

Portability of Supplementary Pension Rights in Europe: A Lowest Common Denominator Solution

Igor Guardiancich

University of Southern Denmark

The full article is available for free on the website of the Policy Studies Organization

<http://www.ipsonet.org/publications/open-access/epa/volume-1-number-1-spring-2015>

Abstract

In its effort to guarantee the free movement of workers, the European Union devised an advanced system of coordination of social security rights. Since 1958, statutory pensions are being aggregated for workers moving across the Member States. However, until mid-2014, the portability of supplementary pension rights was not assured, there by undermining the freedom to labor mobility. This impaired the efficient allocation of labor, prevented sound family planning, infringed the fundamental right to social protection and during the Great Recession, hindered the employability of workers across a slowly recovering Europe. After nine years of negotiations, the EU has finally passed a Portability Directive, which is, however, a watered down version of the 2005 original proposal. Given such state of affairs, this study has three aims. First, it explains why portability of supplementary pensions, as opposed to the coordination of statutory ones, has been neglected and contested for a long time. Second, it illustrates the shortcomings of a patchy coordination-without-portability regime. Third, it enumerates the characteristics of the Portability Directive passed by the European Parliament in April 2014, and the strategic steps undertaken to secure its final adoption.

Keywords: Pension portability, supplementary pension rights, multi-pillar system, labor mobility, Portability Directive

References

- Bonoli, Giuliano. 2003. "Two Worlds of Pension Reform in Western Europe." *Comparative Politics* 35 (4) 399-416.
- Brooksbank, Daniel. 2006. "The Politics of Portability." *IPE Investment & Pensions Europe*, November.
- Business Europe. 2007. *Amended Commission Proposal on Supplementary Pension Rights. Position Paper*. Brussels. Business Europe.
- CEIOPS – *Committee of European Insurance and Occupational Pensions Supervisors*. 2008. *Initial Review of Key Aspects of the Implementation of the IORP Directive*. CEIOPSOP-03-08. Frankfurt.
- Coppin, Laura, and Tom Vandenbrande. 2007. *The Mobility Profile of 25 EU Member States*. Leuven: Higher Institute for Labour Studies, Katholieke Universiteit Leuven.
- Ebbinghaus, Bernhard, and Tobias Wiß. 2011. "The Governance and Regulation of Private Pensions in Europe." In *The Varieties of Pension Governance in Europe*, ed. Bernhard Ebbinghaus. Oxford: Oxford University Press 351-383.
- EFRP. 2011. *Towards More Funded Pensions to Protect Citizens' Old-Age Income and to Spur Growth*. Brussels. European Federation of Retirement Provision/EFRP.
- Ernst & Young. 2009. *Pan-European Pension Funds in a Future World*. Amsterdam. Ernst and Young Ltd.
- European Commission. 1997. *Supplementary Pensions in the Single Market – A Green Paper*. COM (97) 283. Brussels.
- European Commission. 2005. *Commission Staff Working Document. Annex to the: "Proposal for a Directive of the European Parliament and the Council on the Improvement of Portability of Supplementary Pension Rights*. SEC (2005) 1293. Brussels.
- European Commission. 2010. *Green Paper – Towards Adequate, Sustainable and Safe European Pension Systems*. COM (2010)365. Brussels. European Commission.

European Commission. 2012a. *White Paper. An Agenda for Adequate, Safe and Sustainable Pensions*. COM (2012)55. Brussels.

European Commission. 2012b. *Pension Adequacy in the European Union 2010-2050*. Brussels: Directorate-General for Employment, Social Affairs and Inclusion of the European Commission and Social Protection Committee.

Ellison, Robin. 2012. “European Pensions Policy and the Impact of the EU Pensions Directive for Employers Worldwide.” *Pensions* 17 (4): 305-333.

Federation of the Dutch Pension Funds. 2011. *Supplementary Pensions for Researchers Pragmatic Solutions to Remove the Obstacles*. Amsterdam.

Fenge, Robert, and Jakob von Weizsäcker. 2010. “Public Pension Systems and Distortions of Intra-EU Mobility. The Lodge Test.” *Journal of Pension Economics & Finance* 9 (2): 263-275.

Guardiancich, Igor. 2011. “Pan-European Pension Funds. Current Situation and Future Prospects.” *International Social Security Review* 64 (1): 15-36.

Hall, Peter A., and David Soskice. 2001. “An Introduction to Varieties of Capitalism.” In *Varieties of Capitalism. The Institutional Foundations of Comparative Advantage*, eds. Peter A. Hall, and David Soskice. Oxford: Oxford University Press.

Haverland, Markus. 2007. “When the Welfare State Meets the Regulatory State. EU Occupational Pension Policy.” *Journal of European Public Policy* 14 (6): 886-904.

Hennessy, Alexandra. 2013. *The Europeanization of Workplace Pensions. Economic Interests, Social Protection, and Credible Signaling*. Cambridge: Cambridge University Press.

Hewitt Associates. 2007. “Quantitative Overview on Supplementary Pension Provision.” Final Report Prepared for the European Commission. Brussels.

Hewitt Associates. 2010. “Feasibility Study for Creating an EU Pension Fund for Researchers.” Prepared for the European Commission Research

Directorate-General. Final Report. Brussels.

Holzmann, Robert, and Johannes Koettl. 2010. *Portability of Pension, Health, and other Social Benefits. Facts, Concepts, Issues. Presented at Guidance Workshop on Establishing Portability: State of the Art, Key Issues and Next Steps*. Marseille: Marseille Center for Mediterranean Integration.

ILO (International Labor Organization). 1990. *Coordination of Supplementary Social Security Schemes. Note by the International Labour Organization for the Administrative Commission of the European Communities on Social Security for Migrant Workers (V/829/90-EN)*. Brussels: European Communities.

ILO. (International Labour Organization). 2010. *Coordination of Social Security Systems in the European Union: An Explanatory Report on EC Regulation No 883/2004 and Its Implementing Regulation No 987/2009*. Budapest. International Labour Organization.

Kalogeropoulou, Konstantina. 2006. "Improving the Portability of Supplementary Pension Rights." *Journal of Social Welfare and Family Law* 28 (1): 95-104.

Maatman, Rene H. 2004. *Dutch Pension Funds. Fiduciary Duties and Investing*. Deventer: Kluwer Legal Publishers.

Mabbett, Deborah. 2009. "Supplementary Pensions between Social Policy and Social Regulation." *West European Politics* 32 (4): 774-791.

Oliver, Elizabeth. 2009. "From Portability to Acquisition and Preservation. The Challenge of Legislating in the Area of Supplementary Pensions." *Journal of Social Welfare and Family Law* 31 (2): 173-183.

Orenstein, Mitchell A. 2008. Privatizing Pensions. *The Transnational Campaign for Social Security Reform*. Princeton: Princeton University Press.

Palier, Bruno. 2012. "Turning Vice into Vice. How Bismarckian Welfare States Have Gone From Unsustainability to Dualization." In *The Politics of the New Welfare State*, eds. Giuliano Bonoli, and David Natali. Oxford: Oxford University Press.

Peters, Guy B. 2005. “The Problem of Policy Problems.” *Journal of Comparative Policy Analysis* 7 (4): 349-370.

Pierson, Paul. 2001. “Coping with Permanent Austerity.” In *The New Politics of the Welfare State*, ed. Paul Pierson. Oxford: Oxford University Press. DOI.10.1093/0198297 564.003.0014.

Reay, Tim. 2006. “Portability. Benefit or Burden?.” *IPE Investment & Pensions Europe*, January.

Schön, Donald A., and Martin Rein. 1995. *Frame Reflection. Toward the Resolution of Intractable Policy Controversies*. New York: Basic Books.

Schonewille, Peter H. 2003. “Disappearing Tax Obstacles.” *IPE Investment & Pensions Europe*, July/August.

Schonewille, Peter H. 2007. “Pan-European Pension Moves a Step Nearer.” *IPE Investment & Pensions Europe*, March.

Sourbès, Cécile. 2013a. “EC Ready to Drop Key IORP II Proposal ‘in Exchange for Portability Directive’.” *IPE Investment & Pensions Europe*, May.

Sourbès, Cécile. 2013b. “Council Adopts Portability Directive One Month After Major Move on IORP.” *IPE Investment & Pensions Europe*, June.

Whiteside, Noel. 2006. “Adapting Private Pensions to Public Purposes. Historical Perspectives on the Politics of Reform.” *Journal of European Social Policy* 16 (1): 43-54.

Widdershoven, Cyril. 2006. “Dutch MPs Back Pension Portability Veto.” *IPE Investment & Pensions Europe*, September 27.

Woolfe, Jeremy. 2008. “Portability Slips Out of View Again.” *IPE Investment & Pensions Europe*, February.