Press Release
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Reaction PensionsEurope on revised IORP Directive

Commenting on the publication of the revised IORP Directive today, PensionsEurope welcomed the Commission's commitment to high standards of pension scheme governance and communications, but cautioned that some of the proposals risk creating unnecessary extra burdens for schemes.

Joanne Segars, Chair of PensionsEurope, said:

"PensionsEurope welcomes the fact that this proposal does not contain new solvency capital requirements for IORPs. Solvency II-like capital requirements come with high costs, which would make it difficult for sponsoring companies to provide workplace pensions. However, we will pay attention to the delegated acts relative to the Risk Evaluation for Pensions (Articles 29 and 30)."

She added:

"PensionsEurope's position is that IORPs are social institutions operating on financial markets, protected and regulated by national social and labour law. This is the approach that should guide the approach to revision of the IORP Directive. Nevertheless, we welcome the proposal of the Commission to lift restrictions on investments in long-term assets."

The Chief Executive of PensionsEurope, Matti Leppälä, commented:

"PensionsEurope also warns about the costs arising from IORP II. For example, the Pension Benefit Statement, which requires IORPs to provide a pension benefit statement for the individuals every 12 months and free of charge, will drastically raise costs[1] in some Member States, without sometimes bringing real added value to members and beneficiaries. We therefore need an adaption of the information requirements based on the pension promise given. DB, DC and hybrid schemes bring

[1] *According to the European Commission, the proposal would involve a one-off adjustment cost in the short-term at around 22 euros per member, and recurrent additional costs estimated between 0.27 and 0.80 euros.*

different benefits, choices and risks to the members. This needs to be taken into account. Unnecessary costs must be avoided. At the end, any extra costs will be paid by the members and the beneficiaries. In general, it is important to respect diversity of occupational pensions in the EU and keep in mind that IORP II is supposed to be based on a minimum harmonisation approach."

Finally, we regret that the Commission does not modify provisions on funding of cross-border schemes in the proposal. We would have supported a reform of the rules on funding of cross-border schemes and are of the opinion that this would have been relatively easy to implement and would bring cross-border schemes into line with all others.

About PensionsEurope

PensionsEurope represents national associations of pension funds and similar institutions for workplace pensions. Some members operate purely individual pension schemes.

PensionsEurope has **23 member associations** in EU Member States and other European countries with significant – in size and relevance – workplace pension systems[2].

PensionsEurope has established a **Central & Eastern European Countries Forum (CEEC Forum)** to discuss issues common to pension systems in that region.

PensionsEurope member organisations cover the workplace pensions of about **80 million European citizens**. Through its Member Associations PensionsEurope represents approximately **€ 3.5 trillion of assets** managed for future pension payments.

PensionsEurope Members are large institutional investors representing the **buy-side** on the financial markets.

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[2] EU Member States: Austria, Belgium, Croatia, Finland, France, Germany, Hungary, Ireland, Italy, Luxembourg, Netherlands, Portugal, Romania, Spain, Sweden, UK. Non-EU Member States: Guernsey, Iceland, Norway, Switzerland.