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Pensions: conference to review achievements and perspectives two years after White Paper

Progress achieved since the publication of the European Commission's February 2012 [White Paper "An Agenda for Adequate, Safe and Sustainable Pensions"](#), and the outlook for further reforms, will be the subject of a conference organised by the Commission in Brussels on 26 March with EU and national decision-makers, renowned academic experts and senior stakeholder representatives.

In the context of rapid ageing of European societies and increasing pressure of pensions on national budgets, the February 2012 White Paper put forward policy initiatives to support Member States' reforms of their pension systems, aiming to help women and men to work longer and save more for their retirement (see [IP/12/140](#) and [MEMO/12/108](#)).

Pensionable ages going up

To sustain adequate pensions as people live longer, the White Paper argued, the duration of working lives has to grow in line with life expectancy. If pension systems allowed and encouraged people to work longer and save more for their retirement, pensions would be more adequate and sustainable in the future.

In the framework of 2012 and 2013 European Semesters, 17 and 15 Member States respectively received [country-specific recommendations](#) on pensions, which primarily focused on ensuring longer working lives (see also http://ec.europa.eu/europe2020/pdf/themes/04_pensions.pdf).

Following a raft of pension reforms in recent years, **24 of the 28 Member States (all except Belgium, Luxembourg, Finland and Sweden) have now legislated current or future increases of pensionable age.** Denmark, Greece, Italy, Cyprus, the Netherlands, Slovakia and the United Kingdom have decided to directly link pensionable age to life expectancy in the future. Finland and Sweden have introduced a flexible pensionable age, where the benefit level increases in case of later retirement.

Convergence of pensionable ages for men and women

Shorter careers are one of the reasons why women receive substantially lower pensions than men throughout the EU (see [The Gender Gap in Pensions in the EU](#)). Member States are taking measures to guarantee gender equality in terms of pensionable age.

26 of 28 Member States (all except Bulgaria and Romania) already apply the same pensionable ages to men and women or passed legislation which foresees gradual equalisation in the future (albeit in some cases full convergence will only be achieved by the decade of 2040). Romania is also close to passing legislation to that end.

Sustainability of pension systems improving

Recent reforms have significantly improved the long-term sustainability of pension provision. As the [2012 Ageing Report](#) noted, thanks to reforms launched in 2009-2012, the projected **increase in EU public pension expenditure by 2060 was reduced from 2.5% GDP to only 1.5%**. Since then, further progress has been made in many Member States which will be reviewed in the 2015 Ageing Report.

Adequacy of pensions linked to labour market developments

Because higher pensionable ages do not automatically translate into longer working lives, it is also necessary to protect the adequacy of pensions. For this to happen, older workers must be able to remain on the labour market, while access to early retirement is restricted or phased out.

[Social investment](#) can strengthen people's ability to take risks, improve their employment prospects and enable them to play a full part in the economy and society throughout their lives. Healthy and safe workplaces, which take into account a growing share of older workers, are indispensable for longer working lives.

Remarkably, employment of older workers and effective exit ages have continued to grow or held up well in most Member States despite the crisis. In 2012, the average annual employment rate of workers aged 55-64 in the EU was 48.9%, an improvement of 10 percentage points over the last decade. In the 3rd quarter of 2013, it had increased up to 50.7%. At the same time, significant gender and cross-country differences remain.

The [2012 Pension Adequacy Report](#) showed that many pension reforms aimed at improving sustainability will lead to lower replacement rates unless people work longer. At the same time, many reforms have strengthened poverty protection measures which should benefit in particular those who cannot stay in work until they reach the regular retirement age.

Cross-border protection of supplementary pensions improved

To protect the pension rights of mobile workers, the European Parliament and the EU's Council of Ministers have reached an agreement on a **Directive on the acquisition and preservation of supplementary pension rights**, based on the Commission proposal tabled in 2005. The final adoption of the Directive is scheduled at the beginning of April 2014.

The Directive stipulates that occupational pension rights of workers moving to other EU countries must be granted no later than after three years of employment relationship and sets out rigid standards to ensure that the rights continue to be preserved in a fair manner (compared to the acquired rights of those who remain in the company) after leaving the pension scheme.

Next steps

The Commission will further take stock of the sustainability and adequacy of pensions in the EU in the 2015 Pension Adequacy Report and the 2015 Ageing Report. The preparation of these reports has already started in cooperation with Member States.

Background

Further information on the [implementation of the Pensions White Paper](#)
[Conference on the future of pensions in Europe](#)

Table 1: Pensionable ages in EU Member States

PENSIONABLE AGES			
	Pensionable age for M/W in 2009	Pensionable age for M/W in 2020	Further increases in the pensionable age for M/W after 2020
Belgium	65/65	65/65	
Bulgaria	63/60	65/63	
Czech Republic	62/ 56y8m-60y8m (a)	63y10m/ 60y6m-63y10m (a)	67+/67+ in 2044 (b)
Denmark	65/65	66/66	67+/67+ (c)
Germany	65/65	65y9m/65y9m	67/67 (in 2029)
Estonia	63/61	64/64	65/65 (in 2026)
Ireland	66/66	66/66	68/68 (in 2028)
Greece	65/60	67/67	67+/67+ (f)
Spain	65/65	66y4m/66y4m	67/67
France	60-65/60-65 (e)	62-67/62-67 (e)	
Croatia	65/60 (k)	65/62y6m (l)	65 (in 2030)
Italy	65y4m/60y4m	66y11m/66y11m	67+/67+ (f)
Cyprus	65/65	65+/65+ (g)	
Latvia	62/62	63y9m/63y9m	65/65 (in 2025)
Lithuania	62y6m/60	64/63	65/65 (in 2026)
Luxembourg	65/65	65/65	
Hungary	62/62	64/64	65/65 (in 2022)
Malta	61/60	63/63	65/65 (in 2026)
Netherlands	65/65	66y8m/66y8m	67+/67+ (h)
Austria	65/60	65/60	65/65 (in 2033)
Poland	65/60	67/62	67/67 (in 2040)
Portugal	65/65	66 (since 2014)	
Romania	63y4m/58y4m	65/61	65/63 (in 2030)
Slovenia	63/61	65/65	
Slovakia	62/57y6m-61y6m (a)	62+/62+ (i)	62+/62+ (i)
Finland	63-68/63-68 (j)	63-68/63-68 (j)	
Sweden	61-67/61-67 (j)	61-67/61-67 (j)	
United Kingdom	65/60	66/66 (m)	68+/68+ (in 2028) (m)

Notes:

- (a) Depending on the number of children raised
 - (b) Increased by 2 months annually until further amendments
 - (c) Adjusted to life expectancy gains every 5 years, starting 2030
 - (d) Adjusted to life expectancy gains every 3 years, starting 2021
 - (e) If minimum insurance period completed - and if not completed
 - (f) Linked to life expectancy
 - (g) Adjusted to life expectancy gains as of 2018
 - (h) Adjusted to life expectancy gains every year, starting 2022
 - (i) Adjusted to life expectancy gains as of 2017
 - (j) Flexible retirement age linked to benefit level
 - (k) 2010
 - (l) In 2020 an insured person is entitled to old-age pension upon reaching 65 years of age and having completed 15 years of qualifying periods. An exception to this rule is that during the transitional period women who have completed 15 years of qualifying periods are entitled to old-age pension in 2020 if they have reached 62 years and 6 months.
 - (m) To be adjusted after a formal Government review every 5 years.
- M - men
W - women
m - months

Table 2. Employment and sustainability

	Effective exit age from the labour market, 2010 (1)	Life expectancy at 65, 2012 (2)			Employment rate of older workers (55-64), 2012 (3)			Pension expenditure, % of GDP (4)		
		Total	Males	Females	Total	Males	Females	2010	2060	P.p. change (2010-2060)
EU-28	:	19.7*	17.8*	21.3*	48.8	56.3	41.7	:	:	:
EU-27	62.1	:	:	:	48.9	56.4	41.8	11.3	12.9	1.5
BE	61.4	19.6	17.7	21.3	39.5	46.0	33.1	11.0	16.6	5.6
BG	61.7	15.8	13.9	17.3	45.7	50.8	41.3	9.9	11.1	1.1
CZ	61.1	17.6	15.7	19.2	49.3	60.3	39.0	9.1	11.8	2.7
DK	62.9	19.0	17.5	20.2	60.8	65.9	55.8	10.1	9.5	-0.6
DE	63.5	19.8	18.2	21.2	61.5	68.5	54.8	10.8	13.4	2.6
EE	63.6	18.1	14.9	20.3	60.6	59.8	61.2	8.9	7.7	-1.1
IE	64.9	19.6	18.0	21.1	49.3	55.8	42.7	7.5	11.7	4.1
EL	62.3	19.6	18.1	21.0	36.4	47.6	26.0	13.6	14.6	1.0
ES	62.9	20.8	18.6	22.8	43.9	52.4	36.0	10.1	13.7	3.6
FR	60.1	21.7*	19.3*	23.8*	44.5	47.4	41.7	14.6	15.1	0.5
HR	:	17.0	15.0	18.7	36.7	46.7	27.8	:	:	:
IT	61.3	20.9*	18.8*	22.6*	40.4	50.4	30.9	15.3	14.4	-0.9
CY	64.4	19.2	17.9	20.4	50.7	63.5	38.2	7.6	16.4	8.7
LV	63.3	16.6	13.6	18.5	52.8	53.2	52.5	9.7	5.9	-3.8
LT	62.3	17.1	14.1	19.2	51.7	55.9	48.5	8.6	12.1	3.5
LU	60.0	20.0	18.4	21.4	41.0	47.4	34.3	9.2	18.6	9.4
HU	60.5	16.5	14.3	18.1	36.9	42.6	32.2	11.9	14.7	2.8
MT	60.9	19.4	17.6	21.0	33.6	51.7	15.8	10.4	15.9	5.5
NL	63.1	19.6	18.0	21.0	58.6	68.1	49.1	6.8	10.4	3.6
AT	60.7	19.8	18.1	21.3	43.1	52.5	34.1	14.1	16.1	2.0
PL	60.1	17.9	15.4	19.9	38.7	49.3	29.2	11.8	9.6	-2.2
PT	63.5	19.6	17.6	21.3	46.5	51.5	42.0	12.5	12.7	0.2
RO	61.4	16.3	14.6	17.7	41.4	51.2	32.9	9.8	13.5	3.7
SI	60.3	19.3	17.1	21.1	32.9	40.7	25.0	12.2	18.3	7.1
SK	59.7	16.8	14.6	18.5	43.1	53.6	33.6	8.0	13.2	5.2
FI	62.6	19.9	17.8	21.6	58.2	56.6	59.7	12.0	15.2	3.2
SE	64.2	19.9	18.5	21.1	73.0	76.3	69.6	9.6	10.2	0.6
UK	63.5	19.9*	18.5*	21.1*	58.1	65.5	51.0	7.7	9.2	1.5

Notes and sources:

(1) Commission services: DG EMPL

(2) Eurostat [demo_mlexpec], Data extraction date: 14 January 2014

(3) Eurostat [lfsi_emp_a] Employment (main characteristics and rates) - annual averages.

Data extraction date: 4 November 2013

The employment rate of older workers is calculated by dividing the number of persons in employment and aged 55 to 64 by the total population of the same age group. The indicator is based on the EU Labour Force Survey. The survey covers the entire population living in private households and excludes those in collective households such as boarding houses, halls of residence and hospitals. Employed population consists of those persons who during the reference week did any work for pay or profit for at least one hour, or were not working but had jobs from which they were temporarily absent.

(4) Commission services, EPC. The 2012 Ageing Report

: - not available

* - 2011 data

 - Between the 6 worst performing Member States