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Press Release

PensionsEurope: Solvency capital requirements at national or at EU level would have significant negative consequences

The Norwegian government plans to introduce a simplified Solvency II requirement for pension funds in January 2018. PensionsEurope warns that Solvency capital requirements at national or at EU level would have significant negative consequences.

Matti Leppälä, Secretary General/CEO of PensionsEurope:

- “As also EIOPA has noted, solvency capital requirements can have significant negative impacts on pension funds, sponsors, and members. They do not add any additional security for members and beneficiaries. Instead, they significantly increase pension funds’ costs and decrease their possibilities to invest long term in real economy and to contribute to jobs and growth in Europe. Furthermore, they decrease the willingness of employers to provide occupational pension schemes, and therefore, also the future coverage of occupational pension schemes.”

The plenary vote in the European Parliament on the modernised rules, the IORP II Directive, for the EU pension funds has been scheduled for November 2016. PensionsEurope shares the goal of the rules to facilitate the development of occupational retirement savings and to provide sustainable and adequate occupational pensions to the European citizens. Particularly PensionsEurope is pleased that the rules do not contain new solvency capital requirements for IORPs.

The IORP II Directive states that “The further development at Union level of solvency models, such as the holistic balance sheet (HBS), is not realistic in practical terms and not effective in terms of costs and benefits, particularly given the diversity of IORPs within and across Member States. No quantitative capital requirements - such as Solvency II or HBS models derived therefrom - should therefore be developed at the Union level with regard to IORPs, as they could potentially decrease the willingness of employers to provide occupational pension schemes.” PensionsEurope welcomes this important statement.

Matti Leppälä said:

“For the same reasons also at national level, now in Norway, introducing Solvency II type capital burdens on pension funds should be avoided.”

About PensionsEurope

PensionsEurope represents national associations of pension funds and similar institutions for workplace pensions. Some members operate purely individual pension schemes. PensionsEurope Members are large institutional investors representing the **buy-side** on the financial markets.

PensionsEurope has **24 member associations** in EU Member States and other European countries with significant – in size and relevance – workplace pension systems[1].

PensionsEurope member organisations cover the workplace pensions of about **70 million European citizens.** Through its Member Associations PensionsEurope represents more than **€ 3.5 trillion of assets** managed for future pension payments.

PensionsEurope also has **26 Corporate and Supporter Members** which are various service providers and stakeholders that work with IORPs.

PensionsEurope has established a **Central & Eastern European Countries Forum (CEEC Forum)** to discuss issues common to pension systems in that region.

PensionsEurope has established a **Multinational Advisory Group (MAG)** which delivers advice on pension issues to PensionsEurope. It provides a collective voice and information sharing for the expertise and opinions of multinationals.

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[1] EU Member States: Austria, Belgium, Bulgaria, Croatia, Estonia, Finland, France, Germany, Hungary, Ireland, Italy, Lithuania, Luxembourg, Netherlands, Portugal, Romania, Spain, Sweden, UK. Non-EU Member States: Iceland, Norway, Switzerland.