

AEIP Statement on the 2021 Pension Adequacy Report

The European Association of Paritarian Institutions - AEIP welcomes the European Commission's and the Social Protection Committee's joint publication of the 2021 Pension Adequacy Report. We recognize the discussion on the topic is timely, as the importance of social security systems has become even more evident during the Covid-19 pandemic. We welcome the fact that the report provides a comprehensive analysis of the current and future adequacy of old-age income in EU Member States, addressing several dimensions of the topic.

In particular, we consider as a positive development that the report makes a detailed analysis on the gender pension gap, which is a topic of high relevance for AEIP and its members. In addition, the long-term view on the adequacy of pensions in combination with the considerations on access to long-term care and healthcare is also a good approach from our perspective, which would ensure a coherent approach in the future policy making towards adequate social protection. We also welcome that the Commission's analysis includes an overview of the current debates on the notion of social fairness, as part of risk sharing and resources in pension systems. Finally, we welcome that the report refers to non-standard forms of employment and their inclusion in the traditional social protection systems, as part of the Action Plan implementing the European Pillar of Social Rights.

At the same time, we are concerned that the 2021 edition does not dedicate a separate chapter for supplementary pensions, as it was the case with the 2018 Pension Adequacy Report. In addition, we believe that more emphasis should have been given to the European Semester – as well as the recent Recovery and Resilience Plans of the EU Member States - as a mechanism that can give more visibility to pension adequacy and ensure synergies and cohesion in policy making at the European level. We also consider that it would have been useful if the Report made a reference to EIOPA's dashboards on the adequacy of supplementary pensions. From our perspective it would be important to establish what would be the link of EIOPA's dashboard to the existing framework and the EU's policy initiatives on pension adequacy. We would also like to stress on the need to further reflect at the EU level on the role of informal carers. Overall, it will be highly important to ensure a sufficient level of alignment and complementarity between the EU institutions in the provision of supportive measures and formulation of policy responses relevant to social protection schemes (healthcare, pensions, unemployment benefits, etc.).

Especially in the current environment, we consider that all future policy responses that would address sustainability and adequacy of social protection system should take into consideration that they have the capacity to effectively support citizens and the economy during severe crises to the extent that they are based on a sound management, wide representation in decision-making and solidarity. These characteristics are prominent in paritarian systems of social protection, which thanks to the social partners' joint decision-making process and management, ensure transparency, inclusiveness, and democratic legitimacy. Social partners are major stakeholders within social protection systems and play

an important role in defining pension policies, as they act in a long-term perspective in order to maintain the intergenerational pact.

AEIP stands for the promotion of adequate and sustainable social protection systems. Occupational social protection can play an important role against low-income and poverty of the elderly, by granting them additional income and assisting them with the much-needed healthcare and long-term care services during their old age. It is important to mention that long-term care should be seen in a holistic manner, also incorporating the concept of prevention throughout an individual's life. In addition, and given the considerable fiscal pressure exerted on the European social model together with the particular difficulties faced by the EU Member States to adapt and modernize social protection systems to the changing economic environment, complementary social protection institutions, managed by the social partners that provide coverage to vulnerable groups can be a sound response for coping with the current challenges.

We consider that the adequacy of social protection systems and specifically, pensions in Europe can be ensured through the paritarian model and the involvement of the social partners at the national and EU level. Paritarian institutions are an integral part of industry-specific models in many branches today. They guarantee the participation of workers and employers in special schemes of social equity and compensation. Paritarian institutions are an expression of collective bargaining autonomy and social partnership. They realize the principles of subsidiary regulation and proportionality.

Social dialogue and paritarianism contribute to the autonomy of the social partners and at the same time are able to address specific needs at occupational, professional, local or national level. In countries where paritarianism is already well-rooted, it must be studied how this model can evolve further according to the specific needs at national level. Likewise, in countries where industrial relations require support for their further development, for example in Central and Eastern Europe, the creation of new paritarian institutions would introduce novel solutions of collective insurance mechanisms contributing to the adequacy of social protection.

Today, solidarity-based systems are demonstrating their full value. In the next years, the European growth prospects will depend to a great extent on how well the European labour force will adapt to the global trends. The participation of workers in social protection schemes will be crucial for the sustainability and resilience of future EU social protection systems. Such participation will be possible only with strong political support for a wide scope engagement.

Paritarian institutions have a major role to play in this process. They can boost the participation in social protection schemes and, in turn, help Member States ensure coverage for all European citizens. Against this background, a constructive dialogue between decision-makers and social partners at national as well as at European level remains crucial.

Who we are

The European Association of Paritarian Institutions – AEIP, founded in 1996, is a Brussels-based advocacy organization, representing social protection institutions established and managed by employers and trade unions on a joint basis within the framework of collective agreements.

In the context of social protection, paritarism is a type of self-organization of social relationships which on the basis of equal negotiations, results in agreements which are equally binding for both employers and employees. This kind of self-organization goes from the paritarism of negotiation to the paritarism of management and results in various types of agreements, from adhesion to a particular form of cover to the creation of a paritarian institution.

The Association has 20 Associate and Affiliate members - all leading large and medium-sized social protection institutions, from 12 European countries, as well as 13 Task Force Members from 3 European countries. All AEIP members are not-for-profit organizations.

In particular, AEIP deals – through dedicated working groups – with EU coordinated pension schemes, pension funds, healthcare, unemployment and provident schemes, paid holiday and health & safety at work schemes. With regard to pensions, the paritarian institutions represented by AEIP operate within both the first and the second pillar, managed on pay-as-you-go (PAYG), mixed and funded basis, as well as defined contributions (DC), defined benefits (DB), and hybrid schemes in accordance with the structure of the European pension systems. Complementary to their role as non-for-profit social protection providers, AEIP members are also long-term institutional investors.

AEIP represents its members' values and interests at the level of both European and international institutions.

For more information: www.aeip.net