Procedure file

Basic information

COS - Procedure on a strategy paper (historic)	1999/2131(COS)	Procedure completed
Supplementary pensions: towards a single market, consultations on the Green Paper Subject 2.50.05 Insurance, pension funds 4.10.11 Retirement, pensions		

Key players

European Parliament	Committee responsible	Rapporteur	Appointed
	ECON Economic and Monetary Affairs	PSE KUCKELKORN Wilfried	27/07/1999
	Committee for opinion	Rapporteur for opinion	Appointed
	JURI Legal Affairs and Internal Market	PPE-DE FERRI Enrico	23/09/1999
	EMPL Employment and Social Affairs	PPE-DE HERMANGE Marie-Thérèse	14/10/1999
	FEMM Women's Rights and Equal Opportunities	PPE-DE LULLING Astrid	21/09/1999
Council of the European Union			

Key events

11/05/1999	Non-legislative basic document published	COM(1999)0134	Summary
17/09/1999	Committee referral announced in Parliament		
29/02/2000	Vote in committee		Summary
29/02/2000	Committee report tabled for plenary	A5-0053/2000	
02/04/2000	Debate in Parliament		
13/04/2000	Decision by Parliament	T5-0179/2000	Summary
13/04/2000	End of procedure in Parliament		
07/02/2001	Final act published in Official Journal		

Technical information

Procedure reference	1999/2131(COS)
Procedure type	COS - Procedure on a strategy paper (historic)
Procedure subtype	Commission strategy paper
Legal basis	Rules of Procedure EP 050; Rules of Procedure EP 142
Stage reached in procedure	Procedure completed
Committee dossier	ECON/4/11007

Documentation gateway

Non-legislative basic document	COM(1999)0134	11/05/1999	EC	Summary
Economic and Social Committee: opinion, report	CES0950/1999 OJ C 368 20.12.1999, p. 0057	21/10/1999	ESC	
Committee report tabled for plenary, single reading	A5-0053/2000 OJ C 377 29.12.2000, p. 0005	29/02/2000	EP	
Text adopted by Parliament, single reading	T5-0179/2000 OJ C 040 07.02.2001, p. 0163-0459	13/04/2000	EP	Summary

Supplementary pensions: towards a single market, consultations on the Green Paper

PURPOSE : in response to the general consultations on the Green Paper on supplementary pensions in the single market, showing the advantages of and proposing the outlines of a future Community framework for supplementary pensions. CONTENT : following the publication of the Green Paper on supplementary pensions in the single market (see procedure 1997/2158/COS), the Commission received about 100 replies to the Green Paper from the Member States, the European Parliament, the Economic and Social Committee of the European Communities, consumer organisations, unions, industry and the financial services sector. This communication thus presents the policy conclusions to be drawn from the consultations and sets out the steps that the Commission considers necessary in order to move towards a single market for supplementary pensions. It also proposes a regulatory approach to pension funds that fall outside the social security systems in each Member State (it, therefore, deals with professional regimes and individual pension plans). The Commission's objective is to allow supplementary pension schemes to profit further from the single market and the euro, whereas, currently, pension funds only profit very marginally from the liberalisation introduced by the single market. There are various reasons for this: - professional pension funds are often subject to the investment and management rules which, without improving the protection of the beneficiary, prevent the funds from using the capital market and the euro effectively in order to recycle the contributions received (which limits the yield on investments and raises the costs of services); - labour mobility is held up by the current scheme of supplementary pensions (as pension rights are difficult to transfer from one Member State to another); - the free provision of services does not really operate in this sector owing to disparities between taxation systems. In view of these conclusions, the Commission considers that a Community framework will be necessary to allow pension funds to benefit from the single market. This framework would be along three lines: 1) a proposal for a Directive laying down prudential rules for pension schemes : this Directive would ensure the best possible protection of beneficiaries; allow the pension funds to profit fully from the single market and the euro (which clearly shows that the pension funds should not be limited in their investment strategy for prudential reasons and should also be able to use the services of any asset manager and agent duly approved in the Union); guarantee equal treatment between occupational pension providers and avoiding competition distortions with other service providers, such as life assurance companies; allow the mutual recognition of prudential regimes be put in place in the Member States (with the long-term aim of cross-border membership). The general idea is that of minimal harmonisation owing to the wide disparity between pension funds in operation in the Union. Thus three sets of rules would be introduced: basic prudential rules (with, in particular, the principle of the approval of a pension fund by a competent authority and the need to subordinate approval to strict criteria coveringresponsibility, competence and the managers' standing); rules concerning the investment of contributions compatible with the free movement of capital without going as far as absolute investment freedom (they have to be adapted to the nature and duration of the liabilities and diversified by currency, geographical area and economic sector); rules concerning the liabilities of pension funds and the link between the assets and liabilities (it is necessary to guarantee that the acquired rights are completely covered); 2) as the removal of obstacles to labour mobility in the Union: the lack of such coordination in the case of supplementary pensions is a real barrier to the free movement of workers, the Commission suggests simplifying the conditions for acquiring supplementary pension rights and limiting the long vesting periods; establishing the methods for transferring rights; to implement a better coordination of tax systems in the Member States and a mutual recognition of supervisory regimes with the idea of cross-border membership; creating a pensions forum in which to discuss the implications of labour mobility in the Union; 3) the coordination of Member States' tax systems : the national disparities in the tax treatment of life assurance and pension products, their complexity and specific characteristics, are major obstacles to labour mobility and freedom to provide services in the Union. While ruling out, at this stage, any attempt at harmonisation and taking care to safeguard the tax income of the Member States, the Commission believes that it is necessary to abolish national tax discriminations against products offered by institutions established in other Member States (insurance companies, pension funds). Following this flexible and coordinated approach, the Commission and the Member States have started to cooperate in order to examine how to eliminate the main obstacles in this field. One of the main problems is the treatment of contributions and premiums paid to institutions that are established in a Member State other than in which the member or the policy-holder is established. This subject is being dealt with within the framework of the Taxation Policy Group, which serves as a high-level forum for discussion between the Commission and the Member States in the tax field. ?

Supplementary pensions: towards a single market, consultations on the Green Paper

The committee adopted the report by Wilfried KUCKELHORN (PES, D) on the Commission communication on a single market for supplementary pensions. The report welcomed the fact that the Commission was intending to draw up a directive on supplementary pensions with the aim of developing a genuine single market for pension funds. It stressed that supplementary pension schemes could help to meet the challenges arising from demographic trends and high unemployment in Europe as they would complement pay-as-you-go pension schemes without replacing them. It emphasised that the long-term goal should be to establish pan-European pension schemes and eliminate distortions of competition resulting from unequal national fiscal treatment of pensioners. It called for freedom of investment, saying that Member States should not compel pension funds to invest in particular categories of investment. The report also focused on the question of the acquisition and preservation of pension entitlements and the transfer of pension rights in order to ensure proper freedom of movement of workers. The committee welcomed the Commission's proposal to establish a European Pensions Forum bringing together representatives of the Member States, pension funds and the social partners to monitor existing and future Community legislation, and called for women to be properly represented on that body. The report highlighted the need to take account of women's employment patterns so as to combat the current discrimination suffered by women, who were more likely to interrupt their careers in order to bring up children and were thereby disadvantaged by long pension qualification periods geared to continuity of employment.?

Supplementary pensions: towards a single market, consultations on the Green Paper

The Parliament adopted its resolution drafted by Mr Wilfried Kuckelkorn (PES, Germany) on the Commission's Communication on supplementary pensions. The resolution emphasises the Parliament's commitment to the European social model and the importance of maintaining and strengthening the first pillar of pension schemes. It broadly welcomes the Commission's Communication on occupational schemes and makes the following points: - prudential rules must be differentiated according to whether a scheme is internal or external to the enterprise, and only an internal financing (book reserve) scheme should provide a guarantee against insolvency, with the proviso that exernal financing schemes (insurance companies or pension funds) already provide a guarantee in case of the employers' bankruptcy. - pensions that cover biometric risks, i.e. that guarantees payment of a pension until the ned of the insured persons life, play an important role in supplementing the first pillar and, in the great majority of Member States, are already taxed during the payout period. Cross-border memberships within the Community are therefore the most readily achievable in this product group, as loss of revenue in the Member State would be within acceptable limits. - Parliament opposes the proposals concerning insolvency insurance since they restrict competition between pension schemes and life insurance companies. - The position of women who take time off to look after children or family members is emphasised in the resolution. The Commission is required to take women's earning patterns into account as regards vesting periods. The Communication is criticised for not paying sufficient attention to women's circumstances, especially with regard to problems with transfers, qualifying periods, the entitlements of divorced spouses,and survivors. Periods taken off work should be credited for the purposes of calculating pensions, and voluntary additional provision or the right to top up pensions are appropriate under some circumstances. - The best solution to the taxation problem is the model that relies on the taxation of the pension payout while exempting from tax contributions to the fund and returns within the fund (EET-model).?