## **EUROPEAN PARLIAMENT**

2004 \*\*\*\* 2009

Committee on Economic and Monetary Affairs

2007/2290(INI)

11.9.2008

## **OPINION**

of the Committee on Economic and Monetary Affairs

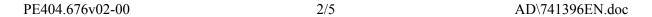
for the Committee on Employment and Social Affairs

on the future of social security systems and pensions: their financing and the trend towards individualisation (2007/2290(INI))

Rapporteur: Ieke van den Burg

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## **SUGGESTIONS**

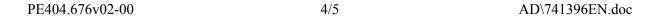
The Committee on Economic and Monetary Affairs calls on the Committee on Employment and Social Affairs, as the committee responsible, to incorporate the following suggestions in its motion for a resolution:

- 1. Underlines that Member States must focus on the medium and long-term objectives of the Stability and Growth Pact and ensure sustainable public finances to meet the increased pressure of an ageing population; notes that on 5 April 2008, the Council concluded that the focus on social spending should move from volume of expenditure to achievements and outcome; recommends that the Council reflect on further improvements of the SGP, for example by allowing longer term oriented investments to be accounted for over a longer period of time;
- 2. Stresses that Member States should design their finance policies in a sustainable manner by fairly sharing the tax burden among employees, consumers, businesses and income from capital, and across generations;
- 3. Notes that a sustainable pension system needs to adapt to demographic and economic challenges and stresses that provided that there is a wide availability a three-pillar structure is a balanced option; suggests that the statutory pensions (first pillar) be flanked by collectively funded occupational pension systems (second pillar) and by individual additional third-pillar products; stresses the value of collectively funded pension systems that combine solidarity with often high returns because of volume, long-term and prudent but profitable investment strategies; invites the Commission to undertake the preparation of an appropriate and feasible framework of regulation and supervision of pan-European pension products; stresses that an internal market for occupational and third-pillar pensions would allow individuals to enjoy portable occupational pension arrangements, stimulate competition and reduce the cost of saving for retirement;
- 4. Recalls its resolution on financial services policy (2005-2010) White Paper of 11 July 2007<sup>1</sup> and stresses the importance of developing a transparent and flexible European social security and pension market, by reducing fiscal barriers and the obstacles of transferability of pension rights from a Member State to another; is of the opinion that the creation of an internal market for pensions requires a European framework regulating pension products;
- 5. Urges the Commission to review Directive 2003/41/EC urgently in order to provide a solid solvency regime appropriate to institutions for occupational retirement provision, based on advice from the Committee of European Insurance and Occupational Pensions Supervisors and a thorough impact assessment, examining level playing field issues through differences in calculation and underlying assumptions for measuring liabilities; stresses that such a regime could be based on an extension of some aspects of Solvency II to pension funds, taking into account the specificities of those institutions such as the long-term nature of the pension schemes they operate and the type of risk coverage or guarantees provided by pension funds; considers that such a special solvency regime

<sup>&</sup>lt;sup>1</sup> Texts Adopted, P6 TA(2007)0338.

would underpin financial stability and prevent regulatory arbitrage;

- 6. Recalls that the Court of Justice has ruled against obstacles to tax exemptions for cross-border pension contributions; underlines that tax relief offers the best incentive for long-term savings and that further harmonisation may be needed to remove all obstacles to cross-border contributions to pension schemes;
- 7. Notes the current trend towards moving from defined benefit pension systems to defined contribution pension systems and is concerned about the observed decline in employer contributions that accompanies this trend; emphasises the need for strengthened participation and contribution levels of employees in existing pension schemes in order to ensure adequate retirement income for individuals and emphasises the need for continued adequate contributions by employers, particularly in defined contribution pension schemes; is concerned that the envisaged revision of IAS 19, as for example in the case of the possible abolition of the so-called "corridor-approach" could entail significant changes to pension systems that need to be carefully assessed, especially regarding possible adverse effects on the attractiveness of defined benefit schemes;
- 8. Stresses that solidarity based financing is a crucial element in Member State health-care systems; underlines that strengthening the rights to access cross-border health-care services must not undermine that solidarity and must take into account the structure and specificities of national health-care financing schemes in order to ensure sustainable, equal and universal access to health care.



## **RESULT OF FINAL VOTE IN COMMITTEE**

Date adopted	9.9.2008
Result of final vote	+: 37 -: 1 0: 0
Members present for the final vote	Mariela Velichkova Baeva, Paolo Bartolozzi, Zsolt László Becsey, Pervenche Berès, Sebastian Valentin Bodu, Sharon Bowles, Udo Bullmann, Manuel António dos Santos, Christian Ehler, Elisa Ferreira, José Manuel García-Margallo y Marfil, Jean-Paul Gauzès, Robert Goebbels, Donata Gottardi, Gunnar Hökmark, Karsten Friedrich Hoppenstedt, Othmar Karas, Christoph Konrad, Guntars Krasts, Kurt Joachim Lauk, Andrea Losco, Astrid Lulling, Gay Mitchell, Sirpa Pietikäinen, John Purvis, Alexander Radwan, Bernhard Rapkay, Heide Rühle, Eoin Ryan, Antolín Sánchez Presedo, Olle Schmidt, Peter Skinner, Ieke van den Burg
Substitute(s) present for the final vote	Harald Ettl, Piia-Noora Kauppi, Vladimír Maňka, Bilyana Ilieva Raeva, Margaritis Schinas