



**COUNCIL OF
THE EUROPEAN UNION**



**Council Conclusions on
«Adequate, safe and sustainable pensions for all European citizens»**

***3053rd EMPLOYMENT, SOCIAL POLICY HEALTH and CONSUMER
AFFAIRS Council meeting
Brussels, 6 December 2010***

THE COUNCIL OF THE EUROPEAN UNION,

"TAKING INTO ACCOUNT

1. that the provision of cash and in-kind old-age benefits is a key element for the well-being of the elderly in all aspects of their life and has been one of the core tasks of European welfare states since the middle of the last century;
2. that adequate, safe and sustainable pension systems which enable women and men to avoid poverty in old age and to maintain, to a reasonable degree, their living standards after retirement are crucial for citizens and for social cohesion;
3. that the well-being of the elderly also depends on the provision of accessible health care and long-term care, as well as social services and other policies related to living conditions that facilitate active ageing, including life-long learning and participation in the labour market;
4. that Member States' pension systems face a number of similar challenges, notably considering demographic ageing and the impact of the recent financial and economic crisis, and that national pension reforms and strategies can benefit, in accordance with the principle of subsidiarity, from the Europe 2020 Strategy, the Open Method of Coordination on social protection and social inclusion (thereafter the OMC) and the Stability and Growth Pact.
5. the role of the social partners in the pension systems;

P R E S S

RECALLING

6. the Conclusions of the Council of 8 June 2010 on “Sustainable social security systems achieving adequate pensions and social inclusion objectives”¹ and the conclusions of the Council of 17 November 2010 on the EPC-SPC Joint Report on pensions”;
7. that adequate and sustainable pension systems and the goals of the Europe 2020 Strategy are mutually reinforcing, notably through the focus on pensions in the Integrated Guidelines of this Strategy, and in particular, Guideline 1 adopted by the Council on 8 June 2010 and Guideline 10 adopted by the Council on 21 October 2010;
8. the role of the OMC, that will continue to be, in the context of the Europe 2020 Strategy, a key instrument for supporting social development in the EU and the Member States. The OMC is an essential complement to EU legislation and EU financial instruments in relation to the strengthening of social cohesion in the EU;
9. Article 9 of the Treaty on the Functioning of the European Union, which states “in defining and implementing its policies and activities, the Union shall take into account requirements linked to the promotion of a high level of employment, the guarantee of adequate social protection, the fight against social exclusion, and a high level of education, training and protection of human health”;

ACKNOWLEDGES

10. the three common objectives for providing adequate and sustainable pensions of the new framework for the social protection and social inclusion process², as adopted by the European Council in March 2006 and consisting of ensuring:
 - adequate retirement incomes and pensions
 - financial sustainability of public and private pension schemes
 - transparent information about pension systems;
11. the three-pronged strategy for dealing with the long-term sustainability of public finances agreed by the 2001 Stockholm European Council and consisting of:
 - reducing debt at a fast pace;
 - raising employment rates and productivity;
 - reforming pension, health care and long-term care systems;
12. that further progress on each component of the three-pronged Stockholm Strategy is needed, especially in the light of the crisis, and that policy action should be taken, where necessary, by Member States, taking into account their country-specific circumstances;
13. the efforts of the Commission, within the PROGRESS framework, to support initiatives of the Member States to exploit administrative data and to develop *models for labour market and pension analysis*;

¹ Doc. 9413/10.

² Objectives set out in the joint Social Protection Committee and Economic Policy Committee opinion on the Communication from the Commission "*Working together, working better: a new framework for the open coordination of social protection and inclusion policies in the European Union*" (Doc 6801/06).

14. the importance of the Green Paper of the Commission entitled « *towards adequate, sustainable and safe European pension systems* » issued on the 7 of July, and the intensive dialogue which has been initiated through it;

WELCOMES

15. the Joint Report by the Economic Policy Committee and the Social Protection Committee, supported by the Commission services, on “Progress and key challenges in the delivery of adequate and sustainable pensions in Europe”, adopted on the 27 October 2010;

STRESSES

16. that the adequacy and sustainability of pension systems may be achieved through a comprehensive approach, using existing EU level policy coordination frameworks and taking into account the many interlinkages between labour markets, social protection systems, financial market policies, and other relevant policies;
17. that public pensions and, where existing, other forms of collective pension arrangements will continue to have an important role in providing pensioners with an adequate retirement income. Pension systems have particular capacities for achieving intergenerational solidarity between workers and pensioners, as well as intra-generational solidarity;
18. the important role of public pensions in most Member States as automatic stabilisers at any time, especially during financial and economic crises;
19. that higher employment rates may contribute to higher pension benefits for individuals, while also enhancing the overall sustainability of social protection and pension systems and higher potential growth. In turn, adequate pension benefits are a chief prerequisite for achieving Europe 2020’s ambition to reduce poverty, especially in those Member States where elderly Europeans are a vulnerable socio-economic group, taking into account their effect on labour market participation;
20. that gaps in pension adequacy remain a problem in many Member States, which may be addressed, among other ways, through support for the build-up of rights, increased participation in the labour market and efforts to broaden coverage, with particular attention to vulnerable groups as well as to the quality of work;
21. that the adequacy and sustainability of pension systems can notably be improved by promoting active inclusion and a high level of employment among all persons of working age, with particular attention to the underemployment of women, and of young and older worker categories, where relevant;
22. That extending working life by reducing early retirement and raising the effective retirement age improve both sustainability and adequacy;

INVITES THE MEMBER STATES,

23. to promote the well-being of elderly people in all aspects of their life;
24. to improve the exploitation of administrative, and other relevant, data and the development of national analytical tools to monitor the adequacy and sustainability of pension provisions, in order to support evidence-based policy making;

25. to promote information for future pensioners, thus allowing them to be well informed about their future public and private pension entitlements;
26. To further reflect on how, in the design of their pension systems, to remove obstacles for mobility;
27. to ease access to pension entitlements for individuals in atypical employment by improving coverage and supporting the build-up of rights, where appropriate;
28. to promote the involvement of social partners and all relevant actors in the context of designing and implementing pension reforms;

INVITES THE COMMISSION

29. to continue to provide input for the discussion at European level, based notably on the results of the consultation on the Green Paper “*towards adequate, sustainable and safe European pension systems*”, while respecting the diversity of Member States approaches;
30. within existing EU level policy coordination frameworks, to further support Member States in developing their statistical apparatus and analytical tools and thus improve their capacity to assess the implications of pension policies on the adequacy and sustainability of pension provisions;

INVITES THE COMMISSION AND THE MEMBER STATES

31. to improve the work on pensions in the framework of the OMC as one element in the implementation of the Europe 2020 Strategy;
32. to consider the consequences of the budgetary measures and the ongoing pension’s reforms, taking into account their impact in terms of adequacy, safety and sustainability. This implies to closely monitor progress in addressing adequacy and sustainability in cooperation with the SPC and EPC;
33. to collaborate, within existing EU level policy coordination frameworks, on the development of methodologies allowing Member States to assess jointly and consistently the implications of pension policies on sustainability and adequacy;
34. to take into consideration the gender dimension when dealing with the adequacy and sustainability of pensions;

INVITES THE SOCIAL PROTECTION COMMITTEE

35. to monitor pension systems for the provision of adequate, accessible, safe and sustainable pensions, including their social outcomes;
36. to review the role, design and performance of private pensions pillars, for instance by exchanging best practices on how to improve the safety and efficiency of benefit accruals through better risk mitigation, enhanced capacity for shock absorption, clearer information about the risks and returns of different investment options and more efficient administration;

37. to further review the various pension classifications based on existing national pension legislations, in order to enhance the comparability of existing statistical concepts and indicators, particularly with regard to the sometimes unclear boundaries between social security schemes and private schemes, occupational and individual schemes and voluntary and mandatory schemes;
 38. to continue its collaborative work with the EPC on pensions, aimed at enhancing consistency in concepts and methods addressing adequacy and sustainability, through methodological work in each Committee on the basis of specific mandates and agreed procedures;
 39. to exchange information with regard to adequate pensions as applied within the various national pension systems."
-