

**E.F.R.P. PUBLISHES ITS REPORT ON PAN-EUROPEAN PENSION PROVISION**

This month EFRP has published its report "A European Institution for Occupational Retirement Provision" (E.I.O.R.P.). The report proposes a pragmatic approach and maps out the steps that need to be taken to bring the concept of a truly pan European pension vehicle forward, whether it be a pension fund, insurance product or other type of pension vehicle. The legal instrument needed for such design is a single license for pension funds. EFRP hopes this will be one of the aspects covered in the forthcoming European Commission proposal for a directive on the prudential supervision of institutions for occupational retirement provision.

As the European representative body of the occupational pension institutions, EFRP felt it had to contribute in greater depth to the debate on pan-European pensions. Therefore it created a working group chaired by the EFRP first Vice-Chairman, Ray MARTIN (UK-NAPF).

The core proposition is to create within one single institution for occupational retirement – as the variety of pension funds tend to be iconed in Euro-speech - separate sections corresponding to national occupational pension schemes. Although these sections are kept separate in respect of taxation as well as labour law, their assets and liabilities are co-mingled in order to release the efficiency potential of such an institution. For an average multinational the annual cost saving is said to be around 1,3 million Euro. It is obvious that a single pan-European fund would be most beneficial to those companies having subsidiaries in several Member States but lacking the sufficient number of employees to optimise the management of those nationally based pension funds.

Reporting would be to one single prudential supervisor in the Member State where the E.I.O.R.P. is established.

The working party found, not surprisingly, that the tax hurdle is the most difficult to overcome yet with mutual understanding, recognition and co-operation, the EFRP proposal is workable in this respect because it is tax neutral.

Although simple in approach the practice might be more difficult. Therefore EFRP proposes – instead of awaiting a long lasting legislative process – to start off a pilot project between those Member States that have well developed occupational pension schemes and funds as well as an experienced prudential supervision. For this exercise Ireland, the Netherlands and the United Kingdom seem to be most fit. After an initial period, other Member States could join such as Belgium and Denmark.

EFRP had the opportunity to present this report to the European Commission officials who expressed great interest in it.