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State pensions must guarantee decent living standards for all, insist MEPs

Safeguarding public pensions to ensure decent living standards for all in old age must remain a priority, MEPs stress in a resolution adopted on Thursday. They also call for the development of supplementary pension schemes and longer working lives to ensure the sustainability of pensions threatened by demographic ageing and strained public finances.

The resolution, drawn up by Ria Oomen-Ruijten (EPP, NL) and passed by 32 votes to 4, with 6 abstentions, is the employment and social affairs committee's response to the Commission white paper on pensions. There are now roughly four people of working age for every person of retirement age. In 50 years' time, the ratio will be only two to one.

"We need safe and sustainable pensions in all member states now and in the future. This is important for both young and old people. In the context of increases in longevity, declining birth rates and constraints on public finances, we are facing enormous challenges. We should act by safeguarding public pensions, encouraging longer working lives and improving and increasing contributions to supplementary pension schemes. EU coordination on pensions is necessary, particularly for the functioning of the internal market, the EU2020 strategy and the stability and growth pact", said Ms Oomen-Ruijten.

Public pensions to ensure decent living standards

Even in a likely long-term, low growth, economic scenario, which would require member states to consolidate their budgets, safeguarding public pensions that at least guarantee decent living standards must remain a priority, underline MEPs.

MEPs emphasise that public pensions must remain the most important source of income for pensioners and regret that the Commission's white paper does not properly address the importance of this "poverty-proof" pillar.

The employment and social affairs committee also deplores the drastic cuts in the countries hardest hit by the economic crisis that have pushed many pensioners into or to the verge of poverty.

Encouraging the development of complementary pension and private pension savings

The economic crisis has revealed the vulnerability of public schemes, underline the MEPs, who want member states to introduce or maintain a "multi-pillar" pension approach, consisting of a combination of public pensions, in the first pillar, complementary pensions resulting from collective agreements, companies or national legislation, in the second pillar, and private savings in the third pillar.

The committee also urges the Commission to ensure that the investment potential of pension funds is not jeopardised by any possible changes to pensions legislation, particularly the Institutions for Occupational Retirement Provision (IORP) Directive.

Encouraging longer working lives

The resolution also stresses that member states need to ensure, in reforming public pensions, that they take account of changing life expectancy in setting the retirement age and of the changing ratio between pensioners, unemployed people and economically active people.

To encourage people to work longer, early retirement schemes should be phased out and people should be able to work beyond the statutory retirement age if they wish,, underlines the resolution. The employment committee therefore highlights the need to improve the integration of older workers into the labour market.

Entitlements to pension rights for workers abroad

The resolution also points to the need for people working abroad to be able to acquire and preserve occupational pension entitlements across the EU.

Procedure: non-binding resolution
Vote in plenary: May 2013

Committee on Employment and Social Affairs:
http://www.europarl.europa.eu/committees/en/empl/home.html

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