

26 SEPTEMBER 2002

PRESS STATEMENT

PENSION FUND DIRECTIVE - COUNCIL PROPOSAL

EFRP SUPPORTS COUNCIL PROPOSAL AS POLITICAL COMPROMISE

EFRP Vice-Chairman Jaap MAASSEN wants to highlight the positive scores of the Council proposal on the pension funds directive.

The ECOFIN political agreement of 4 June 2002 was an important milestone :

1. it endorses the European passport concept for pension funds
2. it accepts the "prudent person rule" ;
3. it establishes the "home country control" principle, and ,
4. it is no initiative for social policy reform..

This comes as a reaction on the IPE newslines of 24 September 2002 that included some remarks of Jaap MAASSEN's presentation at the NAPF Global Pensions Conference in London. Unfortunately, these positive and most relevant considerations remained veiled in the condensed article version.

EFRP has always militated in favour of "prudent person only" approach for investment practice. Vice-Chairman MAASSEN confirms he is very satisfied that the Council has endorsed the "prudent person rule" as being the standard. However, he expressed concern that Member States will be allowed to continue imposing investment restrictions be it within certain limits, as established in art. 18 of the Council text.

This firmly rooted EFRP conviction does not prevent showing a sense of reality. Therefore the EFRP has forcefully and at two occasions (press

releases on 28 June 2002¹ and on 4 June 2002²) welcomed the Council compromise and pronounced itself in favour of early adoption of the text as it stands now. Any delay would be detrimental for pension funds and scheme members.

To promote this, EFRP has also written to MEP's to line up with the Council in Second Reading so that the IORP can be adopted slightly overdue according to FSAP timetable.

The compromise reached during the Spanish Presidency means a significant step forward towards the establishment of a European passport for pensions. And, such a passport is essential if the objectives of the Financial Services Action Plan are to be fulfilled.

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¹ http://www.efrp.org/downloads/pressReleases/PR13_2002-06-28.pdf
² http://www.efrp.org/downloads/pressReleases/PR12_2002_06_04.pdf

About the EFRP

The European Federation for Retirement Provision represents the various national associations of pension funds and similar institutions for pension provision. The EFRP has members in all EU Member States, except for Greece.

Its membership at large consists of institutions for occupational (2nd pillar) retirement some of them also operating purely individual pension schemes. In some Member States up to 90-95 % of the work force have their occupational pension funded through EFRP membership (e.g., Denmark, Netherlands, Sweden). Whereas in Germany, Spain, Ireland, the United Kingdom 80 % of the occupational pension provision is funded by EFRP members.

EFRP members are non-profit making associations.

Members and beneficiaries are usually represented in their governance structures; many of them are managed on a paritarian basis between unions/employees and employers.

83 million of EU citizens are covered for their occupational pension plan by EFRP Member Associations.

The EFRP's aim is to provide Europe with a financing vehicle (pension fund or similar) – not precluding any others catered for by commercial undertakings – that is affordable for large sections of the population and that provides a degree of intra- and inter-generational solidarity. This is feasible if the conditions for investments and the proper prudential framework facilitate this type of collectively organised occupational pension provision.

Through its Member Associations EFRP represents € 2.819 billion of assets managed for future occupational pension payments.