

**Joint Position of  
EurelPro**

**on the**

**Green Paper from the European Commission  
“Towards adequate, sustainable and safe European pension systems“**

*09/11/2010*

## **Description of EurelPro**

EurelPro is the European association of pension institutions for the liberal professions and was founded in April 2008 as an a.i.s.b.l., an international non-profit association. Its members to date are the umbrella associations of pension schemes for the liberal professions in France, Germany, Italy and Austria, as well as individual pension schemes for the liberal professions independent of the umbrella associations.

Members of the respective retirement institutions must belong to a profession recognised as a “liberal profession” in the country of origin.

These are primarily academic professions in the fields of medicine and psychology, legal and finance consultancy or technical and scientific sectors. The common factor is in particular that the regulations governing access to these professions are subject to high quality requirements across the EU and the exercising of these professions is regulated in accordance with national legal provisions.

The member institutions of EurelPro are generally entrusted with mandatory provision for the liberal professions in terms of social security contributions for age, disability, incapacity for work, provision for surviving dependents, etc. in their country. They are committed to the principle of personal responsibility. They are organised by profession and are administered autonomously by the respective profession. They take over the state’s task of covering basic risks of life by law and to this with financial independence according to the rules of collective solidarity.

The members of EurelPro already represent over 120 pension institutions of the liberal professions. These in turn represent a total of 2.3 million active members. Pensions amounting to around eight billion euros are paid out to over 600,000 pensioners in the course of the year.

Some of the schemes are organised under private law, others under public law. Some are financed by pay-as-you-go schemes, while others use capital formation with a certain proportion of pay-as-you-go as a form of financing. They all adopt the principle of solidarity.

For the European context, it is important to note that the financially autonomous pension institutions of the liberal professions organised on the basis of the principle of solidarity which are represented by Eurelpro, irrespective of their differing national characteristics, are part of the legal system of provision for old age in accordance with their national statutory provisions and fall within the scope of application of Regulation (EC) 883/2004 and Regulation (EC) 987/2009. Consequently, the pension institutions of the liberal professions are not included in the “occupational schemes“ listed in the glossary of the green paper and are not subject to Directive 2003/41/EC.

As the common link under European law lies in particular in the European regulations on coordination, upon the foundation of the European association a so-called Technical Committee was established, comprising experts from the respective member institutions, which – beside dealing with questions relating to European law – also assists the various pension schemes of the liberal professions with questions relating to the application of the European provisions on coordination.

We are grateful for the opportunity to contribute to the debate initiated by the Commission on adequate, sustainable and safe European pension systems and refer to the following general comments and replies to the questions.

## **General comments**

EurelPro notes the Commission's approach of taking a holistic view of the pension issue in the light of the objectives of the Europe 2020 strategy and the requirements of the internal market. In this context, we consider it positive that in the context of the Europe 2020 strategy, the Commission has cited the creation of value through knowledge-based growth as the top priority. The liberal professions constitute a key sector in the European economy. They work on the basis of highly specialised knowledge and skills in the service of the consumer and contribute towards steady economic growth.

In the context of the need to guarantee sustainable public financing, we would like to point expressly to the financial independence of the pension institutions of the liberal professions which dispense with any state subsidies. As they are entrusted by law with the task of self-provision according to the principle of solidarity within the profession, the public budget is relieved of a burden and national social and regulatory objectives are implemented. Where special systems for the liberal professions exist on the basis of a public welfare mandate, the state assures the economic independence and viability of the liberal professions through the obligation of collective old-age provision.

The legitimate concern about the sustainability of the public finances should not be to the detriment of the collective statutory old-age pension systems which pay themselves for adequate retirement income in accordance with the rules of solidarity and subsidiarity.

We take particular note of the clarification expressly stressed by the Commission that, also under the Lisbon Treaty, responsibility for the organisation of the old-age pension systems clearly lies with the member states.

We would like to point out, however, that striving to achieve a minimum degree of harmonisation of the provisions of national social legislation with a view to the approximation of supplementary and additional pension schemes has considerable repercussions for the overall system of old-age provisions anchored in the national context. It is important not to lose sight of the fact that the way in which the respective national social security systems are organised has evolved historically and is geared to the specific needs of the various communities insured.

The attempt to extend the European legal framework in the field of pensions should not lead to the destabilisation of statutory pension systems established by the nation states which have proven fit for purposes. The principle of subsidiarity is still a fundamental principle.

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As regards the individual questions relevant to us, we would like to take up the following position:

**Question1.** The definition of an adequate retirement income essentially depends on the objectives of national social policy. Moreover, it is characterised by the differing living conditions of individuals, and in particular the differing periods of study and working lifetimes.

We note that in the view of the Commission, the adequacy of statutory pension systems is geared in particular to fighting poverty and ensuring a guaranteed minimum income. However, the crucial task of the pension system is to strive to assure a standard of living. A distinction must remain between a welfare system and a pension system.

**Question2.** The guarantee of a sustainable system for the national public finances is and remains a central task of the member states. The existing EU framework for pensions and retirement provision is characterised by the limitation of competence laid down by the treaties, according to which sensitive fields of protection, such as the organisation of the national social security systems, remain at the discretion of the national legislator.

**Question5.** The statutory retirement pension systems represented with EurelPro are institutions which fall within the scope of application of Regulation (EC) No 883/2004. Consequently, they are exempt at European level from the scope of application of the IORP directive that aims to promote transnational investment offers. Moreover, the pension institutions of the liberal professions are based on law and not on agreements between the social partners or other parties. They are by definition to be seen as statutory systems for old-age provision and not as institutions of occupational pension schemes within the meaning of the IORP directive.

Although the IORP directive is not relevant for the pension institutions of the liberal professions, and does not apply owing to the nature of the system, we understand the reasoning of the Commission that a more coherent, uniform market for transnational supplementary pension funds should be provided by means of an improved legal environment such as a European framework regulation.

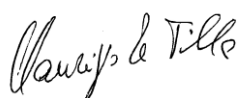
We would like to point out, however, that the priority of the national provisions of social law within the IORP directive is substantiated by the intention of the national legislators at European level to establish a clear distinction between old-age provision and investment products.

**Question6.** In our view, obstacles to mobility in the field of mandatory insurance systems for old-age provision are eliminated by means of successful coordination on the basis of Regulations (EC) 883/2004 and (EC) 987/2009. We cannot perceive that there is any occasion for further regulation within the European provisions on coordination.

**Question8.** The annexes to the European provisions on coordination introduce a flexible system for making any adjustments in line with political developments or jurisprudence, without having to intervene in the systematics of the basic regulation.

**Question14.** The political coordination framework at EU level has been reinforced with the streamlining of the open method of coordination within the Lisbon strategy, which has now been superseded by the Europe 2020 strategy. We consider the coordination method and the integrated approach in the field of social protection as reinforced in the context of the Europe 2020 strategy to be sufficient to promote the sought-after aims of adequacy, sustainability and safety of pensions.

On behalf of the administrative board



Maurizio de Tilla  
President



Karl-August Beck  
Vice-president