BACKGROUND INFORMATION

The Green Paper is a joint initiative by Commissioners Andor, Michel Barnier (Internal Market and Services) and Olli Rehn (Economic and Monetary Affairs), each within the range of his own respective areas of responsibility.

The Green paper poses a series of questions inviting all interested parties to contribute views, opinions and ideas on confronting the pension challenge - one of the biggest facing Europe and most parts of the world today – and how the EU can contribute to the solutions.

The number of retired people in Europe compared to those financing their pensions is forecast to double by 2060. In addressing this challenge the balance between time spent in work and in retirement needs to be looked at carefully.

In the Green paper it is said that the choice is poorer pensioners, higher pension contributions or more people working more and longer. One of the great successes of Europe’s social model is to ensure that old age is not synonymous with poverty.

The outcome of the consultation should help Member States to take the right decisions to ensure pension systems are fit for purpose.

The Green Paper reviews the European pension framework in a holistic and integrated manner, benefiting from synergies across economic and social policy and financial market regulation which is why so many different topics are covered, such as: longer working lives, the internal market for pensions, mobility of pensions across the EU, gaps in EU regulation, the future solvency regime for pension funds, the risk of employer insolvency, informed decision-making and governance at EU level.

In particular, it aims to address the following issues:

- Ensuring adequate incomes in retirement and making sure pension systems are sustainable in the long term
- Achieving the right balance between work and retirement and facilitating a longer active life
- Removing obstacles to people who work in different EU countries and to the internal market for retirement products
- Making pensions safer in the wake of the recent economic crisis, both now and in the longer term
- Making sure pensions are more transparent so that people can take informed decisions about their own retirement income

The Green Paper does not make specific policy proposals but seeks views on possible future actions at European level. After the consultation period the European
Commission will analyse all responses and consider the best course for future actions to address these issues at EU level.

**Background**

Ensuring an adequate and sustainable retirement income for EU citizens now and in the future is a priority for the EU. Achieving these objectives in an ageing Europe is a major challenge. Most countries in the EU have sought to prepare for this by reforming their pension systems.

In 2008 there were four people of working age (15-64 years old) for every EU citizen aged 65 years or over. By 2060, that ratio will drop to two to one. The recent financial and economic crisis has aggravated and amplified the impact of these demographic trends. Setbacks in economic growth, public budgets, financial stability and employment have made it more urgent to adjust retirement practices and the way people build up entitlements to pensions. The crisis has revealed that more must be done to improve the efficiency and safety of pension schemes.

The Library has made a Key Issues paper presenting a selection of relevant studies and background statistics (link: http://www.library.sso.ep.parl.union.eu/lis/site/policyAreaPostDetail.form?postId=35253).