
Local knowledge. Global power.



Towards a Common European Pensions Language

Coherence in Diversity

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- **IORPs need a modern prudential framework**
- **Key issues**
- **Common pensions language**
- **Next steps...**
- **Conclusions**

- o a modern, economic risk-based prudential framework for IORPs means
 - applying the same **principles** as underpin Solvency II for life insurers...
 - ... taking any **relevant differences** into account

- o current **Solvency I** approach **outdated**

- o identify **real differences**, e.g. in security and adjustment mechanisms
- o understand implications of Member State sovereignty on **social policy aspects**
- o understand **interaction** between Member State '**social**' and EU '**market**' rules
- o need for a **holistic** assessment - consider Directive in its entirety and relate to other pension providers

Pensions diversity across EU is a fact of life (*sovereignty*)

- o “**IORPs are different**“ - but **how**? to what **extent** do **differences matter**?
 - pension type/commitment, provider types, IORP types...
 - across countries / within a single country
- o **rational choice** in pensions demands an **overarching system of common principles** enabling
 - **comparison** of different pensions / pension provider types
 - integrated ‘**link up**’ of different pensions and vehicles for citizens, providers, supervisors, policy-makers...

Europe needs a common pensions language

- o develop a **common pension language**
 - **grammar** should be the **economic risk-based approach**
 - **holistic** applicable to **all types of pension providers**

- o **full review** of IORP Directive should be made a **priority** of new Commission
 - use **common language**
 - look at Directive from perspective of **all three solvency pillars**

- o include a **scope review** - no entity-based carve-outs

- o upgrade into a **Lamfalussy** directive

- IORPs need a modern, economic risk-based approach
- identify and respect real differences
- understand ‘social’ / ‘market’ interaction
- develop common language *now* ...
- ... full review IORP Directive *to start in 2010*