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Pensions: on-going reforms will help Member States tackle demographic and sustainability challenges

The ongoing wave of pension reforms implemented by EU Member States will help them to achieve more sustainable pension systems and face demographic changes ahead, the European Commission stressed on the occasion of the publication today of the World Bank report "The Inverting Pyramid". "

The demographic trends underlined in the World Bank's report are indeed challenging: people live longer, and the post-WWII 'baby boomers' are retiring and being replaced by fewer young people entering the labour market. This means that the working age population will be shrinking while the number of older people will be rising fast. But with the right combination of pension reforms and measures adjusting labour markets and working conditions to allow people to work longer, pensions schemes can continue to deliver good living standards in old age even at the height of population ageing", EU Commissioner for Employment, Social Affairs and Inclusion, László Andor, commented.

In line with the agenda set out in the February 2012 [White Paper](#) on Pensions ([IP/12/140](#) and [MEMO/12/108](#)), Member States have in recent years carried out many reforms to increase the pensionable age and to boost the employment rate of older workers. Such reforms will help them to contain the rise in future costs without endangering the adequacy of pension benefits.

Many of these reforms respond to the Country Specific Recommendations issued within the framework of the [European Semester](#), the EU's yearly cycle for coordinating economic, employment and social policies. Peer pressure has in fact proved to be a powerful tool to encourage Member States to reform their pension schemes and to put in place the necessary measures to enable people to work to higher ages. Policy action has furthermore been directed at limiting inequality among retirees and avoiding pensioner poverty.

Increasing the number of workers in the labour force also means tackling current levels of youth unemployment. This is why the Commission has proposed the [Youth Guarantee](#) scheme, which Member States must urgently implement ([MEMO/14/13](#)). Ensuring that young people are fully integrated in the work force will be crucial to bolster economic dependency ratios and enable today's young people to build up sufficient pension rights of their own.

On the 26th of March, the European Commission will organise a major conference on pensions in Brussels. Olli Rehn, Commission Vice-President responsible for Economic and Monetary Affairs and the Euro, Michel Barnier, Commissioner for the Internal Market and Services, and Commissioner Andor will review, together with key stakeholders, the achievements since the White Papers on pensions, as well as further actions needed to ensure that adequate and sustainable pensions can be delivered in our ageing societies.

Background

Rising life expectancy, declining fertility rates, and the resulting transition to a smaller working-age population present a challenge to pension achievements in all Member States. The European Commission issued a [White Paper on adequate, safe and sustainable pensions](#) in February 2012, looking at how the EU and the Member States can tackle the major challenges that confront our pension systems. The Commission provides further policy guidance to Member States on the reform of their pension systems in its yearly proposals for [Country Specific Recommendations](#), to ensure both adequacy and sustainability of pensions in the future. The policy guidance is underpinned by analysis such as the 2012 [Ageing Report](#) on the economic and budgetary impact of an ageing population over the long-term and the [Report on Pension Adequacy in the EU 2010-2050](#) on the adequacy dimensions of pensions.

For more information

[World Bank report "The Inverting Pyramid: Pension systems facing demographic challenges in Europe and Central Asia"](#)

[László Andor's website](#)

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