

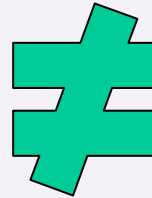
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# Solvency II not adequate for IORPS

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Funds

# Solvency and Pension Funds

**Pension  
Funds**



**Insurance**

# They look similar, they're not

Pension funds:

- Long term investor
- Solidarity and often compulsory participation
- Different steering mechanism
- Social goals, social partners are involved

AND

They didn't need billions of euros financial support to survive the financial crisis

What is an IORP ?

# Solvency and Pension Funds

- Objectives of a solvency regime for pension funds:
  - Protection of beneficiaries
  - Counter cyclic
  - Avoid supervisory arbitrage

# Solvency and Pension Funds

- Through severer solvency requirements funding ratios may increase
- Shift to DC and thus shifting the risk to the individual
- Decrease of risk profile. Less risk, less return on investment, higher contribution or lower pension
- In depth impact assessment is necessary

# Solvency and Pension Funds

- Take into account the pension contract (DB, DC, hybrid schemes)
- Risk based approach
- Market consistency
- Governance and proportionality
- Transparency and disclosure

**counter cyclic**

# Conclusions

- Fully funded 2nd pillar occupational pension funds (IORP's) are very important to deal with ageing of Europe.
- European Solvency regime for iorps should be appropriate and take account of specificities and the different existing pension contracts (DB, DC and hybrid schemes) of pension funds
- Measures should be forward looking, risk-based and counter cyclic
- Transparency should be increased
- Proportionality guaranteed



# VB

The Dutch Association of Industry-wide Pension Funds (Vereniging van Bedrijfstakpensioenfondsen, VB) promotes, in the broadest sense of the word, the common interests of almost all such funds in the Netherlands. The 82 member-funds are representing more than 75% of the Netherlands employees participating in pension schemes. The VB represents the pension interests of almost 4.7 million employees, 1.2 million pensioners and 6.8 million persons with deferred pension rights. The united assets of the involved pension funds amount to approximately 500 billion euro's (end of 2007)

More information: [www.vb.nl](http://www.vb.nl)



Vereniging van  
Bedrijfstakpensioenfondsen