(iv)	Increases in pension age after 2020, M/F ^(v)	Pension Fund assets % of GDP 2009 ^(vi)	Pension Related Country Specific Recommendations (or Memorandum of Understanding references)	Latest Reforms/Comments ^(vi)
BE	17.5/ 21.1**	61.2/ 61.9##	65/65	65/65	-	3.3 (v)	CSR 2- Take steps to improve the long-term sustainability of public finances. In line with the framework of the three-pronged EU strategy, the focus should be put on curbing age-related expenditure, notably by preventing early exit from the labour market in order to markedly increase the effective retirement age. Measures such as linking the statutory retirement age to life expectancy could be considered.	As of 1 January 2012, new rules relating to age and career for the early statutory pension have been introduced. The age will be gradually increased from 60 to 62 by 2016 (2012: 60 years; 2013: 60.5 years; 2014: 61 years; 2015: 61.5 years; 2016: 62 years). The number of required career years will also be gradually increased from 35 to 40 years by 2015 (2012: 35 years; 2013: 38 years; 2014: 39 years; 2015: 40 years). In the public sector, the number of required career years will be increased from 5 to 40 years by 2015 (2012: 5 years; 2013: 38 years; 2014: 39 years; 2015: 40 years). Transition measures are currently being discussed. The implementing Royal Decree is expected by April 2012. The conditions as to age and career for early conventional retirement (pre-retirement/bridge pension) will also be increased as of 1 January 2012. In general, the age will be increased from 58 to 60 years and the number of required career years will raise from 38 to 40 years for men and from 35 to 40 years for women for collective bargaining agreements concluded after 31/12/2011. Older collective bargaining agreements will be gradually brought in line with these new requirements between 2012 and 2024. In the case of collective dismissals in companies undergoing restructuring or experiencing difficulties, the minimum age is set to increase from 52 to 55 between 2012 and 2018. The system of part-time preretirement will be abolished as of 1/01/2012.

Member State	Life expectancy at 65 ⁽ⁱ⁾ M/F (2010)	Labour market exit age ⁽ⁱⁱ⁾ M/F (2009)	Pension age M/F ⁽ⁱⁱⁱ⁾ (2009)	Pension age M/F (2020) ^(iv)	Increases in pension age after 2020, M/F ^(v)	Pension Fund assets % of GDP 2009 ^(vi)	Pension Related Country Specific Recommendations (or Memorandum of Understanding references)	Latest Reforms/Comments ^(vi)
BG	13.6/ 17	64.1/ 64.1 #	63/60	63/60	65/63	n/a	CSR 3- Implement the agreed steps with social partners under the current pension reform, advance some of its key measures that would help to increase the effective retirement age and reduce early exit, such as through the gradual increase of the social insurance length of service, and strengthen policies to help older workers to stay longer in employment.	Initially, the 2011 reform foresaw an increase in pension age from 63/60 (M/W) to 65/63 between 2021 and 2026, while, for people without full careers, to age 67 (both genders after 2024). Contributory periods are also lengthened for several categories of employees, contribution rates raised in 2011 and 2017, and accrual rates in 2017. In mid-November 2011 the Government proposed, within the parliamentary debate on the draft 2012 budget, to considerably advance some of the key components of the pension reform previously foreseen for 2021. To this end, the Parliament adopted in the beginning of December 2012 legislative changes envisaging a gradual increase of the pension age for both genders by 4 months per year - as of 1 January 2012 until reaching a pension age of 65 years for men and 63 years for women.
CY	18.1/ 20.9**	62.8	65/65	65/65	-	n/a	CSR 3 - Improve the long-term sustainability of public finances by implementing reform measures to control pension and healthcare expenditure in order to curb the projected increase in age-related expenditure. For pensions, extend years of contribution, link retirement age with life expectancy or adopt other measures with an equivalent budgetary effect, while taking care to address the high at- risk-of-poverty rate for the elderly. For healthcare, take further steps to accelerate implementation of the national health insurance system.	According to the 2009 reform of the Social Insurance Fund (1) contribution rates will increase by 1.3 p.p. between 2009 and 2039 in 5-year intervals, (2) contribution periods for old-age pension eligibility were increased with the minimum contributory period increasing from 3 to 10 years, (3) a 6-year ceiling on education/training credits granted in the contributory system was introduced, (4) access to unemployment benefits for beneficiaries of occupational pensions has been restricted, (5) periodic actuarial review of pension system will be carried out. A package of consolidation measures was announced in August 2011, among which (1) a permanent contribution of 3% on gross earnings of public and wider public sector employees for public pensions - as of 01/10/2011, (2) the inclusion of newcomers to the civil service only in the Social Insurance Fund (not in the occupational pensions scheme) - as of 01/10/2011, (3) an increase in the rate of contribution to the Widows and Orphans Fund by 1.25 p.p. to 2% on gross earnings - as of 01/10/2011.

Member State	Life expectancy at 65 ⁽ⁱ⁾ M/F (2010)	Labour market exit age ⁽ⁱⁱ⁾ M/F (2009)	Pension age M/F ⁽ⁱⁱⁱ⁾ (2009)	Pension age M/F (2020) ^(iv)	Increases in pension age after 2020, M/F ^(v)	Pension Fund assets % of GDP 2009 ^(vi)	Pension Related Country Specific Recommendations (or Memorandum of Understanding references)	Latest Reforms/Comments ^(vi)
CZ	15.5/ 19	61.5/ 59.6	62/60	63y10m/ 63y8m	65/65	4.6	CSR 2- Implement the planned pension reform in order to improve the long-term sustainability of public finances and to ensure the future adequacy of pensions. Additional efforts should focus on further changes to the public pillar to ensure that the system is not a source of fiscal imbalances in the future, and on the development of private savings. With a view to raising the effective retirement age, measures such as a link between the statutory retirement age and life expectancy could be considered. Ensure that the envisaged funded scheme attracts broad participation, and is designed to keep administrative costs transparent and low.	2011 Pension Reform: Public Pillar, effective as of 30 Sept includes: - increases in the retirement age which will continue to rise, in particular for women with children, with a view to unifying the retirement age for all contributors after 2040. After reaching a common retirement age, it will keep rising by further two months per year of birth until further amendment;- greater link between pensions and contributions in the public pillar; - stricter indexation rule: the former rule specified a lower limit for increases in pensions, now the limit is binding; - extension of the assessment period for the calculation of pensions; - tightening of early retirement options. 2013 Pension Reform: Private Pillar has been approved. It will enter into force in 2013.. It envisages workers will be able to transfer 3 pps of their mandatory pension insurance payments to private funds as of 2013, on the condition that they will add a further 2 pps of contributions from their income. The transfer will be facultative for people not older than 35 years. People above 35 will be able to join only by the end of the first half of 2013. Furthermore, according to the 2010 reform, study periods are no longer credited and the required insurance period will be increased from 25 to 35 years in 2019.

Member State	Life expectancy at 65 ⁽ⁱ⁾ M/F (2010)	Labour market exit age ⁽ⁱⁱ⁾ M/F (2009)	Pension age M/F ⁽ⁱⁱⁱ⁾ (2009)	Pension age M/F (2020) ^(iv)	Increases in pension age after 2020, M/F ^(v)	Pension Fund assets % of GDP 2009 ^(vi)	Pension Related Country Specific Recommendations (or Memorandum of Understanding references)	Latest Reforms/Comments ^(vi)
DE	17.8/ 20.9	62.6/ 61.9	65/65	65y9m/6 5y9m	67/67	5.2 (x)		An increase in pensionable age from 65 to 67 between 2012 and 2029 was legislated in 2007. However, the pension reform will lead to a reduction of the benefit level, which is supposed to be compensated for by capital-funded pensions. In order to prevent growing old age poverty, the Minister for Labour and Social Affairs has announced a new pension supplement ("Zuschussrente") which is now under discussion. In addition, an extension of coverage in social pension insurance for self-employed people who are not members of a mandatory pension scheme is discussed.
DK	17/ 19.7	63.2/ 61.4	65/65	(66/66)	67+/67+	43.3 (w)	CSR 2- In order to strengthen employment and the sustainability of public finances, take further steps to increase long-term labour supply, by implementing the recently concluded reform on the voluntary early retirement pension (VERP) scheme, reforming the disability pension and better targeting subsidised employment schemes (the "flex-job" system) towards the most vulnerable groups.	The 2006 reform increased the pensionable age from 65 to 67 (between 2024 and 2027) and linked it to life expectancy afterwards. According to a reform agreed in May 2011, the increase will take effect five years earlier than foreseen in the 2006 package (the pensionable age will increase gradually by half a year between 2019-2022). The CSR recommended reform on early retirement was legislated in Autumn 2011.
EE	14.2/ 19.4	62.6	63/61	64/64	65/65	6.9		The main policy measures implemented during 2009-2011 were <i>ad hoc</i> changes in the indexation rule of pensions in 2009 which smoothed the value of nominal pensions and a temporary suspension of the transfers to the funded pension system in the second half of 2009 and in 2010. These transfers were partially resumed in 2011 and fully from 2012 with a compensation mechanism implemented during 2014-2017. The pension age will be raised to 65 during 2017-2026. In the compulsory funded pension scheme the crisis has resulted in stricter control and clearer rules over the management of the funds and more flexibility for employees and employers.

Mem- ber State	Life expec- tancy at 65 ⁽ⁱ⁾ M/F (2010)	Labour market exit age ⁽ⁱⁱ⁾ M/F (2009)	Pension age M/F ⁽ⁱⁱⁱ⁾ (2009)	Pension age M/F (2020) ^(iv)	Increases in pension age after 2020, M/F ^(v)	Pension Fund assets % of GDP 2009 ^(vi)	Pension Related Country Specific Recommendations (or Memorandum of Understanding references)	Latest Reforms/Comments ^(vi)
EL	18.5/ 20.4	61.3/ 61.6	65/60	65/65	Retirement age linked to life expectancy (69 years 4 months for both M/F in 2060)	0.0	Memorandum of Understanding. According to the MoU: The existing pension funds will be merged in three funds. The reform will introduce a new system to strengthen the link between contributions and benefits, with uniform rules that will apply pro-rata to all current and future workers. The normal retirement age will be set to 65 years, increasing in line with life expectancy. Benefits will be indexed to prices. The reform will also restrict early retirement, including for those insured before 1993, and reduce the list of heavy and arduous professions. The new system will also include a means-tested social pension for all citizens above the normal retirement age so that an important safety net is provided, consistent with fiscal sustainability. The supplementary pension funds will be revised to eliminate imbalances, introduce a stricter link between benefits and contributions, to guarantee the sustainability of all funds, and reduce their number. Disability pensions and lump sum pensions for civil servants and public enterprise employees will be revised.	In July 2010, the Parliament adopted a comprehensive pension reform of the main pension schemes in line with the Memorandum of understanding. The reform simplified the highly fragmented pension system, enhanced transparency and fairness, postponed the retirement age, and decreased the generosity of benefits. The new universally binding rules on entitlements, contributions, accumulation rules and indexation of pension rights applies to the main pension funds (IKA, OGA, OAEE, public sector scheme, Bank of Greece scheme). The pension reform is applied pro-rata to all current and future workers. The main elements of the reform are: (i) The introduction of a new basic pension of EUR 360/month (12 yearly payments). (ii) The new system introduces accrual rates with the same profile for all workers that depend only on the length of the career (ranging from 0.8 to 1.5 percent of earnings). (iii) The reform increases the statutory retirement age from 60 to 65. The minimum age for retirement is set to 60; penalties apply for persons with less than the full contributory career. (iv) The full contributory career is increased to 40 years (compared with generally 35 years previously). (v) As from 2021, the minimum and statutory retirement ages will be adjusted in line with changes in life expectancy every three years. (vi) Equalisation of retirement ages of men and women in both the private and public sector by 2013. (vii) Indexation of benefits (including basic pension) will not exceed HICP inflation. (viii) Pensionable earnings will be calculated based on the full-earnings history. The new legislation includes a sustainability clause (article 11.b.1, of Law 3863, 15 July 2010) which stipulates that, if long-term projections (to be run by the NAA every 2 years) show the rise in public pension expenditure between 2009 and 2060 to exceed 2.5 percentage points of GDP, then relevant parameters of the pension system will be changed to bring the increase of expenditure below the targeted threshold.

Mem- ber State	Life expec- tancy at 65 ⁽ⁱ⁾ M/F (2010)	Labour market exit age ⁽ⁱⁱ⁾ M/F (2009)	Pension age M/F ⁽ⁱⁱⁱ⁾ (2009)	Pension age M/F (2020) ^(iv)	Increases in pension age after 2020, M/F ^(v)	Pension Fund assets % of GDP 2009 ^(vi)	Pension Related Country Specific Recommendations (or Memorandum of Understanding references)	Latest Reforms/Comments ^(vi)
ES	18.5/ 22.7	61.2/ 63.4	65/65	65/65 (66y4m/6 6y4m)	67/67	8.1	CSR 2- Adopt the proposed pension reform to extend the statutory retirement age and increase the number of working years for the calculation of pensions as planned; regularly review pension parameters in line with changes to life expectancy, as planned, and develop further measures to improve lifelong learning for older workers.	The 2010/2011 pension reform increased the pensionable age from 65 to 67 (implemented gradually between 2013 and 2027), increased the length of contribution period entitling to a full pension benefit from 35 to 37 years, early retirement age normally increased to 63 from 61 (but with the possibility to retire at 61 retained during the economic crisis for those with at least 33 years of contributions) increased penalties for early retirement, extended the period of contributions taken into calculation of base pension from 15 to 25 in 2022, introduced a sustainability factor from 2027 with cyclical revisions every 5 years, introduced longer periods for childcare crediting, and simplified the system (schemes for agricultural and domestic workers were integrated into general scheme). On 28 October 2011, the Government approved the Global Employment Strategy for Older Workers 2012-2014 (in Spanish, "55 y más" Strategy). This initiative constitutes a fundamental complement to the reform of the pension system passed in September this year. The "55 y más" strategy establishes four objectives: (i) to increase the employment rate and reduce unemployment among this group; (ii) to assist in the maintaining of jobs; (iii) to improve working conditions and (iv) to foster their reincorporation in the job market.
FI	17.5/ 21.5	62.3/ 61.1	65/65, 63-68	65/65, 63-68	-	76.8	CSR 4- Take measures to improve the employability of older workers and their participation in lifelong learning. Take further steps, in consultation with social partners and in accordance with national practices, to encourage older workers to stay in the labour market, by measures to reduce early exit and increase the effective retirement age. In view of the already existing system of linking pension benefits to life expectancy, consider a link between the statutory retirement age and life expectancy.	Finland linked pension benefits to a life expectancy coefficient in 2009. The Government and labour market organisations agreed in 2009 to raise the effective retirement age to at least 62.4 years by 2025.

Member State	Life expectancy at 65 ⁽ⁱ⁾ M/F (2010)	Labour market exit age ⁽ⁱⁱ⁾ M/F (2009)	Pension age M/F ⁽ⁱⁱⁱ⁾ (2009)	Pension age M/F (2020) ^(iv)	Increases in pension age after 2020, M/F ^(v)	Pension Fund assets % of GDP 2009 ^(vi)	Pension Related Country Specific Recommendations (or Memorandum of Understanding references)	Latest Reforms/Comments ^(vi)
FR	18.7/ 23.2**	60.3/ 59.8	60- 65/60-65	62- 67/62-67	-	0.8 (v)	CSR 1- Ensure the recommended average annual fiscal effort of more than 1 % of GDP over the period 2010-2013 and implement the correction of the excessive deficit by 2013, in line with the Council recommendations under the EDP, thus bringing the high public debt ratio on a downward path, and ensure adequate progress to the medium-term objective thereafter; specify the necessary corresponding measures for 2012 onwards, take additional measures if needed and use any windfall revenues to accelerate the deficit and debt reduction as planned; continue to review the sustainability of the pension system and take additional measures if needed.	A reform of statutory pension schemes was passed in the French Parliament in November 2010. The most publicised outcome of the reform is the gradual increase of the statutory retirement age from 60 to 62 years by 2018 (latest plan: by 2017, though not yet legislated). The reform includes a series of other measures such as a gradual harmonisation of contribution rates between the public- and private-sector schemes or the creation of a right to early retirement (from age 60) for workers with a partial incapacity to work. Some technical changes have also been introduced to promote the development of funded pension schemes.
HU	14.1/ 18.2	60.1/ 58.7	62/62	64/64	65/65	13.1		The 2009 reform (1) increased the statutory retirement age from 62 to 65 between 2014 and 2022, (2) introduced less generous indexation of pensions dependent on real GDP growth, as of 2010, and (3) abolished the 13th month pension and introduced so-called pension premium. In consequence of these reforms future sustainability will be improved and gross social security pension expenditure will reach 10.5% of GDP in 2060 instead of 13.8% projected in the Ageing Report 2009. In 2010 and 2011 the government took drastic steps by abolishing the mandatory private pension pillar. At least insofar as the windfall revenue from pension funds was diverted to cover current expenses, this may somewhat compromise sustainability in the future. In December 2011 early retirement was abolished, and entitlements for current beneficiaries were made liable to tax. This impacts especially on those professions where the work was considered arduous and which therefore benefited from early retirement opportunities.

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IE	18.1/ 21.1	63.5/ 64.7 #	65/65	66/66	68/68	44.1	Memorandum of Understanding According to the MoU For Q1 2011: A reduction in pension tax relief and pension related deductions to yield €155m in 2011 A reduction of existing public service pensions on progressive basis averaging over 4% will be introduced For Q2 2011: To enhance long term sustainability the authorities undertake to introduce legislation to increase the state pension age to 66 years in 2014, 67 in 2021 and 68 in 2028. For Q3 2011: To put the public service pension system on a more sustainable basis, pension entitlement for new entrants to the public service will be reformed. This will include a review of accelerated retirement for certain categories and an indexation of pensions to consumer prices. Pensions will be based on career average earnings. New entrant's retirement age will be linked to the state pension retirement age. Q4 2011: and 2012 also mention reduction in pension reliefs and adjustment in public service pensions entitlements as part of budgetary consolidation measures.	In March 2010 the Irish government published the National Pensions Framework which sets out the Government's intentions for reform of the pension system in Ireland. Since then a number of changes have been made, including: Legislation passed to raise State Pension retirement age to 66 in 2014, 67 in 2021 and 68 in 2028. Tax-free pension lump sums have been capped at €200,000 From 2011, Social Insurance and Universal Social Charge no longer attract relief on pension contributions New pension arrangements for new public servants mean final pension will be based on career average earnings rather than final salary. A series of measures to ease funding pressures on DB schemes, such as changing priority of payment in event of a wind-up, establishment of a Pensions Insolvency Payment Scheme, and changes to the funding standard.

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IT	18.2/ 22*	60.8/ 59.4	65/60	66y 11 months/ 66 11 months	Retirement age linked to life expectancy (70y 3months for M/F in 2060)	4.1		<u>During 2011, three successive legislative interventions (D. Law 111/2011, E. Law 148/2011 and Law 214/2011) have modified the Italian pension framework.</u> The main measures brought about these last reforms may be summarised as follows: (i) The Notional Defined Contribution (NDC) method is applied also to workers under the Defined Benefit (DB) regime, previously fully exempt. The extension concerns contributions accrued as of 1st January 2012, according to the pro-rata rule; (ii) The statutory retirement age (SRA) of women in the private sector will be equalised to the one of men (and women in the public sector). The equalization process will be fully phased in by 2018; (iii) The 'exit window' mechanism has been abolished and replaced by a corresponding increase in the minimum age and/or contribution requirements; (iv) The contribution rates paid by the self-employed have been gradually increased from 20% in 2011 to 24% in 2018. The contribution rate of atypical workers has been increased by 1pp bringing it up to 27% as of 2012; (v) For the two-year period 2012-2013, pensions of an amount above 3 times the minimum pension (about 1,400 euro per month) are not indexed to price inflation; (vi) Even if indexed to changes in life expectancy, the minimum requirement to be entitled to the old age allowance has been increased by 1 year as of 2018, and then fully aligned to SRA; (vii) Early retirement channel based on a joint age and contribution (35 years) requirements has been abolished, in all regimes. Under the NDC regime, early retirement is allowed, up to three years before the SRA, with 20 years of contributions and an amount of pension of at least 1,200 euro per month in 2012, indexed with the five-year average of nominal GDP; (viii) The minimum contribution requirement to be entitled to an early pension regardless of age has been indexed to changes in life expectancy as of 2013, as foreseen for SRA;

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LT	13.5/ 18.4	59.9#	62y6m/6 0	64/63	65/65	n/a	CSR 2- Adopt the proposed implementing legislation on Pension System Reform. In order to enhance participation in the labour market, remove fiscal disincentives to work, especially for people at pensionable age.	The 2011 reform increases the retirement age to 65 for both men and women by 2026. Social insurance contributions to the mandatory funded pension scheme have been reduced from 5.5% to 2% with the possibility of increasing them again after the crisis upon the decision of the Government.
LU	17.3/ 21.6	58.1/ 57 Δ	65/65	65/65	-	2.2	CSR 2- Propose and implement a broad pension reform to ensure the long-term sustainability of the pension system, starting with measures that will increase the participation rate of older workers, in particular by discouraging early retirement. With a view to raising the effective retirement age, measures such as a link between the statutory retirement age and life expectancy could be considered.	The National Reform Program sketches the main features of a draft reform. Preparatory discussions between the government and social partners are ongoing. The right to increased pension benefits will be more restricted. Beneficiaries must have reached the age of 60 (instead of 55) and be able to justify 40 years (instead of 38) of pension contributions. Under the Euro plus pact, the government committed to finalising the reform by the end of 2011, but this deadline will probably not be met. A working group on pension has been set up and is working confidentially; the objective is also to create an activation plan for older workers including recommendations with examples of good practices.

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LV	13.3/ 18.2	62.7 Δ Δ	62/62	(64.5/64. 5)	(65/65)	n/a	Memorandum of Understanding. According to the MoU: LV was to prepare changes in the pension system in order to preserve future sustainability and adequacy of the three pillars of the pension system. In this context, all special pension regimes and retirement ages were to be reviewed. The Second Supplement of Memorandum states "By end-June 2010, with technical assistance from international organizations and in cooperation with social partners, prepare changes in the pension system to be implemented in 2011 in order to preserve future sustainability and adequacy of the three pillars of the pension system. In this context, all special pension regimes and retirement ages will be reviewed" The Third Supplement of Memorandum states: "After preparing proposals for changes in the pensions system by end-June 2010, in consultation with the EC and the IMF, submit to the Parliament by end-November 2010 concrete proposals to be implemented in 2011 in order to preserve future sustainability and adequacy of the three pillars of the pension system."	Since July 2008, the Latvian authorities (1) have frozen indexation in 2009 until 31 December 2013 (2) reduced contribution rates to the mandatory funded pension scheme. Contribution rates to the funded pillar are being reduced: in 2009 from 8% to 2%; in 2010 from 9% to 2%; in 2011 from 10% to 2%; in 2013 and subsequent years from 10% to 6%. The government has approved and submitted to the Parliament changes to pension age (still to be legislated). The changes foresee that the pension age will increase starting from 2016 by 6 months per year till it reaches 65 years in 2021. Therefore, proposed but not legislated retirement age in 2020 will be 64.5 years (both men and women). By fulfilling the conditions of the Second and Third Supplemental Memorandum of Understanding, Latvia has prepared changes in the pension system in order to preserve future sustainability and adequacy of the three pillars of the pension system. Concrete proposals for changes in the pension system were submitted to Parliament.

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MT	18.4/ 21.1	60.3	61/60	63/63	65/65	n/a	CSR 2- Take action to ensure the sustainability of the pension system such as by accelerating the progressive increase in the retirement age and by linking it to life expectancy. Accompany the higher statutory retirement age with a comprehensive active ageing strategy, discourage the use of early retirement schemes and encourage private pension savings.	The 2006 reform led to an increase in pensionable age to 65 for both genders by 2026 and lengthening of the contribution period. It also changed the calculation of pensionable income from the best three years out of the last 10 years to the best ten years from the last 40 years. In addition, a Guaranteed National Minimum Pension payable at a rate of not less than 60% of the Median Income was introduced for persons born after 1 January 1962. Following the 2006 reform, the Maximum Pensionable Income for persons born after 1 January 1962 will follow a more dynamic path with an indexation of 70% to Wage Growth and 30% to Inflation. In 2007, the medical review for invalidity pensions was made more rigorous and following the 2008 Budget, pensioners were allowed to keep on working without any reduction in the pension, whilst paying social security contributions. A Pension Working Group established to review the reforms reported to Parliament initially in December 2010. It has made 45 recommendations including introducing an explicit link between pension age and life expectancy, assessing further the introduction of a notional defined contribution first pillar pension by 2013, the introduction of a second pillar pension subject to political consensus and the participation of social partners, as well as the introduction of a third Pension framework.
NL	17.7/ 21	63.9/ 63.1	65/65	65/65 (66/66)	65/65 (67/67)	129.8	CSR 2- Take measures to increase the statutory retirement age by linking it to life expectancy, and underpin these measures with others to raise the effective retirement age and to improve the long-term sustainability of public finances. Prepare a blueprint for reforming long-term care in view of an ageing population.	In October 2010, the new government agreed to increase the statutory retirement age to 66 in 2020. Following comprehensive negotiations, social partners and the government reached an agreement in September 2011, implying a further raise of the retirement age to 67 in 2025 and linking it to life expectancy. The agreement is currently being enshrined in law.

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PL	15.1/ 19.5	61.4/ 57.5 ##	65/60	65/60 (67/??)	(67/67)	13.5	CSR 3- Raise as planned the statutory retirement age for uniformed services, continue steps to increase the effective retirement age, such as linking it to life expectancy. Establish a timetable to further improve the rules for farmers' contributions to the social security fund (KRUS) to better reflect individual incomes.	Bridging pensions have been implemented from 2009. They replace and limit access to early retirement provision for some categories of workers. This is temporary solution for workers who started work in special conditions before 1999. The contribution to the DC scheme has been reduced from 7.3% to 2.3% of gross wages in 2011. The difference has been diverted to the PAYG scheme. The contribution will be gradually increased to reach 3.5% in 2017 and thereafter. The newly re-elected Government has proposed to raise the current 65/60 (M/W) pension ages to 67, between 2013 and 2020 (for men) and 2040 (for women).
PT	17.1/ 20.6	62.9/ 62.3 ##	65/65	65/65	-	13.4	The PT Memorandum of Understanding (MoU) does not contain any precise conditionality on reforming the whole pensions system (given the major reform done in 2007). However the MoU contains specific conditionalities on the expenditure side of fiscal policy: - "reduce pensions above 1500€ according to the progressive rates applied to the wages of the public sector as of January 2011, with the aim of yielding savings of at least €445m" - "Suspend application of pension indexation rules and freeze pensions, except for the lowest pensions in 2012".	PT made a major reform of its pension systems in 2007, which entered in force also in 2007. Retirement age was adjusted to 65 years. The main measures included extending the assessment period to cover the entire career, disincentives to early retirement, diminishing the transition period, and the introduction of a "sustainability factor" that automatically adjusts benefits to changes in the remaining life-expectancy-at-65-years.

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RO	14/ 17.2**	65.5/ 63.2 #	63y4m/5 8y4m	65/60	65/63	n/a	Memorandum of Understanding According to the MoU covering the period 2009-2011 the conditionality on the pension system reform was: "The Government finalises the draft of a revised pension legislation (i) to gradually move towards indexing public pensions to consumer prices rather than to wages, (ii) to limit the scope for discretionary pensions increases, (iii) to phase-in pension contributions by groups of public employees currently excluded from such contributions and (iv) to gradually increase the retirement age in 2015 particularly for women, taking into account the evolution of life expectancies, with a view to protect vulnerable pensioners and to attain the objective of 45% replacement ratio for retirees on average" According to the current MoU covering the period 2011-2013, the conditionality refers to: "safeguard the long- term sustainability of the pension system"	A pension reform was adopted in December 2010. The reform integrates special regimes in the social insurance one, introduces a mechanism for recalculating the special pensions, and increases the retirement age to 65 years for men and 63 years for women by 2030. Early retirement is more strictly regulated, while disability pensions are granted under more severe conditions. The reforms are expected to bring important savings to the system and to reduce the number of beneficiaries. Moreover, the government has suspended legal provisions that would have seen contributions to the mandatory DC scheme rise from 2% to 2.5% of employees' gross salary in 2009. The scheduled increase has been restarted in 2010, so that ultimately the contribution rate would reach 6% of wage some time in the future.
SE	18.3/ 21.2	64.7/64	61-67	61-67	-	7.4 (v, y)		In 2010 the automatic balancing mechanism in the adjustment mechanism of the income pension system has been smoothened so that it will be based on a rolling average of 3 years instead of 1 year as previously in order to avoid sharp changes of the pensions in case of economic downturn/upturn.

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SI	16.8/ 21	59.8#	63/61	63/61	-	2.6	CSR 2- Take the required steps to ensure the long-term sustainability of the pension system, while preserving the adequacy of pensions. Increase the employment rate of older workers through later retirement, and by further developing active labour market policies and lifelong learning measures.	Proposed pension reform (including the equalisation of pension ages for women and men) was rejected in a referendum in 2011.
SK	14/ 18	60.4/ 57.5	62/57.5 - 61.5 (depending on the no. of children)	62/62	-	4.7 (v)	CSR 3- Enhance the long-term sustainability of public finances by further adjusting the pay-as-you-go pillar of the pension system also by changing the indexation mechanism and implement further measures with a view to raising the effective retirement age, in particular by linking the pensionable age to life expectancy. Introduce incentives to ensure the viability of the fully-funded pension pillar so as to progress towards fiscal sustainability while assuring adequate pensions.	Slovakia has allowed workers to opt out of the funded scheme and return to the PAYG scheme in 2008 and the DC scheme has become optional for all new entrants to the labour market. In 2010, a legislative change was approved which stipulates the lack of income from work as a basis for entitlement to an early retirement pension. In 2011, Slovakia passed changes to the fully-funded pension pillar enabling savers to regain the possibility to invest in more risky securities and thus potentially attain higher returns. Moreover, mandatory participation of young people will be reintroduced as of 01/04/2012 as a default option with the possibility to leave the scheme in the first two years of saving.

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UK	18.1/ 20.8**	64.1/ 62	65/60	66/66	68/68	73.0 (z)		Access to basic state pension has been improved in recent years, its uprating has been enhanced and workers are to be automatically enrolled into occupational schemes (with a possibility to opt-out) from 2012. Legislation is in place to increase State pension age to 68 from age 65 in stages from 2020 to 2046. Following new legislation which came into effect in January 2012, State pension age is now being equalised for both genders by 2018 (previously 2020) and this also brought forward the timing of the increase in state pension age from 65 – 66 by 5 ½ years, beginning in 2018. Proposals for accelerating the timings of the subsequent increase from age 66 to 67 has been announced (but not yet legislated) and options for accelerating the increase from 67 to 68 are under discussion.

NOTES

- i Source Eurostat: Population Statistics – Life expectancy by age and sex (last update 26/1/12)
- ii Average labour market exit age, M/W or *Italics = totals (no M/W breakdown.)* Source Eurostat.
- iii Statutory retirement age in general public pension scheme, **Source MISSOC.**
- iv Statutory retirement age in general public pension scheme after implementation of legislated reforms (in brackets – proposed but not yet legislated), **Source Joint Report on Pensions "Progress and key challenges in the delivery of adequate and sustainable pensions in Europe" by the EPC, SPC and Commission Services (ECFIN and EMPL), updated by Commission where aware of subsequent changes**
- v Statutory retirement age in general public pension scheme after implementation of legislated reforms (in brackets – proposed but not yet legislated), **Source Joint Report on Pensions "Progress and key challenges in the delivery of adequate and sustainable pensions in Europe" by the EPC, SPC and Commission Services (ECFIN and EMPL), updated by Commission where aware of subsequent changes**
- vi Assets in pension funds (% GDP), 2009 **Source OECD Global Pensions Statistics**

- (v) 2008.
- (w) Autonomous occupational pension funds only. In addition to these plans, total assets managed by occupational pension insurance contracts amounted to 99.3% of GDP.
- (x) Autonomous occupational pension funds only. In addition to these plans, total assets managed by occupational pension insurance contracts amounted to 13.3% of GDP in 2008.
- (y) Autonomous occupational pension funds only. In addition to these plans, total assets managed by the premium pension system amounted to 8.9% of GDP and assets managed by occupational pension insurance contracts to 38.9% of GDP in 2008.
- (z) OECD estimate.
- vi Faced with the imminent population ageing and its impact on sustainability of pension provision, Member States have considerably reformed their pension systems. Tightening the link between contributions paid into the system and benefits paid out has been a key feature of reform efforts. This usually took form of moving from final pay or best years to lifetime earnings as the basis for benefit calculation and by insisting on a number of contribution years instead of solely on reaching a pensionable age, increasing the number of years required to receive a full pension, increasing the pensionable age for both genders or equalising it. Yet in most of these countries the higher eligibility ages for a statutory pension are phased in over long periods.

* 2008 (for life expectancy at 65)

** 2009 (for life expectancy at 65)

Δ 2003 (Labour Market Exit Age)

2006 (Labour Market Exit Age)

2007 (Labour Market Exit Age)

Δ Δ 2008 (Labour Market Exit Age)