

THE DEVELOPMENT AND THE FUTURE OF PENSIONS IN THE CEE REGION: EIOPA'S PERSPECTIVE

CEEC Forum

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EIOPA REGULAR USE

KEY MESSAGES

1. Pensions in the EU are diverse. The CEE region is part of that diversity.
2. The EU as a whole faces demographic challenges to the sustainability of its pension systems. This challenge is particularly acute in the CEE region.
3. EIOPA is proposing new requirements for defined contribution occupational pensions, and measures on pensions tracking systems and pensions dashboards.

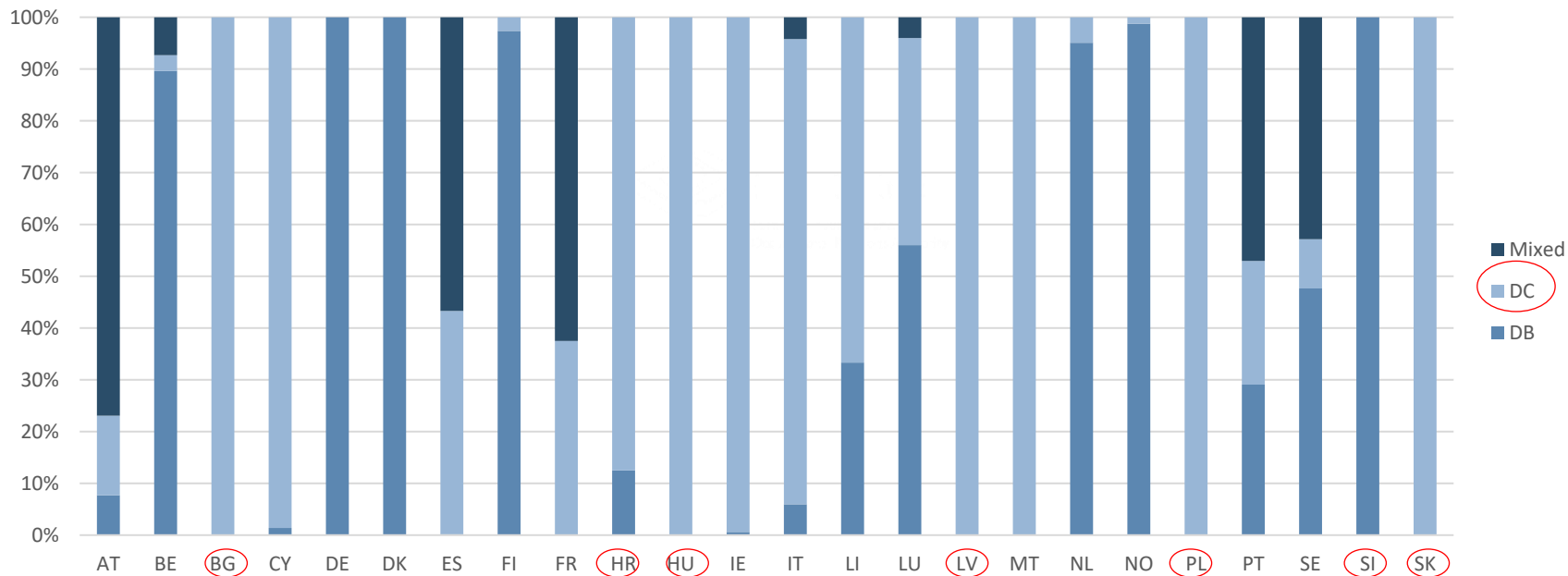
EU PENSIONS – A DIVERSE LANDSCAPE – OCCUPATIONAL VS PERSONAL

CEE countries (OECD data - %)	Occupational DB plans			Occupational DC plans			Personal plans		
	~ 2001	~ 2011	~ 2021	~ 2001	~ 2011	~ 2021	~ 2001	~ 2011	~ 2021
Czech Republic	x	x	x	x	x	x	100.0	100.0	100.0
Estonia	x	x	x	x	x	x	100.0	100.0	100.0
Hungary (1)	x	x	x	x	x	x	100.0	100.0	100.0
Latvia	x	x	x	..	2.8	1.1	..	97.2	98.9
Lithuania	x	x	x	x	x	x	100.0	100.0	100.0
Poland	x	x	x	0.1	1.5	11.4	99.9	98.5	88.6
Slovak Republic	x	x	x	x	x	x	100.0	100.0	100.0
Albania (2)	x	x	x	x	69.6	50.7	x	30.4	49.3
Bulgaria	x	x	x	0.0	0.1	0.1	100.0	99.9	99.9
Croatia	x	x	x	..	0.9	1.0	..	99.1	99.0
Romania (3)	x	x	x	x	x	x	x	100.0	100.0

EEA countries Non-CEE (OECD data - %)	Occupational DB plans			Occupational DC plans			Personal plans		
	~ 2001	~ 2011	~ 2021	~ 2001	~ 2011	~ 2021	~ 2001	~ 2011	~ 2021
Denmark	2.5	1.6	1.1	62.9	61.4	71.0	34.6	37.0	27.9
Finland (1)	..	89.1	92.5	..	0.4	0.0	..	10.6	7.5
France	..	28.0	22.6	..	63.6	67.2	..	8.4	10.2
Iceland	17.0	23.6	6.0	81.7	61.1	79.1	1.3	15.3	14.9
Italy	40.1	9.9	2.6	56.8	68.6	61.9	3.1	21.5	35.4
Portugal (2)	38.6	11.3	50.0
Spain	..	47.8	34.6	..	6.9	7.6	..	45.3	57.8
Switzerland	..	89.0	90.6	x	x	x	..	11.0	9.4
Liechtenstein	..	36.4	11.8	..	63.6	88.2	x	x	x
Malta (3)	x	x	x	x	..	0.8	x	..	99.2

Both tables from:
Pension Markets in Focus
2022

EU PENSIONS – A DIVERSE LANDSCAPE – DEFINED BENEFIT VS DEFINED CONTRIBUTION



DEMOGRAPHIC CHALLENGES

Old-age-dependency ratio 20-64

CEE	2019	2040	2050	2060	2070
BG	36.0	50.2	60.5	66.2	60.8
CZ	33.0	45.2	54.8	59.2	53.7
EE	33.8	46.1	53.8	61.5	59.4
GR	37.9	57.8	68.2	67.3	65.2
HR	34.8	50.4	57.2	61.5	64.6
LV	34.6	53.8	62.3	69.5	63.6
LT	32.9	55.9	61.5	68.4	66.0
HU	32.2	43.5	52.0	57.0	57.4
PL	29.0	43.9	57.0	68.2	67.8
RO	31.1	48.9	59.8	64.3	62.1
SK	25.9	43.1	56.5	66.3	63.1
CEE Av.	32.8	49.0	58.5	64.5	62.2
EU	34.4	51.4	56.9	59.2	59.2

Old-age-dependency ratio 20-64

EEA / Non-CEE	2019	2040	2050	2060	2070
BE	32.5	46.0	49.2	51.8	53.3
DK	34.1	47.4	47.9	51.2	53.8
DE	36.1	52.2	52.8	54.3	54.6
IE	24.2	37.4	46.5	50.0	53.0
ES	32.1	54.0	64.7	64.1	62.5
FR	36.5	51.7	54.8	55.9	56.9
IT	38.9	61.4	66.5	65.5	65.6
CY	26.2	35.6	38.8	45.3	50.7
LU	22.6	37.8	45.5	52.8	56.1
MT	29.7	36.4	43.5	56.5	62.4
NL	32.9	49.3	49.3	51.4	55.2
AT	30.7	48.2	51.5	54.8	55.9
PT	37.3	59.6	68.8	67.9	67.3
SI	33.2	51.0	59.9	61.7	58.8
FI	38.9	48.4	52.3	58.2	62.5
SE	35.2	41.2	43.0	48.4	49.8
NO	29.4	41.3	44.1	48.5	52.4
EEA / Non-CEE Av.	32.4	47.0	51.7	55.2	57.1
EU	34.4	51.4	56.9	59.2	59.2

WHAT HAS EIOPA BEEN DOING?

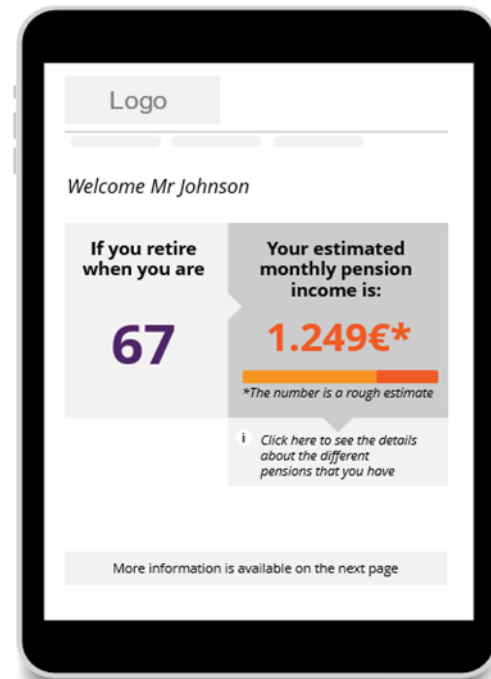
- **Advice on IORP II directive: Shift from defined benefit to defined contribution**
- **Long-term risk assessment**
 - Introduce requirement for DC IORPs to enact long-term risk assessment from the perspective of members and beneficiaries in order to foster their protection
- **Supervisory reporting on costs and charges**
 - Require DC IORPs to report on an annual basis information on all costs and charges, according to the principles, and with the definitions and templates set out in EIOPA Opinion
- **Fit and proper requirements**
 - Collective fitness of those who run the IORPs should include the knowledge and competencies that enable them to address the different levels of risk that members and beneficiaries are exposed to, depending on the nature of the schemes they are part of

WHAT HAS EIOPA BEEN DOING?

Advice on pensions tracking system

- Aim of Advice is to give MS **tools to implement a PTS** if they so wish
- EIOPA's advice focuses on **identifying best practices** (in providing individuals with access to pension information), **allowing the necessary flexibility to Member States** in terms of choosing functionalities, costs and forms of governance
- **SCOPE** – projected amount of **all pension sources incl. statutory pensions** (expected cumulative information),)
- **FRONT END** to be designed considering **users' behavioural and cognitive biases**
 - expected retirement income to be shown as an **aggregate figure of a net monthly income in today's prices**, taking into account the **decumulation options** available in the different Member States to citizens.
 - information to be i) **streamlined via layering, signposting and click-buttons**, ii) downloadable (**user-journey** concept), iii) limited to the **retirement age** and **monthly pension income** in the **landing page**, as per consumer testing (see mock-up).

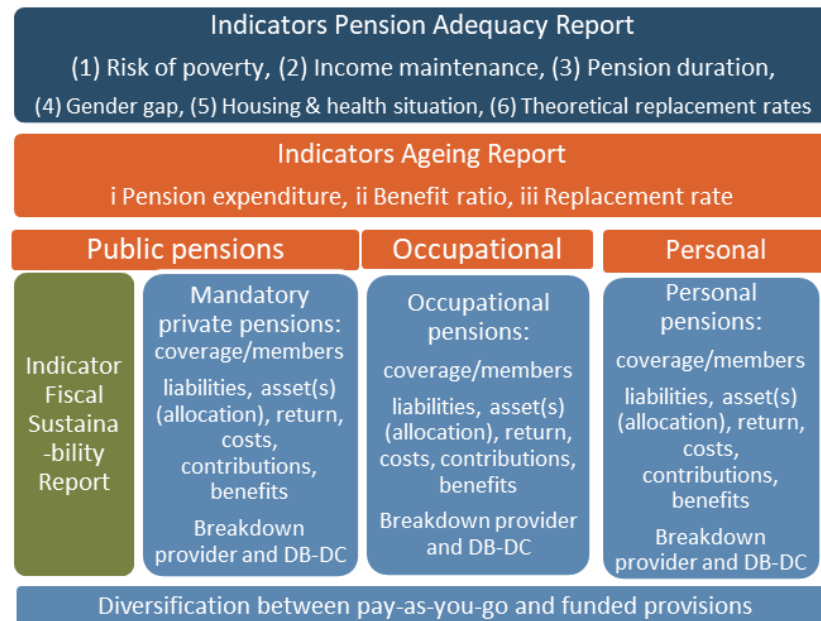
LANDING PAGE



WHAT HAS EIOPA BEEN DOING?

■ Advice on pensions dashboard

- Build on what already exists e.g. Pension Adequacy Reports, Ageing Reports, Fiscal Sustainability Report
- Additional indicators
 - *Coverage rates*
 - *Financial variables for funded pensions*
 - *Diversification between pay-as-you-go and funded pension provision*





THANK YOU!

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