



ETUCE position paper
on the proposal for a Directive on
improving the portability of supplementary pensions rights

Adopted by the ETUCE Executive Board in their meeting on 10-11 May 2006

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- a. Considering that pensions have become one of the key issues on the industrial relations agenda across Europe and many national governments in Europe have recently reformed their public pensions systems;
- b. Considering that in most European countries (and especially in DK, DE, IT, NL, SW and UK), a substantial proportion of primary and secondary education teachers are relatively old¹;
- c. Considering that in some European countries there has been a thorough reform of the system which cut down supplementary pensions rights for younger workers and linked pensions more to the amount of contributions paid;
- d. Considering that at EU level, protection of statutory pensions when moving jobs or countries already exists but the effectiveness of this protection is being undermined by member States' tendency to increasingly rely on supplementary pensions, which are not covered by these rules;

ETUCE:

1. Supports the Directive's aim to facilitate the exercise of the right of workers to freedom of movement and of the right to occupational mobility within the same Member States. ETUCE considers of primary importance protecting the interest of workers exercising the right of freedom of movement.
2. Stresses nevertheless the importance of ensuring that the EU Directive does not harm the development of supplementary pension in Europe. ETUCE thus recommends the European Parliament to amend the *Explanatory Memorandum* and the *Objective* of the Directive proposal.
3. Furthermore regrets the Commission's lack of ambition. The proposal's aim is simply to *reduce* obstacles to free movement instead of abolish them. In the *Explanatory Memorandum* of the proposal the primary objective is to enhance mobility by improving the "*adaptability of workers and the business sector and increasing labour market flexibility*", instead of protecting the interests of workers exercising the right of freedom of movement. Moreover, the proposal merely sets out *principles* (but not *right*) aimed at improving exercise of the right to freedom of movement.
4. Understands, on the other hand, that unconditional right to move pension assets will cause difficult and complex technical and financial problems to the employer and requests to better distinguish between the transferability of *pension rights* and the right to move or transfer *pension assets*.

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¹ In Denmark, Germany, Italy, the Netherlands, Sweden and the United Kingdom, teachers in primary education are relatively old and in secondary education are even older. Furthermore, in Germany, Italy, the Netherlands, Sweden and Iceland, teachers aged 50 or over account for more than 38 % of all teachers. *Data from Eurydice's "Report on Key Data on Education in 2005"*.

5. Finds that the Directive's proposal should take further consideration of the "collective agreement model" of certain member States, which regularly negotiate and conclude collective agreements on these issues at different national levels.
6. Opposes setting specific limits for vesting periods, waiting periods and minimum age at EU level. At national level these limits often do not exist or are determined by collective agreements and depend on the nature of the fund.
7. Agrees with the Commission in enabling Member States to exempt from the transferability of rights pay-as-you-go schemes and companies which constitute book reserves with a view to paying pensions for their workers (art 9 of the Directive's proposal).
8. Notices finally that tax obstacles, one of the main problems for cross-border portability of supplementary pensions, still remain.

In conclusion, ETUCE remains positive to the possibility of better portability, but can not recommend any changes that will restrict possibilities for national social partners to make agreements. Instead the proposed directive should aim at encouraging social partners to make collective agreements on these issues.