

National updates

GERMANY

VBL proposes a new product of voluntary pension savings

Situation of compulsory schemes

Over the last years, the most important measures affecting the compulsory pension schemes were the modification of the pension indexation and the reduction of the maximum pension level from 70% of final net salary to 67 % in 2030. To reach this maximum level, it will be necessary to contribute during 45 years, a period that most affiliated will never complete. Other cuts in the statutory pension are either predictable or already decided. For many people in Germany, the pension from the general scheme is the sole old age benefit on which they could rely. For certain age categories, the general reduction of this type of benefit will generate income gaps which can only be filled by an occupational pension or a voluntary plan.

Creation of a pension saving system subsidised by the State.

To induce not only young workers but also medium age and female workers to build up a private pension, the State has created a system of direct subsidies and fiscal incentives, called Reister pensions, after the Minister of Social Affairs in office at that time. To be eligible, The pension saving products must meet certain legal requirements. Subsidies will be particularly attractive for low incomes or persons raising children.

The amount saved on a pension plan will be tax deductible within the limit of a certain ceiling.

Workers with higher income are allowed to directly deduct from their gross salary, the contribution paid to a pension saving plan, provided they are covered by an occupation scheme. They can thus reduce the part of income subject to taxes and social contributions and cumulate both advantages. Unfortunately this system does not exist in the public sector. In Germany pension contributions are not deductible from the taxable basis, but the pension paid later is not taxable except for some benefits resulting from saving plans.

Pension saving plan and public service supplementary pension schemes

After the introduction of a defined contribution pension scheme for public service employees presented in EPB n°12, the supplementary pension institutions are now allowed to offer saving products. This relies on the « pension collective agreement » signed in 2001 which put an end to the old top up scheme and introduced the new regulations concerning benefits and transition measures. This agreement opens the opportunity for pension institutions to propose pension saving products in the framework of the occupational pension scheme.

See page 2

Editorial

2003 is ending with the failure of the 25 to agree on a Constitution for the European Union, and the consequence will most probably be a two-tier Europe. In this debate, each state has defended the extent of its supposed power. Is this the right way to meet the new century challenge ?

Beyond the EU borders, the world is building up and re-organising very quickly. Are we fully conscious of it? The weight of the Asian dragons in the world economy is going to increase rapidly with the emergence of China as a scientific and trade superpower. Their first human space experience on 15 October witnesses their capacity. Technological transfers improve and a huge number of softwares are subcontracted in India or in Northern Africa. Electronic tools used in our daily activities are conceived and made in Korea, our computers are assembled in China and will be soon conceived there. Latin America claims for a place within the great nations. How will a low power Europe resist to these new changes.

The pension area and more widely social protection are particularly concerned by this change of paradigm. That is certainly a good reason for improving and accelerating our common work. In this new world where we must learn how to share, benchmarking actions are a necessary process, because before sharing, we must observe and compare what is similar and what is divergent in our institutions as well as in our practices. A better mutual knowledge will generate better mutual understanding. That is the principle on which our association was built 13 years ago.

In this period of good wishes, let's hope that Europe will listen to the voice of wisdom which is the only way to overcome our divergence.

Thierry CHRISTOPHOUL
Original language : French

NATIONAL UPDATES

Germany – Claudia Wegner-Wahnschaffe
VBL offers a new product p 1

France – Henri D'Oysonville
Additional scheme for civil servants (RAP) ... p 3
Event : Forum in Bordeaux p 9

FOCUS

Pension rights for fire-fighters p 5

OPEN FORUM

Klaus Stürmer
Equal Treatment - simplification p 10

EUROPEAN UPDATES

Hagen Hügelschäffer
The Pension Forum of 22 October p 11

Mathieu Scheepers
Directive on Equal Treatment p 12

This can be either a voluntary insurance allowing to accrue additional pension points in the compulsory supplementary scheme, or a pension insurance managed through a pension fund.

First VBL product managed through a fund

Presently, many pension institutions offer voluntary insurance contracts allowing to accrue pension points. VBL has offered this type of insurance for one year under the name of *VBLextra*. However VBL is the only institution which, since last autumn, offers a pension insurance managed by pension funds under the name of *VBLdynamik*. This insurance guarantees at least the amount of contributions. It is a mixed product since it combines pension insurance and pension fund. Contributions are distributed into three parts: a saving part, an investment part, and a part covering the running expenses. The savings part is entirely guaranteed. According to the German legislation on insurance supervision, it is used to form a guarantee fund. This part of contributions is invested in a traditional and prudent way in fixed income securities. The part dedicated to investments is distributed in two funds specially created for VBL. One is in equities, the other in bonds.

A life cycle model

The specificity of the new insurance system is that the choice of investments varies according to the life cycle. This means that, according to the contributor's age, the part of contributions dedicated to investment will be mainly invested in equities or in bonds. For young employees, investment will be in equities, whereas for older employees, the equity share will be much lower. Each year, at a fixed date (adjustment date), the distribution is revised and the capital readjusted for each contributor. Thus, the equity share will be permanently reduced while the employees become older.

This process allows to make profit from the best yields while limiting risks. This new product is rather attractive for young employees who will draw full advantage from a saving system bound to the life cycle.

Fund management

The special investment funds are administered by Metzler Asset Management, an affiliate of Meltzer Bank in Frankfurt. There is no subscription fees for investments. For the equity fund, the selection relies on the MSCI World Index. This fund also invests on international markets, but risks are limited since there is a large diversification of countries. The administration of this fund is limited to trade business.

Investments in bonds are made according to JP Morgan EMU Government Bond index which contains all fixed rate securities of the Euro zone, labelled A or A+. Financial risks are low since investments are limited within the Euro zone. The investment strategy relies on the high performance of equity investments and the stability of bonds. One can thus expect good returns in a safe framework.

Contributions and benefits

The contributor will be allowed to choose a life annuity or a lump sum. In case of death before retirement age, the survivors will receive the accumulated assets. In case of death during retirement, the pension can be paid to the survivor if a minimum payment period has been guaranteed. In this latter case, the pension is paid to the survivor for the remaining part of the guaranteed period.

The amount of pensions or lump sums depends on the coverage, i.e. the amount of contributions paid, plus the State subsidies and the returns. The guaranteed minimum amounts to the sum of contributions. Benefits can be paid as from age 60, irrespective of the entitlement date for basic pension. To keep the product more attractive, disability coverage is excluded. However the other product proposed by VBL, *VBLextra* offers an option including disability coverage and survivor pension with no time limit.

The level of contributions is fixed by the insured. This flexibility allows to change the contribution amount at any time in the case of salary change. It is also possible to adapt individual contributions in order to obtain maximum subsidies from the State. Contributions are directly levied by the employers on the employees' salary

and paid to VBL. Even in the case of interruption of work contract, it is possible to maintain the insurance. And it is also possible to stop contributing for a certain period.

Management and development

From the start, this product has been developed with the assistance of external advisors. Actuaries, managers and advisors' know how has been combined. The project was developed in a minimum time for it was necessary to give clients the opportunity to benefit from the State subsidies available in 2003. Consequently the product was ready in September 2003.

One of the conditions necessary to develop the product was the successful management of both VBL and the fund managers. VBL, as the biggest supplementary pension institution for public service had the necessary infrastructure to complete this additional task at a rather low cost. We could rely on the excellent communication network between employers, employees and pensioners that we already use in our mission of public service pension managers. There is no fees, no commission on transactions no subscription cost, therefore management cost is rather low, about 3 % of contributions during accrual time.

Conclusion

The introduction of *VBLdynamic* is an ideal opportunity to develop voluntary pension savings in the framework of the supplementary pension scheme for public employees. The adjustment of the product all along the life cycle is a good compromise which allows all employees to make profit from markets while limiting risks. It is impossible to predict the development of this product. Globally the population's interest for the pension savings subsidised by the State is rather low. Let's hope that more and more people will realise that such pension savings are necessary in the present demographic and economic context that pension schemes have to face, and that public service employees will start to build up their own individual pension.

Claudia Wegner-Wahnschaffe
Original language: German

FRANCE

The additional scheme for civil servants (RAP)

Our newsletter has already presented the reform law of July 2003. In addition to provisions applying to the whole population, part of the new measures intended to bring closer public and private sector pensions, particularly regarding the length of careers.

Among these measures, there is the creation of a new scheme for civil servants to cover the part of their remuneration which was not pensionable and did not give rise to any contribution, neither from the employee nor from the employer. At this stage, implementation details are still under consideration and many elements are still missing. However some guidelines have been set up.

This scheme is an innovation from many points of view, at national level or within the public system and Caisse des Dépôts has clearly expressed its wish to administer it.

Role of the new scheme

In France, civil servants' salaries are based on an index depending on their rank and the grade within this rank (it is called the index scale salary). The employee pays contributions on this amount, as well as the employer (State, local governments or hospitals).

However civil servants often receive an extra pay called bonus which normally depends on their competence and also varies according to the category of employers. The amount of bonuses are not very well known and few people really have a global view on them. This part of remuneration is excluded from the pension system and do not give rise to any contribution. The higher the bonuses, the lower the replacement rate at retirement.

Previously, civil servants' unions together with public authorities had set up a funded system called Préfon, widely open, even to those who have left the public service. This fund (which still exists) is financed only by the employees' contributions. To compensate the lack of contribution from the employer, the State grants special

tax incentive which are particularly favourable. However, as the system has remained optional, it has not had the expected development.

The law of July 2003 provides that civil servants as well as their employers will pay a compulsory contribution of 5 % applied to part of the bonuses. In fact, the amount of the bonus made pensionable cannot exceed 20 % of the index scale salary. The legislator has introduced this somewhat complex provision to reduce the gap between employers who pay very different levels of bonuses. In average, bonuses represent 15 to 20 % of the index scale salary, hence this choice. If a higher percentage were taken into account, some people would think that the State favoured the highest incomes.

The calculation complexity goes further since advantages in kind will also be taken into account (free lodging, professional car etc...). Their determination will certainly be a vexed question.

Innovation

For pensions based on the index scale salary, the State directly administers its civil servants' pensions, whereas CNRACL administers pensions for local government and hospital employees. For pensions based on bonuses, there will be a single scheme covering all the civil services.

Consequently, figures will be rather high: more that 4 million civil servants, and more than € 1 billion of annual contributions.

Although this scheme is compulsory, it is rather different from the others, above mentioned. It is a defined contribution scheme based on pension points. Contributions will be converted into points according to an annual value actuarially defined. Therefore the pension amount will no longer depend on the final salary. This represents quite a change with the former principle according to which pensions were a continuation of the salary.

During the first years, as contributors

**EAPSPI
Conference 2004**

**The next conference
will be held in Bilbao
on 7 and 8 October 2004**

EPPF

The European Parliament Pension Forum will hold its first plenary meeting on 8 January. The debate will concern the draft directive on equal treatment between men and women. Impact on financial services and more particularly on supplementary pension provisions. The Secretary general of EAPSPI will be attending

will have few rights, pensions will be rather low. Thus, reserves will increase rapidly over a 40 year period, the time necessary for new contributors to complete a full career.

This scheme will hold a particular place in the French system.

It is not a supplementary scheme, since the part of salary to which it applies is not subject to contributions to any basic scheme. For this reason it is called « additional ».

It is a compulsory statutory scheme, which is not covered by the insurance legislation, and should not be considered either as an occupational scheme under European law. Consequently it should not be covered by the Directive on IORPs.

The determination of the funding ratio, as well as the investment rules will be crucial to characterise this scheme.

Governance rules are also rather new.

The structure of the administration board will be as usual, i.e. including employers' and employees' representatives, but it will introduce a distinction between the employers and the supervising authorities.

The relations between the administrative board and the manager will be defined for several years in an agreement setting out objectives and follow-up indicators.

The administrative board will determine the value of the fundamental parameters such as the purchase value of the point (called reference salary) or the value of the point used for pension payments, whereas, usually in the public sector, the decision is up to the supervising ministry. It is therefore a significant innovation.

CDC applying for management of RAP

CDC has introduced its candidature to administer the RAP. It brings forward several arguments.

- CDC is presently developing an electronic process for exchanges with employers, and those employers concerned by the RAP are precisely the same who contribute to CNRACL and/or IRCANTEC.

- The management of the RAP requires the creation of individual accounts, and this type of accounts already exists for non civil servants of the State and the local governments covered by IRCANTEC. This practice will facilitate the creation of accounts for the beneficiaries of the RAP, and allow to

send individual information as required by the reform law.

- CDC has recently renewed its information systems. Whereas it had particular systems, processes and sometimes material for each fund, it has harmonised the different tools for all the services and funds. In this context, it makes more practical the integration of a new fund since the adaptation of systems will always be easier to manage than a complete creation. The database of employees and employers will simply be shared with the new fund.

Finally functions covering all the funds has been gathered together : control of management, human resources, risk control, accounting etc... They are therefore more likely to integrate a new fund at the lowest cost.

Future steps

Some are immediate, others call for the long term.

This scheme must be operational on 1 January 2005, which is a real challenge, because of its new aspects, the number of actors involved, the information system to adapt etc... We must keep in mind that all details have not been settled, and that this creation is only one aspect of the pension reform which also affects pension payments for millions of pensioners as from 1 January 2004.

However this new scheme will also develop in the long term. certain operations will be introduced gradually ; the first pension calculation will appear in 2006, periodical payments in 2010 (during the first years the amounts will be so low that they will only generate payment of lump sums). The scheme will become mature by 2045 / 2050. At this date, it will pay the first civil servants having completed a full career under the RAP.

Conclusion

At first sight, this new scheme fills a gap in the civil servants' pension coverage. It stands only as one of the measures involved in the pension reform, which, as everybody knows, will have to be continued.

However new aspects appear, particularly the fact to the three civil services are gathered into a single scheme.

Henri D'OYSONVILLE
Original language : French

Focus

Pension rights for fire-fighters

Introduction

During the last annual conference somebody said « if I had a fire at home, I would not like to be rescued by a 65 year old fire-fighter ». This statement of common sense highlights the debate between the prolongation of activity recommended by the Commission on the one hand, and the necessity to maintain early retirement or other employment alternatives for some specific professional categories.

In the private sector, this question may concern the building or the motor industry, in the public sector, we also have some specific categories of staff who have harsh or dangerous jobs requiring particularly good health, in order to be completed efficiently.

When reading the presentations of our pension schemes, we often find that the same categories are concerned: police, fire-fighters, jail employees, nurses (especially in the psychiatric sector), sewer workers and so on...

Since the association (and formerly the club) has been created, it is the third time that a survey has been requested on one of these particular categories of staff, which shows that the question is far from being solved, especially in the present context of financial constraints.

This time, the survey has been requested by our British colleagues who presented the situation of their fire-fighters in England and Wales. Eight countries have answered the survey : Belgium, Finland, France, Ireland, Germany, the Netherlands, Portugal and Sweden. Hungary has also provided some indications.

Thanks to all the correspondents from these countries.

Several points were covered by the survey : the extra pay or bonuses and their impact on pensions, the pensionable age, and finally, the specific advantages regarding pension rights and the way they are financed.

Extra pay and bonuses

Generally, we note that fire-fighters are granted several types of allowances, bonuses, or extra pay compensating the risks they take when completing emergency services.

In certain countries, bonuses have a fixed basis

- in Germany, fire-fighters receive a bonus amounting to € 64 after one year of service and € 127 after 3 years ;

- in France, they receive a « fire bonus » amounting to 19 % of salary, which will be integrated in the civil service index scale salary on 1.1.2004.

Bonuses can also be paid where services are completed at nights or during weekends, as seen in Belgium or in Ireland, or for shift work as seen in Finland.

In most cases, these bonuses are taken into account in the calculation of pensionable salary. However, certain extras in Belgium and the fixed bonus granted in Germany are not included.

At what age can fire-fighters stop working ?

The chart n°1 highlights important differences between the various countries :

The age indicated is the age of cessation of activity, which may be followed by retirement (R) or specific leave (L)

Classification is from lowest to highest age.

Chart n° 1 – Cessation of activity

Country / scheme	Age	conditions
England / Wales Statutory supplementary scheme	R 50 R 55 to 60 and according to rank	25 years of service in other cases
Hungary	R 50	25 years of service
Portugal Statutory basic scheme	R 50 for lowest ranks 54 and 58 for intermediary ranks 60 for chief officer	
France Statutory basic scheme	R 55 L 50	General rule for active categories If 25 years of service and recognition as unfit for active work
Ireland Statutory supplementary scheme	R 55 for operational fire-fighters R 65 for officers	
Netherlands Non statutory suppl scheme	L Flexible pension at age 55	
Belgium Statutory basic scheme	L Special leave at age 56	If at least 25 years of service (if not age is 60)
Sweden Suppl scheme based on collective agreement	L Specific benefit as from age 58	If at least 30 years of service among which 25 in emergency services
	L Specific benefit : age 61 to 65	With no service condition
Germany Civil Servants: Statut basic scheme	R 60 with possibility to go on until 63	
Public employees: collect agreem	L Transition benefit at age 60 until normal R age 65	<i>In order to harmonise age cessation of activity with civil servants</i>
Finland Statutory supplementary scheme (2 nd level of 1 st Pillar)	R before the reform age 55. Presently 57 but it is gradually brought up to normal retirement age for all employees (63 to 65 according to birth date). 65 for everybody at the end of the transition period	

Comment :

Almost all countries offer either a specific retirement age (especially statutory schemes), or some form of leave, (mostly schemes governed by collective agreements). Finland stands somewhat apart from the other countries since at the end of their transition period, fire-fighters will have exactly the same retirement age as the other workers. Although they

presently still benefit from a favourable retirement age of 57, after the transition period, Finnish fire-fighters will have to work until age 65 like all other workers. However as retirement age will be growing, municipalities will have to provide a new kind of work for the firemen who cannot continue to work on emergency services ; the Finnish reform concerning fire-fighters could stand as an example

of the integration of pension and employment policies.

This practice is also used in France in more exceptional cases: when fire-fighter aged 50 have accrued 25 service years and are found to be unfit for operational work, they can either benefit from specific leave arrangements and not accrue any more pension rights, or they can be transferred to another job and continue accruing pension rights.

If most European schemes allow fire-fighters to leave earlier, one can logically wonder if they have time to accrue sufficient pension rights to obtain a full pension. Thus, we can observe that where pensionable age is the lowest, fire-fighters often benefit from specific enhancements as shown in chart n°2 (same classification is maintained, Hungary is removed).

Chart n°2 - Advantages granted to fire-fighters

Country	Specific benefits	Financing
England / Wales	Pension rights accrue at 1/60 th for each of the first 20 years, <u>then at 2/60th for the 10 following years</u>	Contrib: 11 % employee – 24 % employer The bonus years do not give rise to additional contribution
Portugal	On the fire-fighter's request, pension rights can be enhanced by 25 %, i.e. F-fighters can <u>buy</u> additional years within the limit of 25 % of their service time, and within the limit of the maximum replacement rate	But the cost of the extra years is entirely on the employee who pays 10 % of his annual final remuneration for each extra year
France	Enhancement of 1/5 th of service time within the limit of 5 additional years If unfit for work and 25 service years, specific leave as from age 50 to retirement age 55 – amounts to 75 % of final salary - does not generate extra pension rights	Additional contribution of 2 % payable by the employee + extra contribution employee / employer for the Fire Bonus Cost supported by the employer
Ireland	Like UK, service years count double after the first 20 years Accrual rate 1/80 th for the 20 first years, 2/80 th for the 10 following	No extra contribution Usual contribution (1.5 % for lump sum, 3.5 for personal pension, 1.5 for survivors)
Netherlands	Enhancement of the flexible pension : at age 55, the normal flexible pension would be about 20% - For fire-fighters it is 80-85 % of final salary – Between age 55 and 65, the pension accrual is 50 % and the contribution is 50 % of the normal contribution	The employers supports the complement up to 80-85 %
Belgium	The benefit paid during the special leave between 56 and 60 amounts to 80 % of final salary. It is pensionable, so that pension rights go on accruing	Cost of special leave entirely supported by the employer
Sweden	The special benefit between age 58 and 65 amounts to 73.5 % of final salary pensionable, so that pension rights go on accruing	Cost supported by the employer
Germany civil servants	Lump sum = monthly salary x 5 (up to € 4091) tax free, reduced if retirement after 60 Possibility to take into account up to 5 years of occupational training	
public employees	Same lump sum as the one granted to civil servants + Monthly transition benefit granted between 60 and 65 amounting to level of future pension (presently) Not pensionable	Cost to the employer
Finland	No specific advantages	

In the financing of the specific advantages, three situations can be distinguished:

- the employer supports the cost of pre retirement: Belgium, Sweden, the Netherlands, Germany (public employees);
 - the scheme supports the cost : UK, Ireland, Germany (civil servants).
 - the employees pay an additional contribution for their enhancements (France) or buy their extra years (Portugal).
- It is worth noting that Portuguese fire-fighters can pay their additional years through deduction from their pension.

Conclusion

Early cessation of activity is justified by the demands of the working conditions and professional risks. However we have to bear in mind that maintaining this advantage, while as a rule, other workers have to go on working longer periods, will increase the gap between the occupational categories.

In addition, the simultaneous effect of early retirement and the extension of life expectancy will result in a retirement period which is almost as long as the active period. This may be the case when fire-fighters are allowed to stop working at age 50. They may have worked for 30 years, but they may also enjoy 30 years retirement.

One alternative : the second career

Finland seems to be a pioneer in looking for other type of alternatives. Their reform is however too recent to allow us to observe the effective result of their employment policy, but we will certainly follow with interest this evolution. In fact, their policy relies on the principle of a second career. This requires a prudent and responsible management of human resources. In fact such evolutions of career should be considered and planned well in advance and the necessary training should be provided at the relevant time, if not during the entire career.

We can imagine second careers for fire-fighters in administrative jobs or jobs where their competence is fully used but with less physical requirements. In the future ageing populations will dramatically increase the need for staff in retirement homes, and in any kind of assistance structure for older citizens. This could open up opportunities for second careers for staff trained to help or rescue people. A solution must be looked for not only at employer level but in the whole of society. Partnership can always be imagined between employers for second career arrangements. This field is significantly open to employer and/or social partner initiatives.

Second alternative : flexible transitional systems

Other alternatives could be found through the development of flexible pensions or transition systems involving the employer's financial responsibility, as seen in the Netherlands, Sweden and Belgium. These alternatives, which rely on solidarity, are sometimes subject to strict rules on overlapping when the fire-fighter takes on a new job. This is the case in Sweden where the transition benefit can be reduced by 73.5 % of the new professional income.

This alternative is however limited by the employers' financial capacity, which in this particular case has an impact on taxpayers.

Third alternative: transfer of the responsibility to the employee,

Could early cessation of activity be optional and rely on the employees' financial responsibility (partial or total), as it is the case in Portugal ? This would not make the job really attractive, except if extra pay is granted during active employment to compensate for this end of career payment. However this again results in calling for the participation of the employer if not during retirement, at least during the employee's active working life.

In all the alternatives it seems crucial that employer and employee anticipate the end of the career and plan either the financing of a pre retirement period or the transfer to another type of job. It is perhaps surprising that Portuguese fire-fighters have to pay their voluntary extra "contribution" at the point of retirement, i.e. at the time when their income is reduced. Such costs will need to be planned by the employee long in advance.

What about mobility and transfers ?

The differences between the pension schemes for fire-fighters also raise the question of how these advantageous arrangements are transferred when moving from one

State to another. For instance, if a Portuguese fire-fighter moves to Ireland or the UK, will the years completed in Portugal be taken into account for the threshold of 20 years from which years count double? (in Portugal the pension scheme is involved in the co-ordination process but not the English or Irish supplementary schemes).

If we consider transfers of pension rights, in countries where the employer or the pension scheme supports extra pre-retirement leave, will this advantage be taken into account for the calculation of the transfer value? or can it be granted only to the employee finishing his career with the same employer? and again, where a minimum number of years is required to open rights to pre-retirement leave, will years completed in foreign fire service be taken into account by the last employer or the last scheme?

Today, most of these questions remain unanswered, certainly because mobility may not be so frequent in this professional category, and the transfer of pension rights between Member States still stands at an early stage, but in a few years, these questions will need to be considered further.

Secretary General of EAPSPI
Original language : English

Any other scheme for Fire-fighters (belonging to the association or not) can be integrated in this comparative study, if you feel concerned, please send information to the Secretariat general of EAPSPI claudio.dubois@caissedesdepots.fr
This article will be updated if sufficient additional information is provided.

National event

FRANCE

Pension Forum in Bordeaux

The XIth Pension Forum was held in Bordeaux on 7 November. The title was "Retirement and Life Cycles". It was organised in three successive panels which intended to analyse the social economic and financial impact of ageing.

The first panel presented certain initiatives allowing ageing people to organise their lives in innovating structures aimed to fight against isolation. It was stated that the extension of life expectancy had considerably increased the number of guardianship procedures and that the cost of nursing homes made it sometimes necessary to call for alimony obligations. Such phenomenon could question the capacity and the organisation of solidarity within families. Ageing also has an impact on consumption habits, whereas health and home services will be increasing their scope, home equipment, clothing and telecommunications would tend to decrease.

The ways to increase active life have also been analysed. This principle underpins most of the on-going pension reforms, however employment policies must actively participate in its practical implementation. Speakers have distinguished the cultures of "early exit from the labour market" and culture of "full labour right". The success of seniors' professional activities also depends on the more or less developed coverage for inactive people, and more particularly on implementation of adequate national strategies. It is necessary to develop occupational training all along the career and open dynamic perspectives for ends of careers. The strategies for maintaining in employment people aged over 55 come too late. They are curative measures, whereas it would be better to develop preventive policies as from age 45. The theory of the « second career » was also debated, some speakers considering that it represents an unrealistic approach, others advocating that it is a good alternative to maintain seniors at work, if however adequate

training opportunities are made available before the change of career. This modification of the employment market would result in more patchwork careers implying frequent changes of pension schemes.

It is precisely this modification of career profiles that was debated within the second panel.

Studies carried out by the French general scheme on salary and career profiles of the new pensioners, illustrated the debate. Comparisons were made between mono pensioners and poly pensioners, men and women, and between the different generations. Career models were established for the various categories of pensioners. This study will be furthered with the analysis of the contributors data file, so that career evolutions could be anticipated as well as their impact on retirement pensions.

Other statistical observations were presented. They underlined that pensions of salaried workers are higher than those of self employed; the evolution of the average pension over 4 years shows a 6 % increase which is due more to the exit of the older generations rather than to the entry of the new pensioners. The impact of part time work and unemployment has also been highlighted. It is bound to the place of these periods over the development of the career.

The third panel begun with macro economic considerations.

It was noted that, in the context of ageing it was necessary to increase the activity rate in order to maintain the rate of production per person. It was also stated that it was necessary to diversify saving flows and invest in countries where ageing is less important or at least is expected to develop later.

The rest of the session tackled the question of individual or collective choices. Speakers considered the pension saving systems in France, the long term perspective and the financial consequences. Fiscal questions were

also raised, particularly the issue of tax harmonisation for saving products as well as the principle of introducing a more favourable taxation for low income households.

The summary of the Forum speeches is available, in French only, at the following address:
<http://www.cdc.retraites.fr/branche/forum/synt2003.pdf>

Open Forum

AKA (GERMANY)

« Simplification and improvement of legislation in the area of equal treatment between men and women »

1 The Commission paper

The European Commission has issued a paper proposing options in order to simplify and improve legislation in the area of equal treatment between men and women. This paper invites interested parties (other European institutions, Member States, social partners, NGOs, women associations) to participate in the consultation process. This initiative is motivated by the coexistence of many rules, integrating several amendments.

According to the Commission, several options could be envisaged to carry out this simplification process.

Option 1

It consists in putting together in two separated legal acts all basic Directives and the provisions amending these, through a simplified and short procedure ; The first act would gather all directives on gender equality relating to labour law as well as two directives concerning occupational pensions. The second legal act would include directives on burden of proof in the case of sex based discrimination.

Option 2

This option consists in putting together all the above mentioned directives into a single text. The Commission expects that such integration would clarify the implementation of the principle of equality of remuneration applicable to the general scheme of social security and occupational schemes further to ECJ case law.

Option 3

This option is an extension of option 2, since it intends to combine this latter option with the provision of the Directive on Maternity into a single legal act.

Comments

Generally speaking, AKA welcomes all initiative of simplification of legal rules which have become too complex. There is indeed a real need to gather together all directives relating to gender equality in the area of access to employment, vocational training and promotion as well as in the area of working conditions and maternity. However, AKA does not agree with the integration of the two directives relating to occupational pensions into a single legal act (Directives EEC 86/378 of 24.07.1986 and EEC 96/97 of 20.12.1996).

Occupational pension schemes belong to a specific area tightly linked to the insurance rules, witness the Directive on IORPs of 3 June 2003 (Directive EC 2003/41, OJ CE L 235). If there is some need for integration of texts, we think that only Directives governing occupational pensions can be put together. In our opinion, the directives existing in this field are quite clear for the interested parties. We don't see how further simplification could be introduced.

The option paper clearly shows how once more, the Commission intends to assimilate occupational pensions and general schemes of social security. Occupational pensions are entirely covered by private law, like insurance contracts. They must be governed by the actuarial principle of equivalence between benefits and contributions. For this reason, an occupation pension scheme must take into account the difference in life expectancy for men and women. Equal contributions generates different benefits, which the DG Employment and Social affairs considers as an obstacle to gender equality although this does not rely on any judgement of the EJC in this field.

As far as we know, the ECJ case law mentioned by the Commission only concerns general schemes of social security covered by Regulation 1408/71. Because of the social role of this type of schemes, the principle of actuarial equivalence cannot apply.

We think that under the cover of simplification, the initiative of the Commission is an attempt to introduce modifications in the nature of occupational pensions and to take a first step towards a similar action in the area of the private insurance industry.

Klaus Stürmer (AKA)
Original language : German

(Document EMPL-2003-01558-00-00-
DE00TRA-00(EN))

Opinions expressed under the heading "Open Forum" only commit their author and in no way the Association

European updates

Pensions Forum of 22 October

On 22 October 2003, the Pensions Forum met for the second time of the year. One of the main subjects of the agenda was the evaluation of the pensions forum's work. The presentation of this evaluation is provided by article 13 of the Commission Decision of 9 July 2001 officially establishing the Forum.

The Forum was created to assist the Commission as a group of experts in the field of supplementary pensions, to give opinions on legislative projects, and to propose measures for the future. In this context, it is involved in the search for alternatives to solve the problems resulting from cross-border mobility and to promote the principle of portability of pension rights. The Forum also offers a framework for the European social partners to exchange information and expertise in this field. To carry out this mission, the members meet twice a year and a web site has been set up with a specific section accessible only to members.

In order to assess the result of the Forum work, the Commission had previously issued a survey requesting the members' opinion on working methods, structures, the work completed within the Forum, future priorities and possible developments of agreements or any other bilateral co-operations based on the Forum activity. According to the answers provided, the Commission states that the Forum is an advisory structure of high importance for the Commission work in the field of supplementary pensions. About cross-border mobility, the information provided through the forum have contributed to set up two consultation documents for the European social partners. Thus, one of the main objectives will be to continue the provision of technical assistance, particularly in the framework of the Open Method of Co-ordination, without committing the European social partners or the Member States' responsibility. Exchanges of information could be very useful for future Member States of the EU under the condition that they are better organised.

Finally, the Forum will follow the development of pan-european pension institutions as well as the implementation of Directive EC 98/49 on safeguarding supplementary pension rights for migrant workers.

About the chairmanship, the members have unanimously opted for the continuation of the present situation. The chair will be held by the Director of the DG Employment and Social Affairs, Mr Vignon, assisted by two vice presidents, Mr Handels (UNICE) and Mr Lourdelle (ETUC). Members are requested to indicate each change about their representatives to the Forum secretariat.

The DG Employment and Social Affairs has drawn up a report about the recent developments regarding pensions. On 12 September 2003, the Commission decided to open a second stage in the consultation of social partners about the content of a possible action of the EU, aiming to improve portability. On this subject, the document on portability drawn up by the EAPSPI working group has been sent to the Forum members and placed on the Internet section accessible to members.

The Member States have presented reports about the national implementation of Directive EC 98/49 on safeguarding supplementary pension rights for migrant workers. The Commission will analyse them and present the results at a future meeting of the Forum.

The Commission had published a document proposing options for the simplification and improvement of legislation in the area of equal treatment between men and women on http://europa.eu.int/comm/employment_social/news/2003/jul/consultation_en.html

This document presents the possibility to reduce the number of legislative acts, in order to merge all relevant texts into a single document, which would avoid contradictions, repetitions, and ambiguities, the final aim being to guarantee a high level of legal safety and make legislation more accessible

to citizens. To achieve this objective the Commission had proposed several options among which, one consisted in integrating in two separated legal texts : on the one hand, the provisions from directives relating to access to employment, vocational training and promotion, and on the other hand, provisions relating to equality of treatment between men and women in occupation pension schemes. Other options meant to go further, as they proposed a revision, at least partial, of the text presently in force. As one of the option only intended to simplified the European legislation at this stage without introducing any new element in this field, the majority of the Forum members opted for this alternative, which is in conformity with the opinion expressed by the legal expert commission of EAPSPI.

A representative from the DG Taxation & Customs Union presented the problems arising from cross-border taxation of pensions. The fiscal legislation of Member States often hinders free movement within the EU. Over the last decade the European Court of justice has often highlighted the incompatibility of the national provisions and the European norms. To guarantee free movement within the EU, the Commission has sent to several Member States, formal requests which could result in infringement procedures under Art 226 of the Treaty of Nice, if answers were regarded as insufficient (see EPB n° 16 page 8 / 9).

In the framework of information exchanges, the meeting ended with the presentation of the Finnish and the Estonian pension systems and by a presentation of the Internet site accessible to Forum members. The next meeting will be held on 24 March 2004.

Hagen Hügelschäffer
Original language : French

**European Association of
Public Sector Pensions
Institutions
EAPSPI**

Association under the French Law
1st July 1901, registered at
Préfecture de la Gironde
Bordeaux – France – n° 2/25493

Reg. office & General secretariat :
co Caisse des dépôts
3, rue du Vergne
F 33059 BORDEAUX CEDEX

☎ + 33 (5) 5611 4397
Fax + 33 (5) 5611 4863

**Euro Pension Bulletin,
Newsletter for EAPSPI
members**

Contacts

thierry.christophoul@caissedesdepots.fr

claudio.dubois@caissedesdepots.fr

Printing :

Atelier reprographie
Caisse des Dépôts
Bordeaux - France

European updates

**Equal treatment between women and men
in the access to and supply of goods and services**

This new proposal is the outcome of a long consultation process and a response to the call of different actors, such as the European Parliament Women's Rights Committee and the women's movement.

Relevance to occupational pension provision

The proposal has implications for occupational pension provision. Therefore the development of the text throughout the legal process should be monitored to say the least.

In its "Explanatory Memorandum" the Commission explains how to shift from full statutory pension cover to supplementary cover through private pension schemes is potentially undermining the principle of equal treatment M/W in pension provision. This is particularly highlighted in respect of defined contribution schemes and their increased popularity. The shift from DB to DC leading to annuity based private pensions is specifically targeted.

Looking at this reasoning, it seems clear that the proposed Directive although being aimed at non-workplace discrimination –willingly or unwillingly– affects occupational pension schemes i.e. workplace schemes.

It may seem unfortunate that the Commission's analysis does not make sufficient difference between workplace and non-workplace pension provision.

Article 4 prohibits the use of sex as a factor in the calculation of premiums (contributions) and benefits for the purpose of insurance and related financial services two years after entry into force of the Directive. It affects only the new contracts concluded after that date.

However, the Commission has taken into account the worries of the insurance industry: Member States are allowed to extend the transition period with 6 years (total transition period could be stretched to 8 years maximum). This is an option at the discretion of the Member States.

Legal basis

The Commission proposes using a relatively new legal base: article 13 EC

Treaty inserted through the Treaty of Amsterdam (1999).

The proposal will be considered by the European Parliament under the "consultation procedure". This means that the EP's opinion will not be binding for Council deliberations.

The council however must adopt the proposal unanimously and there is no deadline by which the Council must adopt or reject this Directive. This means that the Directive could be blocked by a single Member State.

Mathieu Scheepers
Original language : English

proposal of directive on
http://europa.eu.int/cgi-bin/eur-lex/udl.pl?GUILLANGUAGE=fr&DOCID=503PC0657&LANGUAGE=fr&SERVICE=all&COLLECTION=com&REQUEST=Service-Search&FORMAT=all&CURRENTFORM=Service-Search&switch_en.x=15&switch_en.y=13

Tax discrimination

IP/03/1756

The European Commission has sent formal requests to Belgium, Portugal, Spain and France to amend their tax legislation under which pension contributions paid to foreign funds are not tax deductible while contributions paid to domestic funds are... Initial requests for information had already been made to these States in February 2003, in the form of letters of formal notice (see IP/03/179). If these Member States do not provide satisfactory action within two months the Commission may refer the case to the Court of Justice.

More details on
http://europa.eu.int/rapid/start/cgi/questen.ksh?p_action.gettxt=gt&doc=IP/03/1756|0|RAPID&lq=EN&display=