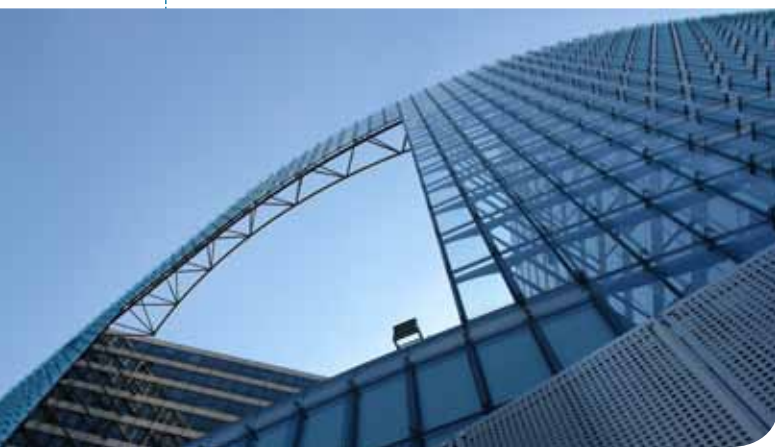




# → AEIP Activity Report 2010

European Association of Paritarian Institutions of Social Protection



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# → Message from the President

The year 2010 was a definite landmark for the European pension world as it saw the publication of the Green Paper towards adequate, sustainable and safe European pension systems (COM (2010) 365/3). This consultation document asked stakeholders a variety of questions surrounding all facets of pensions. Moreover, it outlined the key challenges for pensions, the priorities for modernizing pension policy in the European Union (EU) and questioned how the governance of EU pension policy can be enhanced. In response to this consultation, AEIP published a 31 page response which provides an in-depth analysis on the various topics outlined by the Commission.

Throughout 2010, AEIP remained active in the Pension Forums of the European Commission, European Parliament and the Consultative Panel of the Committee of European Insurance and Occupational Pensions. AEIP also responded to the consultation of the International Standards Accounting Board, assisted in the annual campaign for Intergenerational Solidarity, began its lobbying campaign to the European Institutions on the importance of collective mandatory schemes, which are currently being threatened in Ireland, and formally submitted its application to attend the International Labour Conference, which is hosted every year by the International Labour Organization in Geneva.



In addition to these tasks, AEIP held many successful conferences within Europe in 2010. The seminar in Vienna focused on the different retirement schemes under the EU coordination system and a day after, the conference in Bratislava allowed for the best practices found within paritarian management to be widespread to with our eastern neighbours. In June, AEIP together with its American partners, National Coordinating Committee for Multiemployer Plans (NCCMP), hosted the second annual transatlantic conference in Brussels. During this conference high-level speakers from both the USA and Europe came together to discuss their current works on pensions, healthcare schemes and health and safety at work programs. In October, the Venice conference proved to be very promising concluding with a local investment pilot project which will be launched in 2011. Lastly, 2010 saw two conferences on stress in the workplace which took place in Paris. These conferences focused on the impact of stress in the work environment and on the current initiatives being taken to limit stress. Moreover, they focused on how Paritarian Institutions are tackling this new challenge.

AEIP keeps developing year by year and it expanded its team in 2010 to include a Financial Affairs Advisor, Miroslav Florián and a Public Affairs Advisor, Jessica Buckley.

As the outgoing President of AEIP, I commend their achievements in 2010 and, with eager anticipation; I look forward to their work in 2011.

**Esa Swanljung**  
AEIP President 2008 - 2010

# → Looking Ahead into 2011 by the Secretary-General

At the end of 2010, AEIP decided to outline the various projects to be undertaken in 2011. This plan focuses on continuing the work of existing dossiers, developing new prudential propositions for pension funds and responding to current social trends.

the specific nature of SSGI in the field of social protection and their social and economic efficiency.

Moreover, as AEIP understands that typology and definitions could have a legal impact or



In 2010 and the preceding years, AEIP has continued its work on various dossiers. In 2011, AEIP will not only respond to the European Commission's White Paper on Pensions, but will also update its 2005 Reflection Paper on Solidarity in Social Protection. This study will further explain the concept of solidarity vis a vis competition and how solidarity is provided to various social schemes. Moreover, it will measure the elements of solidarity found among its members and outline the legal basis for solidarity as decided by various cases brought to the European Court of Justice.

In addition, AEIP will continue its works on Social Services of General Interest (SSGI). Following the European Parliament's report on SSGI, AEIP will continue to demonstrate

relevance for some European directives, AEIP would like to update its terminology paper clarifying for external actors how AEIP defines for example a pension fund, an asset manager, an insurance company etc.

Other future tasks for AEIP touch upon the field of financial regulation. In 2011, AEIP will continue to monitor the European works on the Revision of the IORP Directive. In this perspective it has established an Occupational Pension Security Working Group in order to find a suitable pension security regime for pension funds and to explain how an IORP is different from a financial institution within a global perspective. In addition, AEIP will draft a memorandum on the deposit guarantee schemes.



In the field of social policy and social trends, AEIP will find, in 2011, a common position on the problematic relationship between the discrimination directive and its application by life insurance companies. It will also work on the consequences of the debt crisis and the consequence it has on social systems, including AEIP opinions on the actions taken by the Central Eastern European Countries.

Lastly, in 2011, AEIP intends to grow by creating task forces in other sectors. Currently, AEIP is setting up a Task Force Metal Sector as this industry has a long paritarian tradition and is also planning to create a specific working group for the agricultural and food processing sector. By creating these two working groups, AEIP will allow for its members from all over Europe to share best practices in these sectors.

A handwritten signature in black ink, appearing to read 'Bruno Gabellieri'.

**Bruno Gabellieri**  
Secretary General of AEIP



## → European Coordinated Retirement Schemes

### Works of AEIP for European Coordinated Retirement Schemes

Commission I works with EU Coordinated Retirement Schemes in the first pillar of social protection. This includes both statutory pension schemes managed by the social partners and pension schemes which are set up by collective bargaining agreements and which work on a paritarian basis. These schemes can work on a pay-as-you-go, funded or mixed basis, and fall under the EU coordination rules of social security, EU Regulation 883/04. Furthermore, in Commission I, AEIP monitors all legislation passed for pillar I, the evolution of the EU coordination system of social security pension schemes, and it analyzes the new challenges and current pitfalls within pillar I.

In 2010, Commission I in conjunction with Commission II dedicated a majority of its time to responding to the European Commission's Green Paper on Pensions. Lastly, the economic crisis and the resulting

In addition, some members of Commission I were invited to take part in a study of the European Commission which seeks to update the Coordination Regulation 883/04. The results of this study will be used as a basis to reform the regulation.

pension reforms were also a main issue addressed in Commission I. Throughout the year, different national presentations were given explaining the different action plans governments were discussing in order to meet the upcoming demographic situation which is challenging the adequacy and sustainability of pension systems.

### AEIP Conference: Vienna

On 7 April 2010 AEIP hosted a seminar in Vienna. It was interesting for AEIP Commission I as the focus was on the different retirement schemes under the EU coordination system and interesting for Commission II as it dealt with the funded part of social protection schemes. This seminar also debated and questioned their sustainability and adequacy, fully in line with the current preoccupation of the European institutions and European member states.

This conference brought together top speakers from Italy, the Netherlands, Finland, Liechtenstein, Switzerland, Latvia, Hungary and Slovakia, as well as those of the European Commission. They discussed together the current challenges of combining adequacy with sustainability.

### AEIP Conference: Bratislava

On 8 April 2010, AEIP along with the Slovak Ministry hosted a conference titled "Possibilities of Application of Paritarian Principles in Slovakia," which took place in Bratislava. This conference aimed at promoting the paritarian management and at sharing best practices among the participants sharing the same values. This successful collaboration between AEIP and the Slovak Ministry of Social Affairs started at the Munich conference in 2008, since when AEIP kept regular contact with the Slovak Ministry and the Minister of Social Affairs, Viera Tomanova herself.

In addition to the speakers from the Slovak Ministry, speakers from pension savings institutions and local social partners also participated. In the afternoon the floor was given to AEIP's members (Commissions I + II) who focused on promoting paritarian values in the new Europe.

The success of this conference has led to a follow-up conference to be held in Riga, supported by the Ministry of Employment and Social Affairs in Latvia on 25 May 2011.

## → Occupational Pensions

### Works of AEIP on Occupational Pensions

Commission II encompasses all issues surrounding paritarian-managed pension funds. This Commission strives to find ways in which the occupational pension could allow for a greater mobility of workers, provides recommendations to European Institutions concerning revisions to the IORP Directive, studies investment strategies and governance issues, and works on identifying a suitable occupational pension security regime through the Occupational Pension Security Scheme Working Group.

In 2010, Commission II focused on the response to the Green Paper on Pensions. In addition, it studied in detail the Joint Report on pensions of the Economic Policy Committee and the Social Protection Committee (EPC-SPC), and the sustainability and adequacy of the pension systems within the discussions of defined benefits (DB), defined contribution (DC) and hybrid schemes. Moreover, it dealt with the issues of socially responsible investment which is becoming more important as Europe shifts to more funded investments.

In addition to these tasks, Commission II followed closely the European Court of Justice Case C-437/09 which involves a member of an AEIP member, AG2R - versus Beaudout Père et Fils SARL. This case is especially important for the Commissions II as it questions the legitimacy of sector-wide collective agreements within the framework of solidarity versus competition. Even if in this particular case the fund in question is active in health care, the danger is that a similar case could be raised in relation to a pension fund. In November 2010, the Advocate General published his conclusions taking the same perspective of AEIP, in that he supported solidarity and found there to be no breach with the European law. This perspective became official when in

March 2011 the court delivered its ruling. In addition, AEIP also followed and will continue to follow various court cases in which gender discrimination in social protection is being addressed and the consequential new challenges that will follow.

Throughout the year, Commission II welcomed speakers from the European Commission, European Parliament, EPC secretariat, Spanish presidency of the 1st semester 2010, and OECD. These representatives shared with AEIP members the newest information and views on occupational pensions issues.

Apart from EU-wide topics, Commission II also dealt together with Commission I with national subjects, such as the French pension reform or the Pension deal in the Netherlands.

### In Occupational Pensions Security Scheme

At the end of 2010, Commission II decided to restart the works of the Working Group on Solvency. This group has been renamed to Occupational Pension Security Working Group in order to reflect the need to identify not only an adequate solvency regime, but essentially an overall occupational pension security system that takes into account all the specificities of pension funds.

The first meeting is to take place in early 2011 and will bring together about 10-15 participants. They will analyse the 3 pillars of the Solvency II directive and brainstorm on its elements, some of which could be applied in the future to pension funds. In addition, the current solvency regimes of the Member States will be examined before drafting a common position to be submitted to the European Institutions.

# → Construction Sector

## Best Practices among sectoral occupational pension schemes

The Task Force Construction (TFC) working group was created in 2001. TFC was the pilot sector wide working group for AEIP and its success has led to the creation of other groups, such as the Task Force Paid Holiday Schemes, Task Force Health and Safety, Task Force Health and Care, and Task Force Metal Sector. The long-term objective of these task forces is to work on pan-European projects.

Today TFC is a meeting platform for European social protection schemes active in the construction sector, notably the sector with the highest mobility of workers in Europe. The aim of this Task Force consists in exchanging best practices in asset management, informing the members about AEIP works in the field of occupational retirement, and finding common elements that would help to improve working conditions and guarantee an adequate pension during retirement age. In this context, the members also continued to deal with the impact of the financial crisis on the social protection schemes and the effect it had on their investment strategies.

In 2010, 14 TFC members coming from 11 European countries worked together with the European Social Partners in the construction sector (European Construction Industry Federation – FIEC, European Federation of Building and Woodworkers – EFBWW) and external speakers coming from the European Commission, national social partners, asset management companies, and other organisations.

## Topics covered in TFC:

- # Implementation of the Services Directive
- # Risk management for pension funds
- # Investment strategies and investing in emerging markets
- # Information to scheme members – web-based planners
- # Comparison of products among members
- # Preparation of the Bucharest conference
- # Green Paper on Pensions

## Posting of Workers

Directive 96/71/EC of the European Parliament and of the Council of 16 December 1996 concerning the posting of workers in the framework of the provision of services, its implementation into national law, the enforcement of its mandatory provisions on social protection and developments in jurisprudence of the ECJ have been under the spotlight of the Task Force Paid Holiday Schemes (TFPH) for a long period of time. The Commission's aim to better implement the Posting of Workers Directive attracts attention of concerned members who have been working intensively on this topic within the TFPH. Led by the German Soka Bau, there are 5 members coming from 5 European countries working with FIEC and EFBWW, consorting with external speakers from the European Commission.

## Topics covered in TFPH:

- # Posting of Workers Directive and linked enforcement measures
- # Works of the Committee of Experts on Posted Workers
- # Proposal for Directives on Seasonal workers and Intra-Corporate Transfers
- # Discussions on a project of a single database to be consulted by all paid holidays funds
- # Discussion about a project of ID cards in the construction sector
- # Cases of the court of justice such as the C-515/08 – Santos Pahlta and others (concerning social values in the European Union) such as C-307/09 – Vicoplus.

## Occupational Safety and Health (OSH)

It is a well-acknowledged fact that the construction industry suffers from rather poor safety performance. Work accidents, which can be fatal, are unfortunately widespread in the sector. Despite the improvements observed during the last few years, these problems remain a serious threat in the construction industry in all the Member States. Social partners can significantly contribute to reducing occupational accidents by creating and managing social funds on health and safety.

They usually focus on prevention which is an important part of the approach as it reduces economic costs resulting from accidents at work and from work-related illnesses.

Lead by the Spanish Fundación Laboral, 5 members from 5 European countries meet to share best practice and efforts to reduce occupational accidents within the AEIP's Task Force Health and Safety (TFHS). Preventive measures as well as vocational training are often on the agenda.





## Vocational Training

There is no doubt that qualified workers are essential for the future of the sector as about half of the turnover is achieved through the labour force. However, the construction industry suffers from a chronic shortage of (young) qualified workers. The current challenges to meet the EU's climate change goals by 2020 and the needed labour market transition will not be achieved without additional efforts in vocational and professional training in the use of energy efficient techniques and renewable energies. Many existing paritarian social funds provide vocational training in order to stimulate «quality», “skilled workers” and «expertise» in order to provide to the construction industry the needed qualifications and skills.

## Relations with the Social Partners

The works of these three task forces are followed up and supported by the Social Partners of the Construction Sector, FIEC and EFBWW.

Conferences, such as the one in Bucharest described below, are being co-organized and common projects are being developed. These would include a mapping exercise of paritarian social funds in the construction industry across Europe ([www.paritarian-funds-construction.eu](http://www.paritarian-funds-construction.eu)), and a project to be introduced in 2011 which will help the Central Eastern European countries introduce paritarian social funds.



### AEIP Joint Conference: Bucharest

There are infinite differences in European Social Protection Systems, meaning the Social Dialogue plays a different role throughout Europe. Nonetheless, reliable structures of Social Dialogue are the basic need before the full implementation of Paritarian Funds in Central Eastern Europe.

In Bucharest, on 19 – 20 October 2010, AEIP, along with the European Social Partners of the Construction Sector, FIEC and EFBWW, hosted the 2nd European Conference on “Promoting Paritarian Social Funds in the Construction Industry.” The conference brought together more than 150 representatives of the construction sector in West and Central Eastern Europe (CEE). Acting as a follow-up to the Warsaw conference which took place in March 2008, this conference was able to document the results of National Social Dialogue, further exchange views on the different types of existing paritarian funds in the construction sector, exemplify the compliance of minimum social protection and provide insight from the New Member States in the field of labour inspectorates.

This conference proved that CEE countries are very interested in developing the paritarian model in their countries even if they still face many difficulties. The president of FIEC, Luisa Todini and the president of EFBWW, Domenico Pesenti, explained that their organisations could provide general support to the efforts of the new Member States and they hope that more concrete initiatives will be launched in the future.



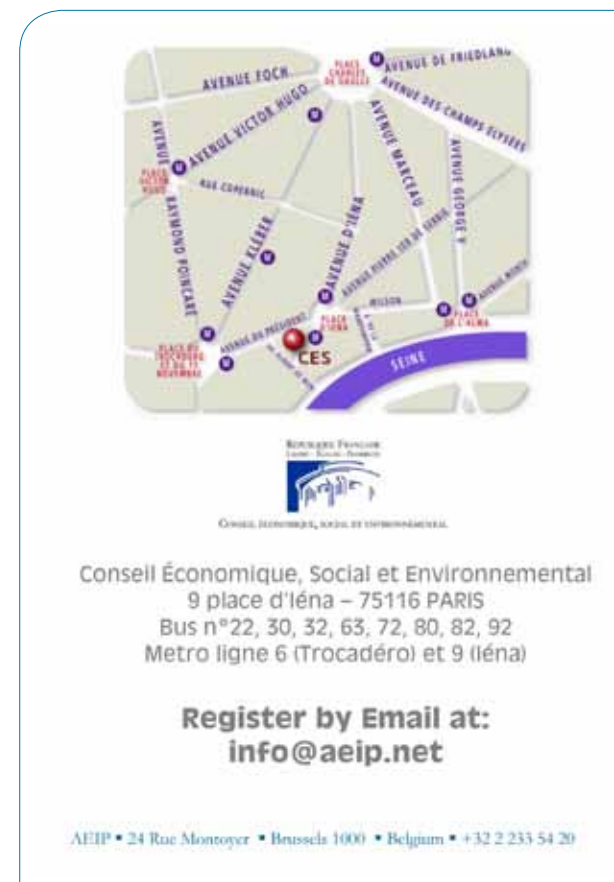


→ Stress  
at work

## AEIP Conferences on Stress and Health at Work Part I & II: Paris

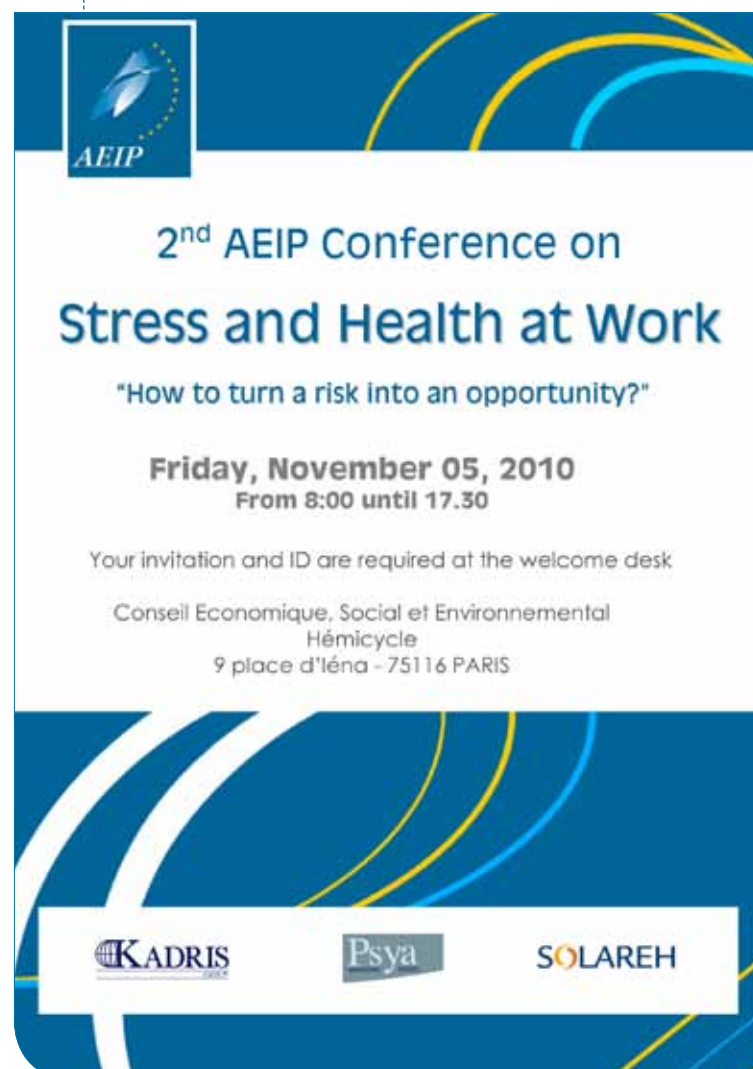
On 11 March 2010, AEIP organised a conference in Paris entitled "Stress and health at work: how to turn a risk into an opportunity" in partnership with KADRI, PSYA and SOLAREH. The event took place at the French Economic and Social Council, with the aim to tackle the long-time-ignored issue of stress at the work environment.

Bruno Gabellieri, Secretary General of AEIP, stressed in his concluding remarks the urgent need to start applying the National Framework Agreement at the level of each company. Moreover, he emphasised the need for a global approach of dealing with the issue. Despite the limited presence



of employers during this conference, he welcomed the growing general awareness on the issue of stress at work.

Following the success of this first conference, in November 2010, a follow-up entitled “Stress and Health at Work: Insurances and Psycho Social Risks,” was held again at the French Economic and Social Council with the help of the above sponsors. This conference focused on the impact that stress has in the workplace and on the current initiatives being taken to limit stress.



→ Health and Care Sector

## Best Practices in Health and Care

AEIP's Task Force Health and Care (TFHC) was created in 2009 and is dedicated to health and care. It allows for similar parties across Europe to gather together in order to discuss sector specific issues, new developments and future challenges. In general terms, the objective of this Task Force is to share best practice examples with regards to trends in health and care, as well as to monitor developments in the relevant EU health policy and social and labour law. In addition, an impact assessment can be carried out in order to evaluate the EU health policies. Moreover, this task force provides



a networking platform encouraging the members to work together to meet the challenges of the future, whether it be through roundtable discussions or through the works of European funded projects.

The works of this Task Force feed into the ongoing works of the European Institutions. In 2010, the primary issues for AEIP were cross border care and sustainability of healthcare systems. Throughout the year the task force has met and discussed issues such as cross border health care and the

link between health, pensions and housing (i.e. independent living for the elderly). It also discussed the trends and best practices regarding the staff in the health and care sectors, elderly care and the role that paritarian social protection institutions have for the protection of health workforce. Currently, there are 8 TFHC members coming from various European countries.

## Long Term Care

In 2010, the Task Force began to widen its perspective on the issue of the social and economic issues surrounding long term care by looking at institutions and independent living. In March, the Task Force meeting was organised outside of Paris in the Magnolia Hospital bringing a more practical institutionalized perspective on the issue of long term care to the task force.

## Other topics for the TFHC

- # Mobility of health and care staff
- # Policies for a healthy workforce in health and care sectors
- # Long Term Care; its governance and its financing
- # Creating combinations in long term care/ housing and pensions
- # Investment strategies in Health & Care sectors
- # Financing of health care, health insurance systems and risk management



# → Territorial Social Protection Schemes

## Best Practices in Territorial Social Protection Schemes

AEIP's Task Force on Territorial Social Protection Schemes (TFTSPS) is a working group specifically dedicated to dealing with territorial social dialogue on social protection. TFTSPS studies the developments of these expanding initiatives and shares the existing experience of the territorial social protection in supplementary pensions, healthcare and long-term care. Currently, the two most important topics of this task force are: the role of the local governments in promoting the adhesion of their citizens to (local) social protection schemes and the local investments of territorial funds. The Committee of the Regions of the European Union is also often involved with the works of TFTSPS.



## Pilot Project for Territorial Investment

In 2010 at the AEIP conference in Venice (more details below), several round table discussions took place on ways to improve local investments. During these discussions a project proposal, aimed at creating new tools for local investments, was established. The details and the framework of this project will continue to be discussed within TFTSPS.



## AEIP Conference: Venice

On the 8 October 2010, AEIP hosted a conference in Venice with the patronage of the Veneto Region Government, on the 'Local Investments of the Territorial and Regional Social Protection Schemes in Europe.' Several representatives of the regional and territorial funds, representatives of regional governments, asset managers from Italy, Spain, France, Germany and Slovenia spoke at the conference. Also a representative of the European Investment Bank participated as speaker during the event. The conference had more than 100 participants.

### Opening of Conference 10:15

- 10:15 to 10:30 – Welcome Speech by Antonio Strusi of the Veneto Region Government
- 10:30 to 10:50 – Francesco Briganti, AEIP "Introduction to the territorial pension funds and the AEIP works on this matter"

### The ongoing initiatives of the Regional Governments - promoting and attracting the social protection funds in their territories

- 10:50 to 11:10 Hagen Högelschäffer, Secretary General of EAPSP, "Regionalisation of German civil servants' pensions – A progress or a step backwards?"
- 11:10 to 11:30 – Andrea Sabbadini, Italian Regional Government Representative (Veneto)

### Some initiatives on local investments of the Asset Managers

- 11:30 to 11:50 – Michele Boccia, Eurizon Capital
- 11:50 to 12:10 – Paolo Cappugi, BANCA ESPERIA
- 12:10 to 12:30 Raffaele Bruni, BMC Consulting "Pension funds, local investments and local welfare."

### 12:30 to 13:30 → Lunch

- 13:30 to 13:50 – Eugenio Leanza, European Investment Bank, EBI Initiative Supporting Territorial Funds and Local Sustainable Investment through EU Structural Funds - impacts from ageing processes and potential impacts/synergies for pension funds."

Translation provided in Italian, English & French





# → Lobby at the European Level

## AEIP Response to the Green Paper on Pensions

“The goal of AEIP has always been to promote and defend the values of Social Europe, in particular by promoting the role of the Social Partners in drafting policies on pensions and in the management of pension schemes. Pensions (either belonging to the first or to the second pillar) should be non-profit social protection tools rather than market, financial or investment products.” This is the main message of the AEIP’s response to the European Commission’s open consultation on the Green Paper towards adequate, sustainable and safe European pension systems [COM (2010) 365/3].

AEIP’s reaction (available at [www.aeip.net](http://www.aeip.net)) was supported by its American partners – the National Coordinating Committee for Multiemployer Plans (NCCMP) as requested by representatives of the European Commission. In its 31 page document, AEIP not only answers the questions the Commission put forth, but it also develops

new concepts and thoughts which would be helpful to the European Institutions in their future policy endeavours. In its response AEIP underlines that the statutory first pillar pension remains the main source of income for current pensioners in many Member States. However, AEIP believes the EU should encourage the Member States to make the access to the different pensions’ pillars easier, keeping in mind the importance of the first pillar pension schemes.

AEIP also considers that the EU already has a pension framework composed of the EU Stability Pact and the EU Open Method of Coordination, which affects the pension policies of the Member States; and instead of new frameworks on pensions, AEIP rather claims for a greater role of National and European Social Partners in defining pension policies. Although, a single platform consisting of social partners, pension managers and European stakeholders working on a voluntary basis would be welcomed in order to simplify the existing committees and working groups.

In its reaction, AEIP further maintains the idea that each Member State should find its own way to reform its pension system according to its specific characteristics. As for possible ways to achieve a higher effective retirement age, AEIP maintains the idea that Member States should create a different, more flexible and favourable labour framework for those elderly workers who decide to work longer by rewarding them with economic incentives like tax reductions on their wages and the promise of higher future pension income. Considering terminology, AEIP agrees that a “pension” should refer to a social benefit, rather than a “product.” AEIP would consider any EU attempt for an EU definition of adequate retirement income inconsistent with the national prerogatives on pension issues provided by the Treaty. Nevertheless, AEIP feels that the Member States should assure an adequate income to the pensioner corresponding to their previous standard of living and avoid any risk of poverty.

With regards to solvency, AEIP appreciates that the Green Paper recognizes the need for a sui generis pension security system and that it is important to avoid pro-cyclical solvency rules. A correct approach for a Solvency regime for pension funds, which is more than just some fixed parameters, could conceptualize a model based on three aspects: identification and measuring of risks faced by pension funds; methods adopted to manage them; methods adopted to monitor them.

AEIP also states its appreciation that the Green Paper considers the collective governance structures of occupational pension schemes as a good model; however, it regrets that neither the term paritarian, nor any direct reference to the idea of schemes jointly managed by employers and employees, was used within the Green Paper. All the solutions combining mitigation of the risks and achieving a better balance between risks, security and affordability for both the members and the providers are totally in line with the AEIP spirit of the paritarian management, in which both the sponsors and the workers are equally involved and exposed.

As for cross border activity, AEIP thinks that international competition of IORPs is not needed when it overshadows their social function, limits solidarity or their quality of services and reminds the Commission that IORPs are not the only available tools to settle the mobility of workers. As for portability, AEIP would rather suggest that the EU favours a good framework allowing the pension funds and the social partners to find agreements on how to handle the mobility of their participants on a voluntary basis. A new portability framework could be set up through European collective agreements by the European Social Partners and would just concern the funded schemes. AEIP underlined that transferability, defined as transfer of capital representing the accrued rights, for those schemes working on a PAYG basis or having PAYG elements such as the mixed schemes, is totally incompatible with their functioning.

AEIP also reaffirms its position on the need to regulate separately those statutory mandatory funded schemes from Central Eastern European countries, which do not find a suitable place under the EU coordination rules, or under the IORP directive, which only regulates the funded but not the statutory occupational pension schemes. As for these schemes, AEIP



thinks that an EU ad hoc legal framework should be created or perhaps be annexed into the existing EU regulation 883/04.

AEIP also feels the urgent necessity to attract the EU Commission’s attention on one of the most fundamental principles of any pension system that is solidarity. According to AEIP, pension schemes, in addition of being sustainable and adequate, should be based on solidarity. Furthermore, AEIP recommends that the Commission always takes into consideration the specific features of paritarian pension schemes based on solidarity in its future actions on pensions, and to abstain from any initiative potentially undermining their operational functioning or even their legitimacy. Moreover, AEIP also elaborates on the idea that industry-wide-compulsory pension schemes provide, by definition, their beneficiaries protection against the insolvency of their employers.





AEIP also supports the need of comprehensive information including first pillar and second pillar pension rights in order to provide an exhaustive understanding to citizens. As AEIP's main values are the promotion of the paritarian management, solidarity and transparency, AEIP would support any EU attempt to improve disclosure for the participants of the pension schemes; only a comprehensive disclosure including first and second pillars could indeed awaken the citizens to their future pension scenario. However, AEIP considers it dangerous to leave the investment choices completely up to the members who do not have any kind of financial education in most cases. AEIP would rather recommend leaving these choices mainly to the experts. It would be unrealistic to expect that European citizens become financial experts able to make investment choices for their pensions.

## Benefits of Mandatory Collective Schemes

In 2010, AEIP decided to take a position on the benefits of mandatory collective schemes. This position was especially beneficial in defending AEIP's Irish member CWPS, whose pension scheme was threatened due to the solutions proposed by the National Recovery Plan that aimed at fixing Ireland's financial difficulties. AEIP is concerned that altering the legal framework of the collective agreements would lead to the removal of the obligation to pay contributions into these pension schemes. If this were to happen, several of thousands of employees and workers would quit the scheme and as a result, these workers, including the workers of the construction sector, would be left without an occupational pension at retirement. Moreover, this could lead to structural damages in Ireland causing it to be faced with long term social and budgetary problems.

In its memorandum, AEIP proved the benefits of these mandatory collective schemes such as the considerably higher rates of return on investments and hence higher pension benefits, lower investment and administrative costs, as well as the vital role these schemes have in providing solidarity and risk sharing to their members. It also outlined the potential risk which could follow if the collective agreements which are protected by law were to be breached. As a consequence, the mandatory occupational pension schemes set up by these agreements would be seriously jeopardized. More in particular, if the obligation to pay contributions into these pension schemes were to be removed, several of thousands of employees and workers would quit the scheme. These workers, including those of the construction sector, would be left without an occupational pension at retirement. This in turn would run a high risk of pensioner poverty presenting counterproductive situation to the future of the Irish budget.



## CEIOPS – EIOPA

Experience of the financial crisis has exposed important failures in financial supervision. That is why the President of the European Commission, J. M. Barroso, requested a group of high level experts, chaired by de Larosière, to make proposals to strengthen European supervisory arrangements, with the objective of establishing a more efficient and sustainable European system of supervision.

In this framework, the existing European supervisory committees were transformed on 1st January 2011 into new European Supervisory Authorities: Committee of European Insurance and Occupational Pensions Supervisors (CEIOPS) became European Insurance and Occupational Pensions Authority (EIOPA); Committee of European Banking Supervisors (CEBS) became European Banking Authority (EBA); and Committee of European Securities Regulators (CESR) became European Securities and Markets Authority (ESMA).

The main difference between EIOPA and its predecessor committee lies in its enhanced legal status. Being an authority means that where CEIOPS could only issue recommendations, EIOPA will have the power to issue binding decisions. As well as greater power, EIOPA will have more responsibilities. It will be developing binding proposals for technical standards and ensuring their consistent application. In some instances, it will have the power to directly instruct individual companies. In addition, it will be resolving cases of disagreement between national supervisors. Finally, it will play a coordination role in emergency situations, the existence of which will be declared by the European Commission.

AEIP was represented in the Consultative Panel of CEIOPS by Bruno Gabellieri, Secretary General of AEIP, who has been accepted to the new employee / employer Occupational Pensions Stakeholder group of EIOPA. Given the experience Mr. Gabellieri has in understanding and promoting the paritarian model, he will be essential for this group, especially when they come together to submit opinions and advice to the Authority on any issue related to social dialogue and paritarian management.

During the meetings of the Consultative Panel in 2010, Mr. Gabellieri underlined that the future stakeholder panel will need to have a balanced representation of industry representatives, consumer protection representatives and academia. In relation to the Green Paper on Pensions consultation, he reminded that the issues addressed are that of national competencies of Member States and they have the right over the design of their pensions systems. He also noted that increased security and affordability of pensions across EU is needed.

### Main topics dealt within the CEIOPS' Consultative Panel in 2010:

- # Solvency II directive and its implementation
- # Quantitative Impact Study 5 and its technical specifications
- # Equivalence
- # Omnibus II Directive
- # Green Paper on Pensions
- # Insurance Guarantee Schemes
- # Revision of the Insurance Mediation Directive
- # Packaged Retail Investment Products
- # Supervisory reforms
- # Transition of CEIOPS to EIOPA and the new Stakeholder Groups
- # Financial stability
- # Consumer protection



### Pension Forum of the European Commission

On 24 September 2010, the European Commission held a pension forum with a focus on the Green Paper on Pensions. AEIP, represented by the director of the Brussels' office, Francesco Briganti, stressed the importance of social partners and expressed the regret that paritarian model is not a part of the Green Paper discussion. Other highlights of this Forum were the future pension security regime and ongoing national reforms.









### European Parliament

In the European Parliament there are 732 Deputies also known as Members of the European Parliament (MEPs). These MEPs directly represent the voice of the 500 million EU citizens and acting as a bridge from European level to national level. This relationship between European and National governments is essential to AEIP lobbying campaigns, especially when the issues being lobbied are mono-nationalistic. In 2010, AEIP strengthened its relationship with the European Parliament through bilateral meetings, attending stakeholder groups, group seminars, intergroup meetings and public hearings. This includes the Social Economy Intergroup, Trade Union Coordination Group, Intergroup on Health and Consumer Protection and the Intergroup on Ageing and Intergenerational Solidarity. AEIP also strengthened its relationship with members of the European Parliament's Committees on Employment and Social Affairs, Economic and Monetary Committee and Internal Market and Consumer Protection.



### INTERGENERATIONAL SOLIDARITY THE WAY FORWARD

Proposals from the NGO Coalition for a 2012  
European Year for Active Ageing and Intergenerational Solidarity



### AGE Platform and Intergenerational Solidarity

The AGE Coalition is another facet in which AEIP works with Intergenerational Solidarity and Healthy Active Ageing. In 2010, following the Spanish Presidency Conference in Logroño, AEIP along with other members of the AGE Coalition wrote a brochure entitled "Intergenerational Solidarity the Way Forward." This brochure is a series of proposals from the coalition showing that in all policy fields intergenerational solidarity is a tool needed to achieve social cohesion and it can successfully address the demographic challenges facing the EU. Notably, AEIP was able to participate in drafting the section on Co-ordinated Retirement Schemes and Occupational Pensions.

In addition to the work on Intergenerational Solidarity, AEIP works with the coalition to make preparations for the European Year 2012 which will promote Active Ageing and Intergenerational Solidarity. Preparations for this year were already made in 2010 such as the development of

an active ageing website which is being created in collaboration with the European Commission.

### Spanish Presidency Conference: Logroño

With the current demographic challenges facing Europe, Intergenerational Solidarity has become more important to AEIP. On 29 April 2010, in Logroño, AEIP joined the Spanish Presidency in celebrating the European Day of solidarity between generations by acting as the Rapporteur for workshop three entitled "Active Working Life." It was during this conference that AEIP was able to draw conclusions for the debates explaining the importance of guaranteeing active ageing of older persons. It was outlined that this can be done by extending the active working life for those who wish to continue working after their retirement age. Moreover, by creating the proper environment and allowing this sort of activity, older people will continue to contribute to society and to the sustainability of pension systems.



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- AGEP: European Association of Parliament Institutions of Social Protection: Francesca Briganti
- AIM: International Association of Mutual Benefit Societies: Philippe Smeets
- ICODHANS: The European Liaison Committee for Social Housing: Julien Duij and Carola Iegor
- COFACE: Confederation of Family Organisations in the European Union: Céline Samson
- EAPN: European Anti-Poverty Network: Amanda Ferro
- ENAH: European Anti-Poverty Network: Sophie Krammer
- EUROCHILD: Jana Hainsworth, Agata D'Addato and Ryan Secker
- EAL: European Women's Lobby: Mary Collins and Myrta Vasiliadou
- TEFAF: Marielle Hellegouette
- FEDPA: The European Federation of Retired and Older People: Bruno Constantini
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- YFJ: European Youth Forum: Klavdija Gernolovic, Santa Ozolina, Julie Teng and Letizia Gambini

The Steering Group is solely responsible for the content of this brochure.



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## → Lobby at the Transatlantic Level



### Joint Position for IAS 19

On 29 April 2010, the International Accounting Standards Board (IASB) published the exposure draft on 'Defined Benefit Plans – Proposed amendments to IAS 19' to which the American Benefits Council (ABC), the European Association of Paritarian Institutions of social protection (AEIP) and the National Coordinating Committee for Multiemployer Plans (NCCMP) submitted a joint reaction.

In this common position, the organisations reminded the IASB that the main purpose of international accounting standards (IAS) is to provide investors with useful information and they have acknowledged that there is no doubt IAS had facilitated comparability among the financial statements of companies that sponsor pension plans. However, they expressed their concern with the proposed changes which aim at eliminating the gradual recognition. This would reinforce the steady decline of the willingness of companies to sponsor DB plans for their employees. The increased financial volatility associated with the proposed changes would further accelerate this trend which shifts the risk burden on the pensioner. This would be to the great detriment of the millions of people who depend on these plans for financial security.

Our joint comments question the premise that the best way to improve the transparency of the financial statements is to eliminate the gradual recognition of actuarial gains and losses. Underlining the long-term nature of pension funding, the comments conclude that since there are compelling reasons why gradual recognition makes financial sense, an alternative way to improve transparency is to simplify and improve the disclosure presentations. Our proposal is to move the most basic and crucial

disclosure items into a separate section that would be accessible to all readers, while the more complex and detailed items would still be available to the more advanced readers.

### Cooperation of AEIP with the International Labour Conference of the ILO

In November 2010, AEIP officially applied to be a part of the International Labour Conference (ILC), which is a two week long event hosted by the International Labour Organization (ILO). The International Labour Organization is United Nations' specialized agency which seeks to promote social justice and internationally recognize human and labour rights. The International Labour Conference of the ILO meets in Geneva every June and recommendations and decisions on the ILO's general policy, work programme and budget are adopted. At the conference each member state is represented by four people: two government delegates, an employer delegate and a worker delegate. Moreover, representatives of non-governmental international organisations which have established a consultative relationship may attend the conference. It is in 2010 that AEIP began to cultivate and develop such a relationship.

### AEIP-NCCMP-MEBCO Joint Conference: Brussels

In Brussels, on 09 – 10 June 2010 - AEIP, along with its North American counterparts the National Coordinating Committee for Multiemployer Plans in the USA (NCCMP) and the Multi-Employer Benefit Plan Council of Canada (MEBCO), hosted the 2nd Annual Transatlantic Conference on Global Benefits. This annual conference brings together social protection institutions, government representatives, social partners, banking representatives and industry employees from both sides of the Atlantic, to discuss the current situation in the USA and Europe and the possible solutions to be implemented. This year the conference was faced with the question, 'Will the future of social protection be both sustainable and adequate?' Moreover, 'what can be done at the transatlantic level?'

The agenda for the conference consisted of a wide range of topics within the arena of social protection. Day one focused on the impacts of the financial crisis on collectively managed social protection funds, while day two focused on current discussions surrounding pension's policies, such as solvency regulations in a transatlantic

setting, the healthcare reforms –with particular regard to the current US reform– and the existing health and safety at work schemes in Europe and North America.

The conclusions of the conference were manifold. In particular, AEIP was delighted with the presentation of Georg Fischer, the Head of Unit of Social Protection and Integration for the European Commission within DG Employment and Social Affairs, on the Green Paper on Pensions; and with the presentation of Mrs Phyllis C. Borzi from US Department of Labour, Assistant Secretary of Labour for Employee Benefits Security from the Obama Administration, who helped draft the new US health reform. During her presentation, Mrs Borzi outlined why the US has not been successful in the past and optimistically gave insight to the future of the reform and the impact it would have on the American population.



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A CONSORTIUM OF  
ADVOCATES FOR WORKER BENEFIT SECURITY



## → Managing Board

The AEIP Managing Board is paritarian in nature and is made up of the Associate Members which nominate two delegates. One delegate represents the employees while the other delegate represents the employers. The officials of the Managing

Board are elected for a two year term with the President position alternating from an employee representative to an employer representative. New appointments for the AEIP Managing Board will be made in 2011.



### **President**

Mr. Esa Swanljung, TELA (Finland)



### **Treasurer**

Mr. Gerard Riemen, VB (The Netherlands)



### **Vice President**

Mr. Tomas Schleicher, SOKA BAU (Germany)



### **Secretary of the Board**

Mr. Vincent Hamelink, Dexia BTL (Luxembourg)

## → AEIP General Assembly: Brussels

The AEIP General Assembly is an annual event which brings all the members together to discuss the future of AEIP. In 2010, AEIP held its General Assembly at the European Parliament with the participation from its American partners, National Coordinating Committee for Multiemployer Plans (NCCMP). In creating this transatlantic dimension at the General Assembly, AEIP was able to better understand the

international issues effecting both the United States and Europe. Moreover, AEIP was able to get an external perspective on many European issues from the Honourable Mrs. Phyllis Borzi, from US Department of Labour, Assistant Secretary of Labour for Employee Benefits Security from the Obama Administration, which proved to be a great benefit even when approaching European decision makers.





# → AEIP Secretariat



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*Task Force(s):*  
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Health and Care Sector



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# → AEIP Activity Report 2010

European Association of Paritarian Institutions of Social Protection

## Annex



# → AEIP organization

## Members

The statutory members of AEIP are the Associate Members, followed by the Observer Members. These two tiers consist of institutions which are paritarian in their structure and management and work in the field of social protection.

In addition, other organizations (both paritarian and non paritarian) which wish to receive relevant information or to participate to our technical working groups, called "Task Forces." They are classified as Correspondents or Task Force participants when it is the case that they are already a member of an Associate member.

## Associate Members in 2011

Austria	Belgium	Finland	France	France
				
France	France	Germany	Germany	Italy
				
Luxembourg	Switzerland	The Netherlands		
				

## Observers in 2011

Finland	Ireland	Italy	Italy
			
Italy	Liechtenstein	Romania	Spain
			
Spain	Switzerland	Switzerland	UK
			

## Correspondents in 2011

Bulgaria (NUWPC)	France	France	France
			
Greece	Greece	Hungary (ONYF)	Poland
			
Spain (CNEPS)	UK		
			

## Task Force Members in 2011

Finland	France	France	France
			
Ireland	France	France (HPGM)	France
			
France	France	Spain (MGC)	France
			
France	Italy	Italy	Italy
			
The Netherlands	The Netherlands	The Netherlands	
			



## Partnerships

Through its Protocols of Cooperation, AEIP has established partnerships with universities and with social protection organizations outside of Europe who are dealing with similar issues. AEIP has regular contact with these institutions and collaborates with them in the organizations of various conferences and seminars.

USA



Canada



International

ILMA

## Scientific Council

The Scientific Council of AEIP is composed of 11 professors and advisors from 9 different countries. It meets once a year to discuss innovative ideas with regard to social protection in general and the role of paritarian management at European level in particular.

The Scientific Council advises AEIP on current affairs, produce studies, contribute to draft agendas of AEIP events and give relevant presentations. With the continuous expansion of AEIP into new European countries, the Scientific Council is planned to expand too. For this reason, contacts with some of the best academics from the concerned countries are already being established.

Below are the names of the organizations and representatives to AEIP's Scientific Council

Belgium



Represented by  
Prof. Dr. Yves Stevens

Mr. Philippe Laigre

(Philippe Laigre et associés, France)

Prof. Pasquale Sandulli

(Sapienza Università di Roma, Italy)

Belgium



Represented by  
Prof. Dr. Yves Jorens

Prof. Philippe Coursier

(Université de Montpellier 1, France)

Mr. Jacques-André Schneider

(LHA, Switzerland)

Portugal



Represented by  
Prof. Arlindo Donario

Prof. Heinz-Dietrich Steinmeyer

(Westfälische Wilhelms Universität Münster, Germany)

Prof. Erik Lutjens

(Vrije Universiteit Amsterdam, The Netherlands)

Prof. Dr. Konstantinos Kremalis

(Kremalis Law Firm, Greece)

Prof. Bryn Davies

(Union Pension Services Ltd., United Kingdom)