

Living to an old age is a golden opportunity. But you only get the chance when you are independent, in good health and sufficiently well-off to be able to live

MAINTAINING AND MATCHING PENSIONS

The countries of Europe are increasingly affected by problems resulting from demographic change. The difficulties which arise from this change when providing for the elderly are further exacerbated by prolonged weak economic development and increasing rates of unemployment.

Sustainable solutions

As the European Senior Citizens' Union, we see it as our role and responsibility to address this problem and to help identify proposals for acceptable and sustainable solutions. However, the ESCU does not intend to see this as a one-sided role which only considers the interests of the older generation. Rather we are extremely aware of the responsibility which comes from the fact that we are dealing with a cross-generational phenomenon. The ESCU has regard for the interests of everyone, and especially those of the younger generation.

We must not overlook the fact that this will not be an easy task, especially if we are to find solutions which are acceptable throughout Europe. This kind of task will not be achieved overnight. However, let's be clear that we do not need to re-invent the wheel. It's much more a question of checking to see if and where there are sticking points, how we can oil the works, and if necessary, in order to stay on course, whether the whole system has to be modified or rebuilt from scratch.

At this point, we would like to make a few basic comments, before coming to the recommendations for pensions, the payment of pensions and the measures which need to be undertaken.

I. Basic comments:

1. People live longer:

People live longer and this trend will continue in the years to come. Medical progress and improved living conditions have generally prolonged our lives; however, there are noticeable differences between the different age groups. The number of people under 60 years of age is gradually decreasing, whilst the number of people over 60 is increasing. The number of people who are over 80 will double in size by the year 2050.

2. We have shorter working lives:

The length of our working lives is reduced due to social developments, longer periods spent in education and the duty of care of husbands and wives who both go out to work and look after the children.

3. Increased unemployment:

The increase in unemployment is noticeable particularly among the younger generation who are just starting out in their professional lives but also among senior citizens aged 55 or over. This is especially true for senior citizens in jobs which require fewer qualifications. Only one in four is still employed; 25% of the over-50s are unemployed and are not seeking work and 50 % are looking for a new job just to keep up appearances. The decision to retire earlier would not be a problem if it were not for the fact that pension funds are taking in fewer contributions and pension payments have become a real problem.

4. The Cost of Old Age:

The cost of an increasing elderly population mostly impacts on pensions and health care costs. Other welfare costs for children, the unemployed, those who are unfit for work and those who take early retirement are affected to a lesser extent.

5. Harmonisation:

There is widespread agreement that harmonisation of welfare provision for the elderly is not possible at this time. This was also one of the conclusions of the ESCU Workshop in 1997: "Only a coming together of aims is possible rather than harmonisation." Nevertheless the issue now warrants further examination and an attempt to bring the aims closer together.

II. Recommendations:

However, a number of general measures could create greater security in future:

1. Improvement in economic growth:

Demographic change plays a direct role in increasing payments from social insurance and the government. Only strong economic growth offers a solution here.

2. Reduction in national debt:

National debt is too high in several EU states. In order to achieve a position where increasing social payments can be accommodated, national debt must be reduced and a reserve budget created, so as to meet the costs of an ageing population.

3. Solidarity between generations:

The costs of an ageing population must be spread across the generations. However, solidarity between the working population and the elderly cannot be exploited ad infinitum.

4. Lengthening our working lives:

The low level of employment among the over-55s keeps welfare payments for social insurance low and contributes to a slowing down of economic growth. Early retirement, often used by companies and by government as a simple countermeasure, must be dismantled and redirected. In spite of some fairly unconvincing experiences in a number of member states, measures must be undertaken to extend the working life of the over-55s.

5. Strengthening company pensions:

Supplementary pensions, as a second pillar, are an important safeguard against the effects of inflation. Company pensions must provide reinsurance, even where companies have gone bankrupt.

6. Securing a dignified existence:

Pensions must be paid at a level which gives everyone the chance to live a dignified life and must equate to changes in the general standard of living. It is recommended that pensions for the elderly are brought into line with the standard of living.

7. Consolidation of statutory pensions:

The first pillar of statutory pension provision, which is based on redistribution, must remain as the main element of pension provision. However, it is necessary to extend not only the second pillar (company pensions) so that a greater number of people can participate, but also the third pillar which is private pensions. This third pillar should be supported by tax incentives wherever possible and within reason.

III. Women's pensions

Women are most of all affected by the ageing of the population and greater life expectancy. Therefore it is important to pay particular attention to their situation.

As in the past, women today are often not in work for as long as men and are much more likely to work on a part-time basis. Therefore they receive smaller pensions than men. For the most part, this situation arises because it is women who care for their children and other members of the family.

1. Recognition of interruptions in employment:

This is the reason why we continue to emphasise that – as part of their pension provision system - member states must guarantee continuity of membership during maternity leave, whilst raising a family and for periods spent as a carer, as is already the case in some member states. And this should apply to men as well as to women.

We call for an appropriate evaluation of pension needs and suggest that women in particular benefit from this exemption and that their pensions will not suffer as a result.

2. Individual pension entitlement:

It is extremely important that women receive their own pension entitlement. Where this is not the case, their derived pension entitlements must be upheld.

Following on from this, in the case of divorce or separation, pension entitlements which have accrued during a marriage should be divided up in order to provide security for the spouse (man or woman) who gave up employment to care for the family. This demand is particularly important for those member states where a system of pension equalisation has not yet established in legislation.

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