



## **Safeguarding solidarity in pension systems**

The future of pensions is fundamental to a decent life for senior citizens in Europe. The S&D Group in the European Parliament recognises the economic challenges faced by Member States but we do not agree with a future where employees pay more, work longer and receive less when they retire. Instead we want to safeguard solidarity in our pension systems - now and in the future. We fight for pension systems which provide an adequate retirement income well above the poverty threshold to allow pensioners to maintain their standard of living. This was our guideline when we negotiated Parliament's response to the Commission White Paper on an Agenda for Adequate, Safe and Sustainable Pensions, which was adopted by the European Parliament by an overwhelming majority in May 2013.

### **Our principles**

#### *Strengthen state-funded pensions*

National budgetary problems are the result of malfunctioning financial markets and not of unsustainable pension systems. So cutting pensions and raising contributions to consolidate national budgets is deeply unfair. There are other alternatives, like strengthening the revenue side of pension schemes including fair contributions by employers, promoting flexibility in the retirement age, increasing the security of pension funds and guaranteeing a minimum pension. Strong public pension schemes provide the best guarantee for people to receive a decent replacement income well above the poverty threshold once they retire.

However, public pension schemes have been weakened after intense lobbying on behalf of employers and the insurance industry - persuading governments to reduce contributions and support private pension schemes. Public pension systems were further weakened by a big increase in precarious and undeclared labour - over 20% of GDP in some Member States - and the exclusion of too many workers from the labour market. As a result Europe needs to create more decent jobs with decent wages in order to increase employers' and employees' contributions to the pension systems. Hence we are calling for:

- reinforcing public pension schemes by strengthening the revenue side;
- European legislation against precarious and atypical work;
- a European Labour Inspectorate and strengthened national labour inspectorates to fight undeclared labour;
- A common economic and industrial strategy to boost investment and create new quality jobs, funded by new revenue sources including a Financial Transactions Tax as well as increased efforts to combat tax evasion and to close taxation loopholes.

### Raise the effective retirement age

Recent studies underline that Member States with a high share of elderly workers usually have low rates of youth unemployment. Early retirement should therefore not be seen as a way of creating new jobs for young people. Instead the focus should be on enabling more people to continue in work and retire later. To achieve that, we need better working conditions and better health and safety at work. We want to encourage creative solutions such as greater flexibility in the statutory retirement age, part-time pensions and adapting working conditions to the needs of older workers. We also call for major investment in education, training and lifelong learning to keep workers competitive in the labour market. At the same time the economic dependency ratio must be reduced by increasing the number of people - especially women, ethnic minorities, migrants, young workers and people with disabilities - participating in the labour market and acquiring individual pension rights. However, we firmly reject any automatic linkage between the statutory pension age and changes in life expectancy.

### Secure adequate minimum pensions

The European Union must take the lead in developing a common understanding on the adequacy of pensions. Member States should ensure that pensions allow senior citizens to live their lives in dignity, with access to social and health services and decent housing. We must have reliable indicators throughout the EU in order to verify if these goals are met. Private pension systems cannot replace public pension systems as they are lacking the solidarity component. Hence private pension schemes must not be promoted at the expense of public schemes.

### Ensure mobility of pensions

Mobility is becoming an ever more important feature of the labour market. Hence a change of jobs - within one Member State or cross-border between Member States - should not have a negative impact on a person's pension rights. The S&D Group is fighting for legislation to ensure that acquired pension rights are safeguarded when citizens move within the EU.

### Protect occupational pension systems

In several Member States occupational pension systems play an important role in guaranteeing pensioners a decent replacement income. The S&D Group firmly rejects the idea of applying the same capital requirements for insurance companies (Solvency II) to occupational pension schemes. Existing occupational insurance schemes should not be jeopardized by EU legislation.