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Sustainability Growth Innovation

# Position Paper

## Response to the Roadmap: Green Paper on Ageing

14 December 2020

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Position

## Green Paper on Ageing

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SGI Europe shares the Commission's point of view that aspects of demographic change as healthcare, long-term care and adequate pensions will have an impact on the sustainability of public budgets.

Pensions aim to protect retired people from old-age poverty and the risk of outliving their resources. They are the primary source of income for about a quarter of the EU population. In some Member States, occupational schemes provide up to half of the pension income. Principle 15 of the European pillar of social rights states that 'Workers and self-employed have the right to a pension commensurate to their contribution and ensuring adequate income. Everyone in old age has the right to resources that ensure living in dignity.'

Concerning the need for adequate pensions, SGI Europe likes to underline that concerning the pressure of public budgets, multi-pillar pension systems show their advantages, and it is clear that supplementary pensions are needed. Especially occupational pension provision is in a lot of Member States often designed and cared for by the social partners. Medium to high supplementary pension coverage is mostly found in countries characterised by an active role of social partners and collective bargaining.

Keeping this in mind, we like to state some basic points which can be found as well in the final report of the High-Level Group of Experts on Pensions, December 2019:

- Member States should provide financial and regulatory incentives encouraging social partners to set up collective pension plans that ensure risk-sharing between members while respecting the autonomous competences of the social partners and the sponsoring companies.

- Member States should reserve tax and/or financial incentives in both the saving and pay-out phase for supplementary pensions meeting minimum quality requirements. These incentives should reflect the diversity in characteristics of types of pensions and the related social policy of a Member State.

- Considering the topic of information, there are two aspects to be taken into account. First, regarding the individual, it means that a good and proper understanding of the relevant pension systems is a suitable goal. However, it is essential not to overestimate the impact of information. There is a trade-off between the precision of pension information and its clarity.

- Regarding supervision, the supervisors request more and more information from pension institutions. Even if that aims at a worthy target, we have to realise that 100% of security or control is a myth and high costs minimise the benefits.

- Regarding the legal environment, we like to state that pension policies can influence people's behaviour toward pension savings for better or worse. The legal and prudential environment should not prevent employers and employees from making contributions to occupational pension plans. Therefore, it is essential to create or keep a pension-friendly legal environment (social and labour law, tax law, prudential law).

- Last but not least, the primary target of pension institutions might not be forgotten: provide retired people with a decent pension in order that he or she can maintain his or her standard of living.