



*Association Européenne des Institutions Paritaires de Protection*

*Sociale*

*European Association of Paritarian Institutions of Social Protection*

---

***AEIP***

**European Association of Paritarian Institutions  
of Social Protection**

*AEIP*

---

# Agenda of the presentation

- 1) **Few words about AEIP**
- 2) **What's going on in Europe?**
- 3) **Current cooperation between NCCMP, AEIP and MEBCO**
- 4) **Next steps**



*Association Européenne des Institutions Paritaires de Protection Sociale*  
*European Association of Paritarian Institutions of Social Protection*

---

# 1) FEW WORDS ABOUT AEIP

*AEIP*

---



*Association Européenne des Institutions Paritaires de Protection*

*Sociale*

*European Association of Paritarian Institutions of Social Protection*

---

# AEIP: who we are

AEIP is a lobbying organization, aimed at influencing the European Union's Institutions in their policy and law making process

AEIP is therefore based in the core of the European Union's quarter in Brussels

AEIP is a not profit organization (Association) and it is maintained by the annual contributions of its members; 6 people form the team of AEIP

---



*Association Européenne des Institutions Paritaires de Protection*

*Sociale*

*European Association of Paritarian Institutions of Social Protection*

# AEIP: who we represent

AEIP, like NCCMP, represents those social protection plans which are jointly set up and managed by the social partners (paritarian institutions):

- Pension institutions managing statutory plans "1 pillar";
- Pension funds (supplementary to the State pensions "2 pillar");
- Healthcare institutions (providing healthcare benefits)
- Unemployment institutions (benefits for the unemployed)
- Paid holiday institutions (covering the pay during holidays)
- Health and safety at work institutions (providing trainings, etc.)

# Members (2010)

	→			→	 Lombard Odier Darier Hentsch		→	
	→	<b>ASSOPREVIDENZA</b>		→	<b>BUAK</b> Bauarbeiter-Urlaubs- und Abfertigungskasse		→	
	→	 integrale		→			→	 Construction Industry Monitoring Agency
	→	<b>agirc</b> RETRAITE DES CADRES		→	 COMMISSIONE NAZIONALE PARITETICA PER LE CASSE EDILI		→	
	→	 ARRCO Retraite complémentaire des salariés		→			→	
	→	 TELA Työeläkevakuuttajat		→			→	
	→	 SOKA-BAU Service-Vorsorge für die Bauwirtschaft		→			→	
	→	 Vereniging van Bedrijfstakpensioenfondsen		→				
	→	 B&CE Benefit Schemes		→	 BG BAU Berufsgenossenschaft der Bauwirtschaft		→	
							→	 EBAV ENTE-BILATERALE-ARTIGIANATO-VENETO

## **AEIP: Some figures**

- **26 members (+ 25 affiliates) from 19 European Countries**
- **Capital represented (through its members): 1.200 billion €**
- **Plans' members represented: 74 million people in Europe**
- **Social institutions represented: 1.200**



*Association Européenne des Institutions Paritaires de Protection Sociale*  
*European Association of Paritarian Institutions of Social Protection*

---

# **An overview about the pension and healthcare systems in Europe**

A large, faint watermark of the AEIP logo is visible in the bottom right corner of the slide. It consists of the stylized leaf, the stars, and the text 'AEIP' in a light blue color.

*AEIP*

---

# Two traditional pension models in Western Europe

(and the spread of Paritarism)

**Beveridgean' VS Bismarckian's**  
models

**Anglo-Saxon: (UK, IE)**  
**+ Nordic: (NL, SE, DK, FL)**

**Continental**  
**(DE, FR, BE)**  
**+ South EU States**  
**(SP, IT, PO, GR)**



Association

# Labor and Management plans deeply-rooted in (west) Europe

Apart from some exceptions (like UK, Spain, Portugal), in Western Europe, the majority of the supplementary pension plans are set up by collective bargaining agreements

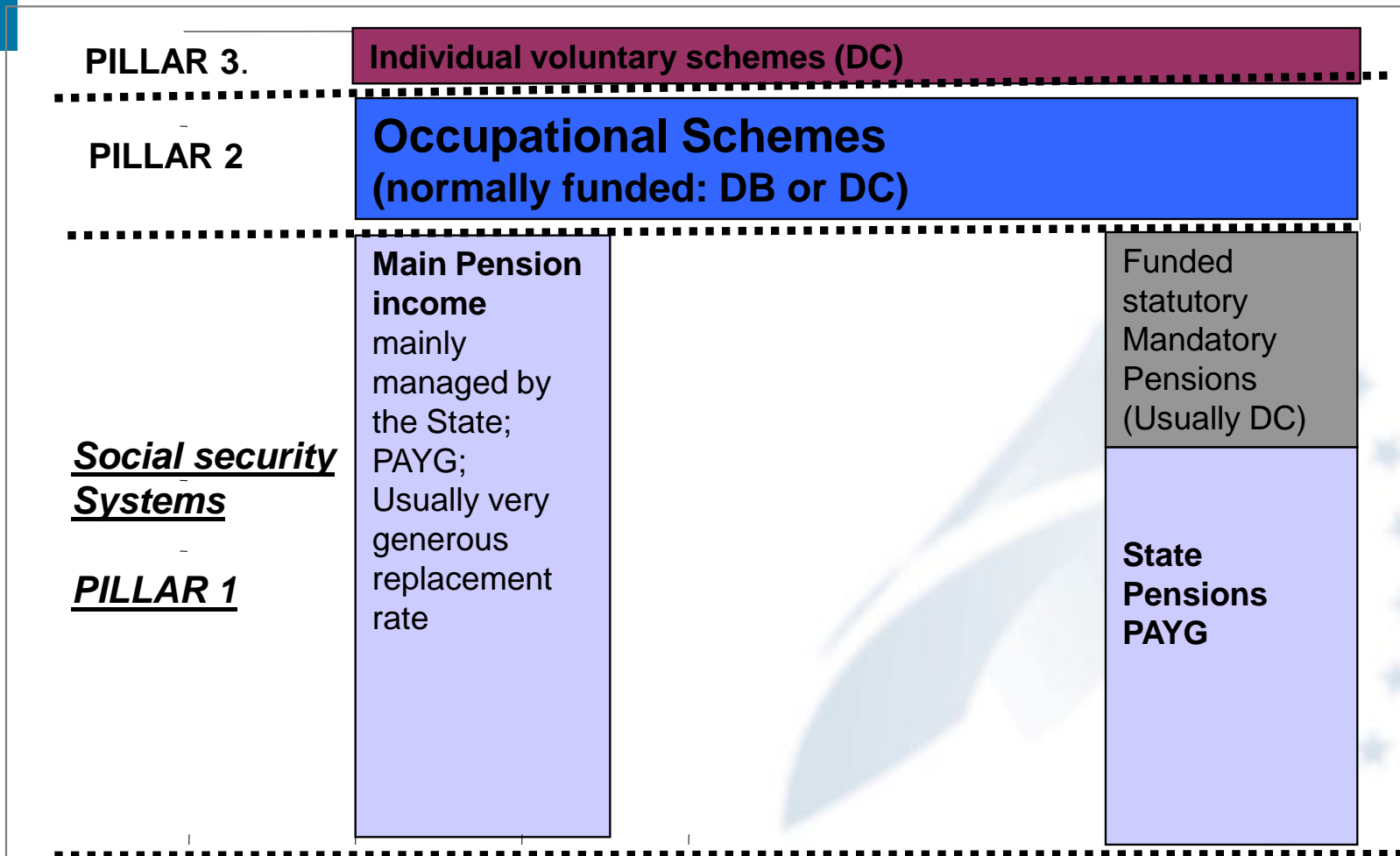
In several countries, these agreements are extended also to the non signatory parties, by making the plans mandatory for everyone belonging to the industry-sector concerned

The plans are therefore jointly trusted by labor and management representatives

(« paritarian running»)

AEIP

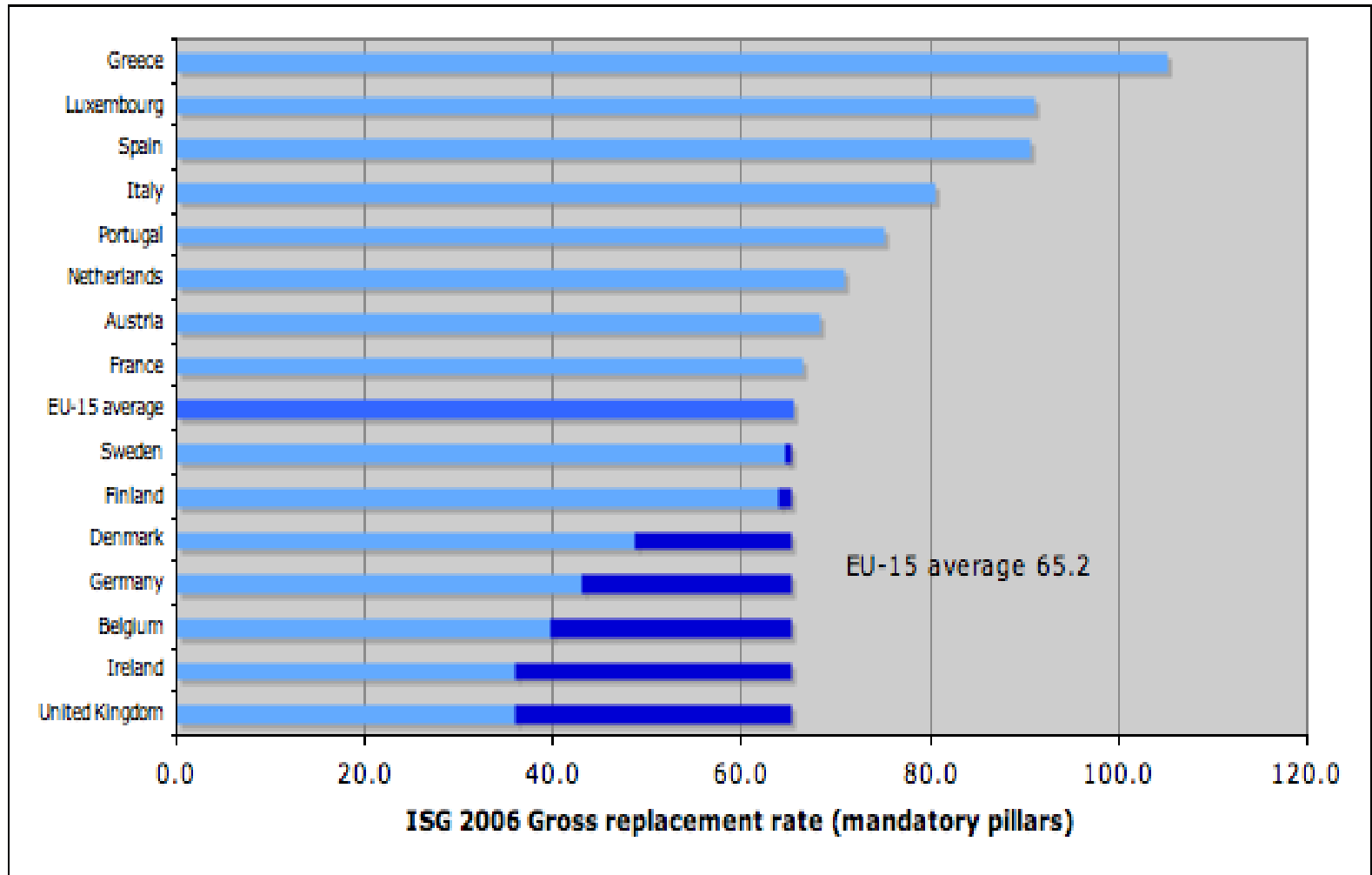
# The different pillars for pensions (social security and pension funds)



So far, in many States 1st pillar is by far PAYG: FR, DE, SP, IT,GR,etc.

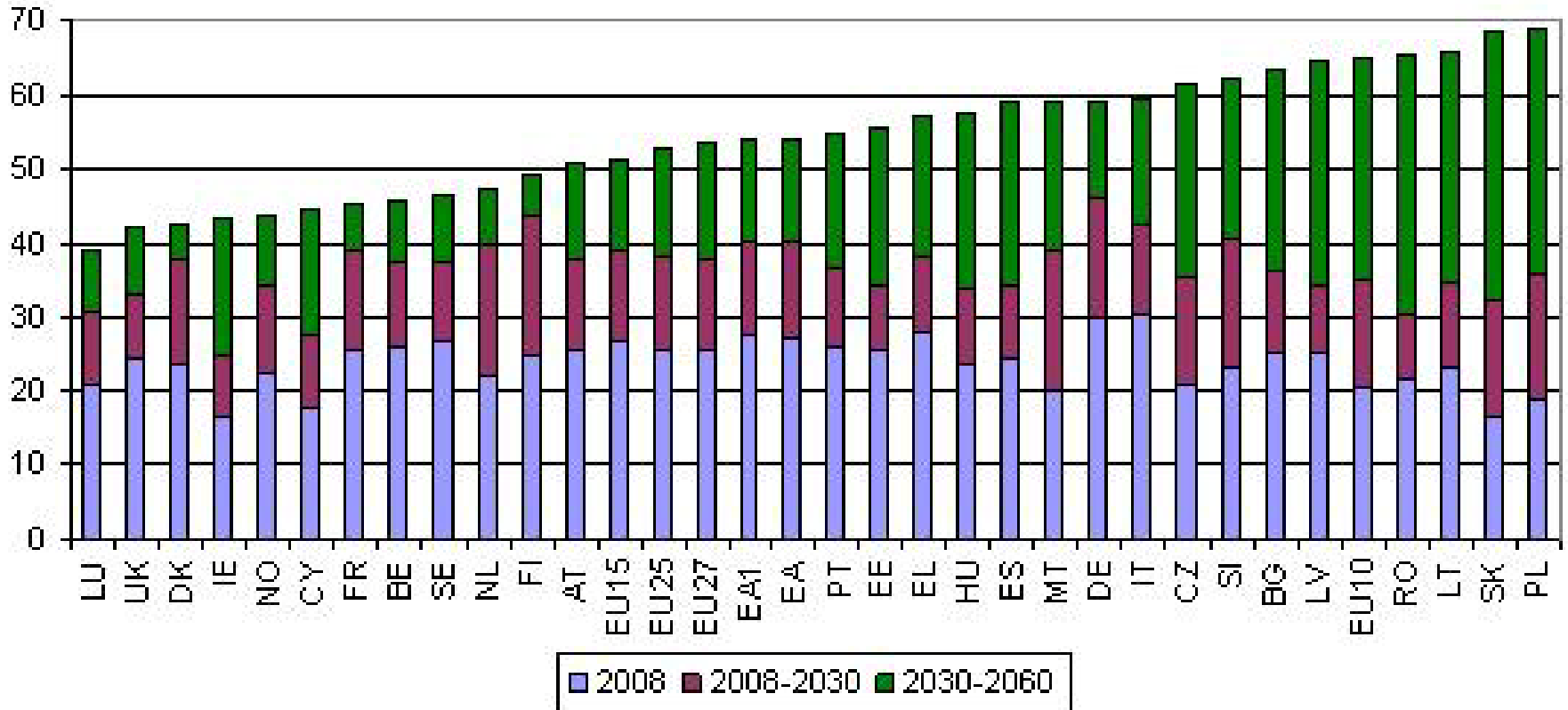
In some other states, 1<sup>st</sup> pillar is PAYG + funded: DK, SE, LV, PL,SK,etc

# Pension gap in EU 2006 (mandatory plans)



# Old-age dependency ratios

(ppl  $\geq 65$  / ppl 15-64)



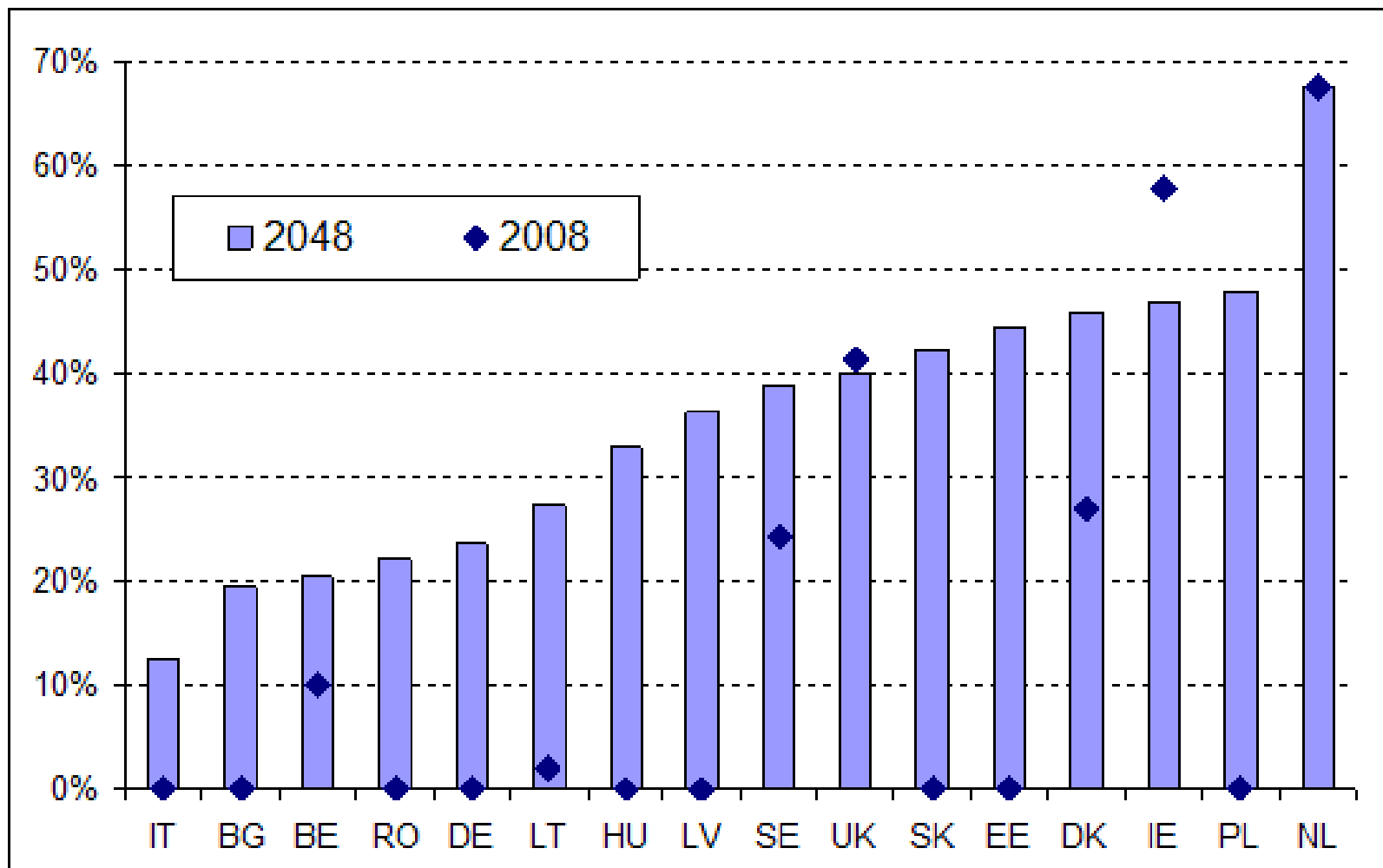
# PAYG systems to be adjusted

## PAYG systems:

- remain main overall source of pension income
- fiscal pressures on financing and contributions due to the slowing economy
- current pensioners little affected so far
- increase in contribution rates in some MS
- increase in pensionable ages

Future greater role for funded schemes (today PAYG still prevails)

Share of funded pensions in total gross replacement rates in 2008 and 2048



# DB Plans (some arrangements):

## Funded DB and hybrid schemes:

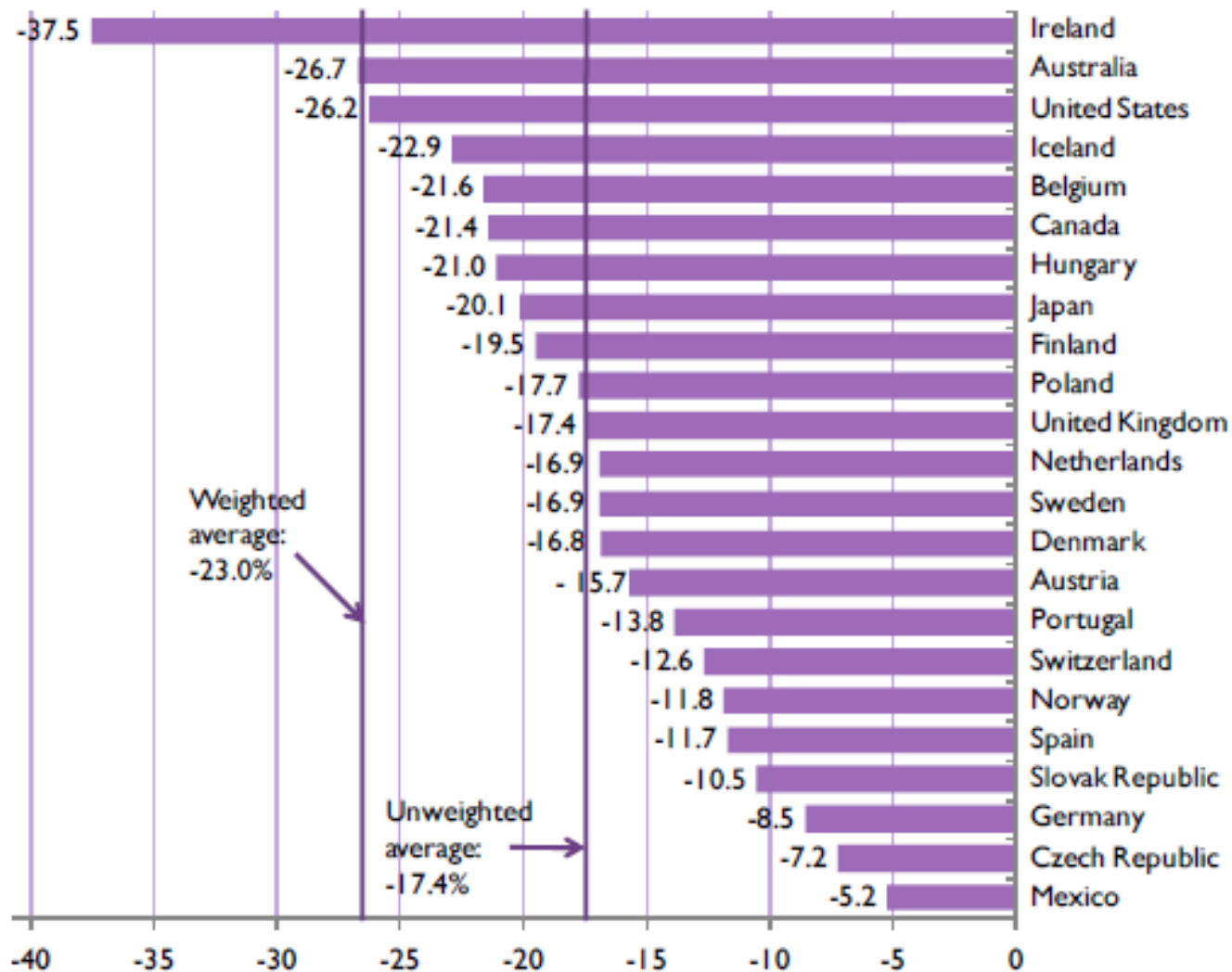
- hard to keep their promises after the crisis
- Insolvency Directive
- pensioners could have been affected in schemes with conditionality rules (eg. conditional indexation)
- medium term solutions for the sponsor:
  - foot the bill of the recovery plan
  - ask social partners for agreement (increase in contributions)
  - reduce accrual rates
  - increasing the pensionable age
  - introducing a DC element to the scheme
  - increasing conditionality rules
  - closing the scheme to future accruals

# DC plans: other matters

## Funded DC schemes:

- lost more than 20% of their value in 2008
- impact more severe on those close to retirement (unless life-styling strategies)
- some countries offered the possibility to move part of the contributions from DB PAYG schemes to new DC funded schemes
- choices were driven by information people received at the time (rates of return observed in the past and positive growth expectations)
- need of better information to future pensioners + transparency

# The impact of the crisis: Pension funds real return '08



# Overview of the healthcare systems in Europe

**Diversity In:**

**The organisation of the health systems**

**The financing**

**The health spending per capita**

**The access to healthcare**

**Big gap between the « old » (like Germany, France) and the 'new' member states of EU (like Poland, Romania)**

---

# 27 “universal” health system models



## **Beveridge**

**Tax-based**

**Government driven**

**Public provision**



**North**



- Denmark**
- Sweden**
- Finland**
- Ireland**
- United Kingdom**
- Latvia**
- Greece**
- Italy**
- Spain**
- Portugal**



**South**

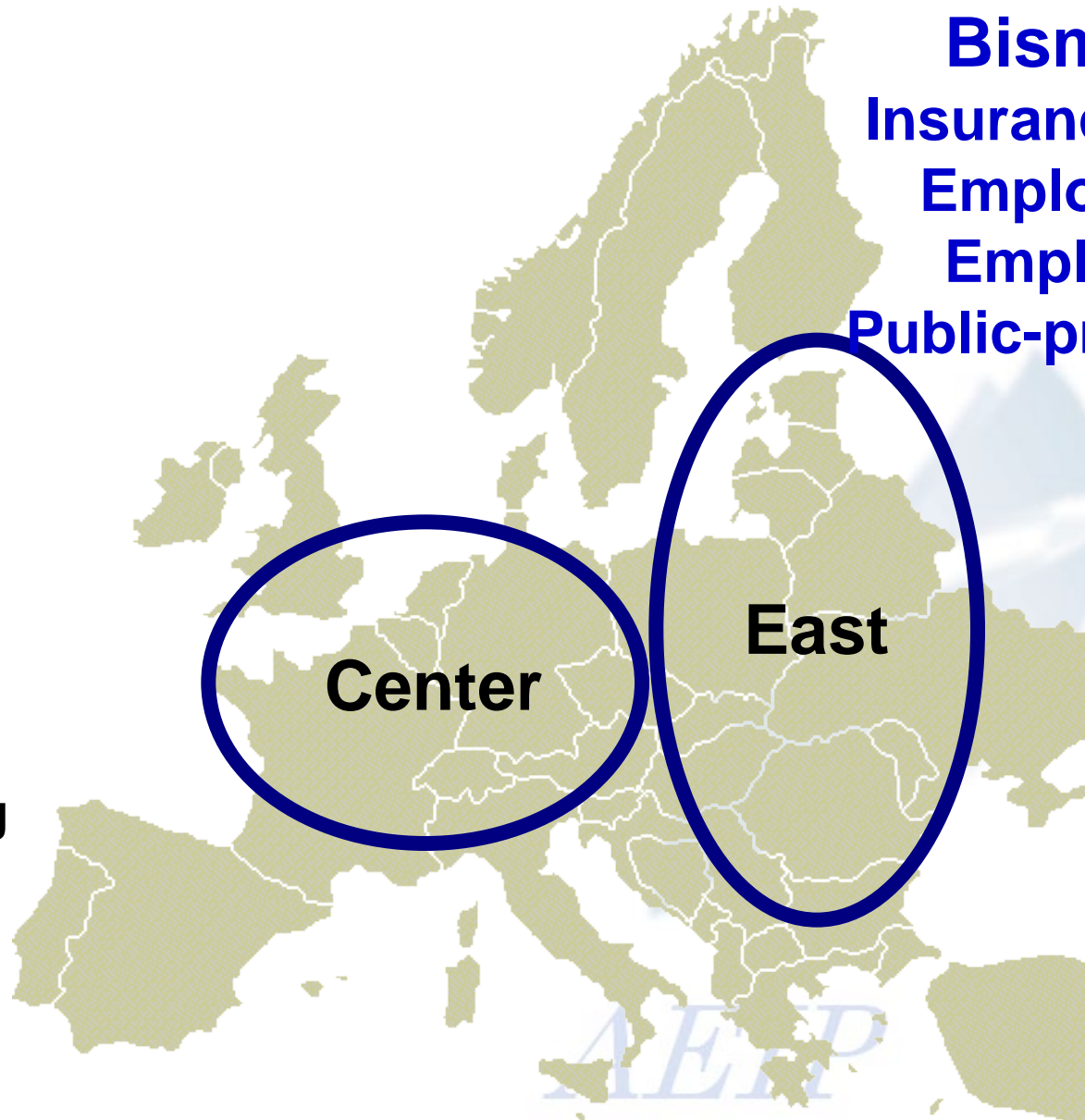


# 27 “universal” health system models



**Bismarck**  
**Insurance-based**  
**Employers &**  
**Employees**  
**Public-private mix**

**Austria**  
**Germany**  
**France**  
**Belgium**  
**Luxembourg**  
**Netherlands**  
**Switzerland**



**Center**

**East**

**Czech Rep**  
**Slovakia**  
**Poland**  
**Estonia**  
**Lithuania**  
**Hungary**  
**Slovenia**  
**Cyprus**  
**Malte**  
**Bulgaria**  
**Romania**

# Currently the models mix

## some characteristics

### Beveridge

Tax-based

Government driven

Public provision



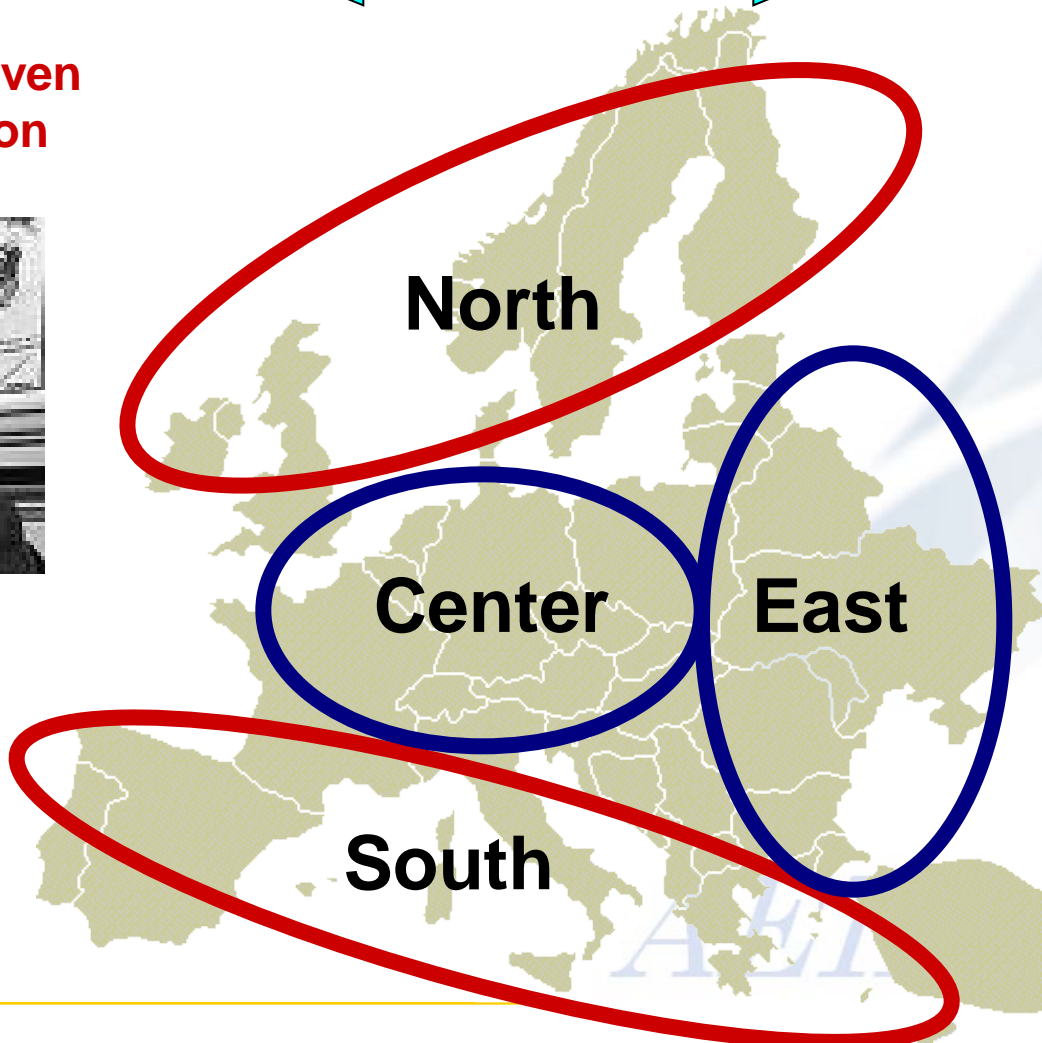
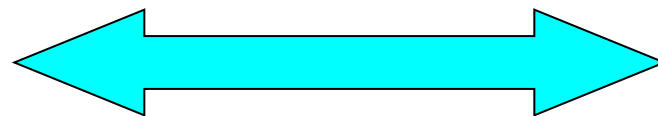
### Bismarck

Insurance-based

Employers &

Employees

Public-private mix



# Basic functioning principles In Healthcare systems

**Solidarity which is the key principle**

**Principle of obligation (mandatory)  
to involve the entire population**

**No exclusion, no selection  
according to disease, personal habits, income**

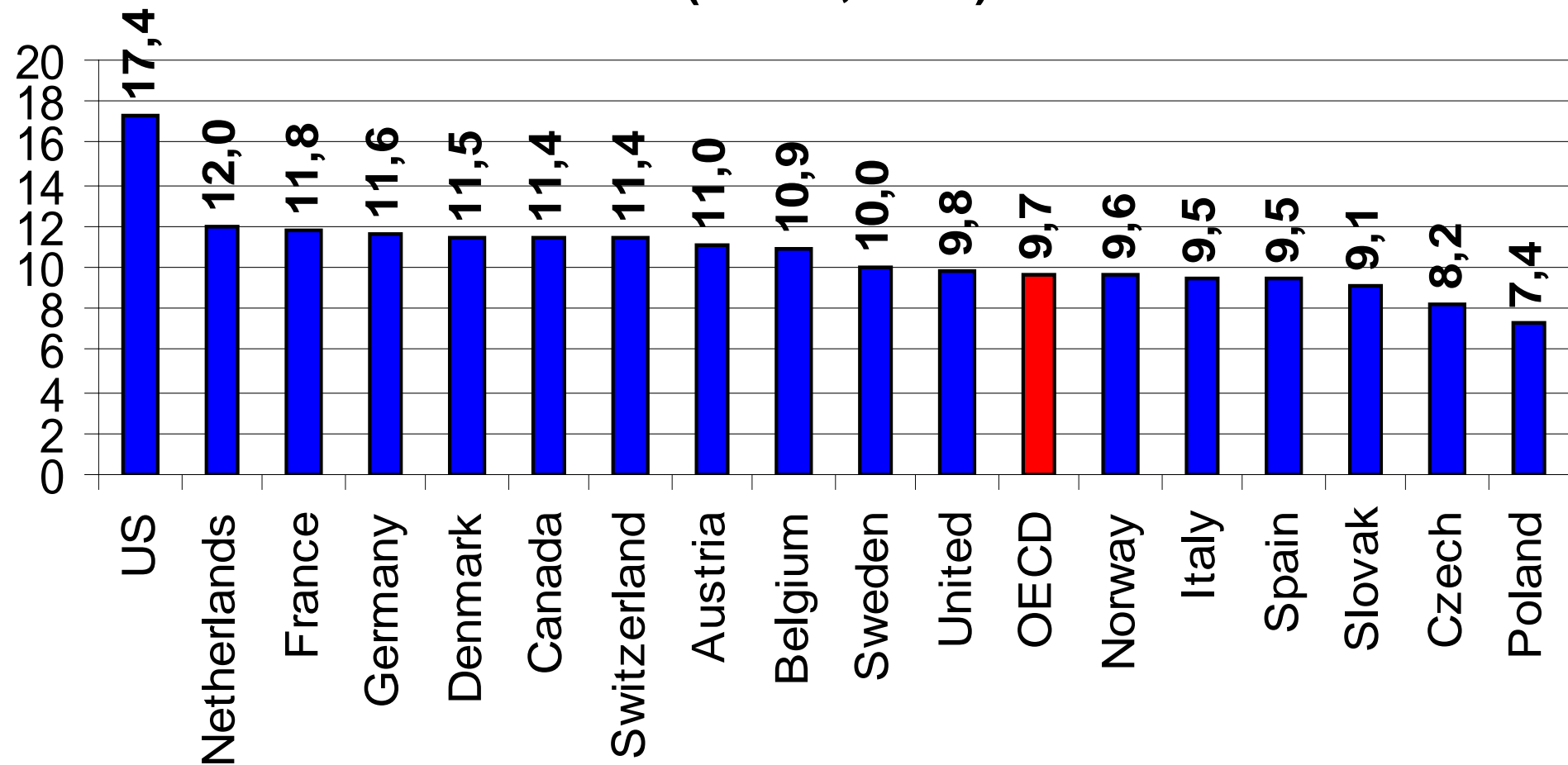
**Not for profit orientation**

**Health is not an ordinary good**

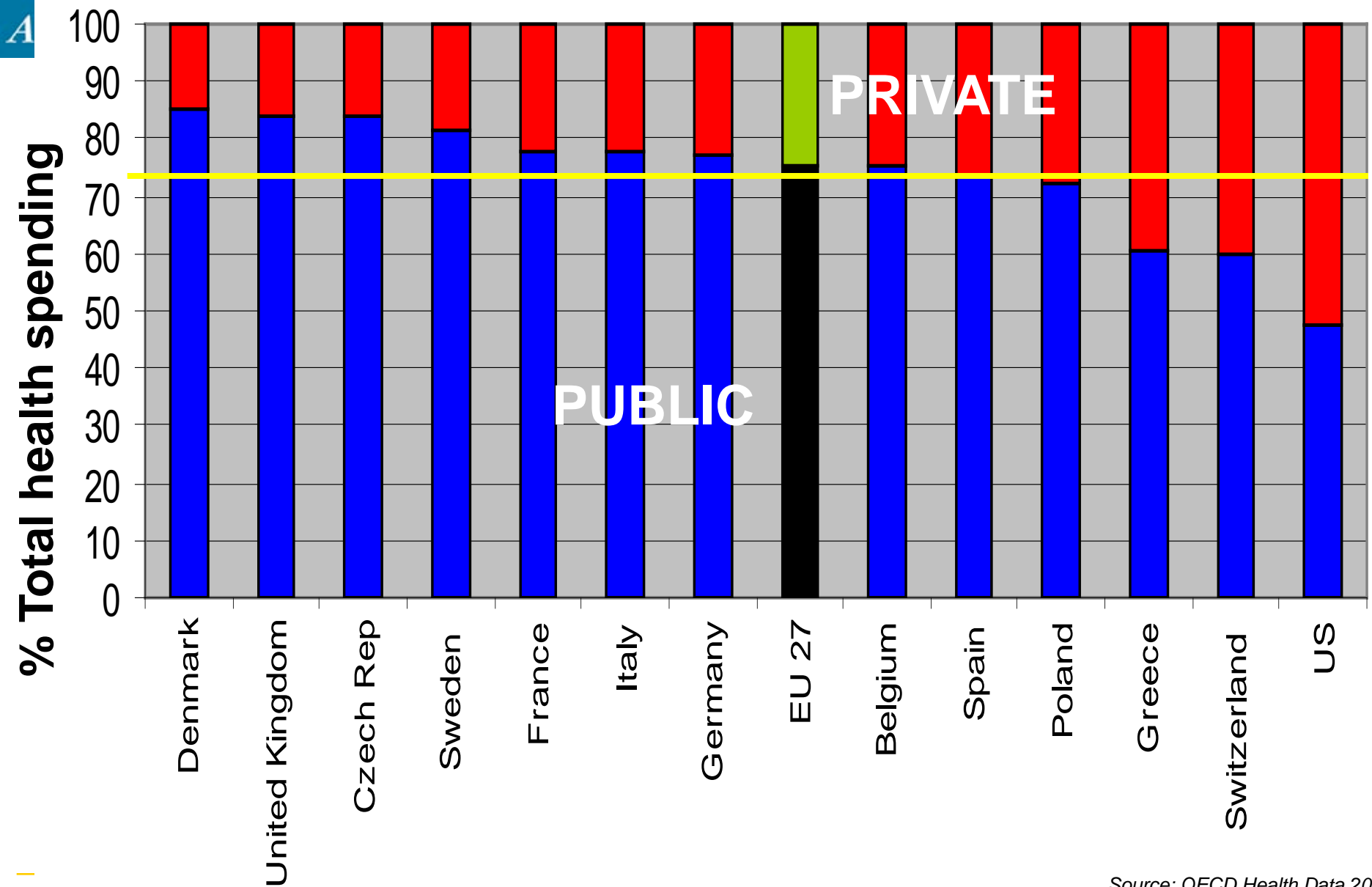
---

# Total health spending continues to rise and to outpace economic growth

## Total health spending in % GDP (OECD, 2009)



# Public financing (75%) remains the main source of financing of the health expenditure in Europe



Source: OECD Health Data 2011

---

# Paradigm

All European States try to commit to universal accessible, high-quality and sustainable health care and long-term care

Of course in an environment of resource limitations and the debt crisis, needs inevitably compete against one another and priorities are established and choices are made. Tradeoffs are necessary.

Health system needs to improve their efficiency and to give more value for money.

---



# Private Health Insurance in Europe

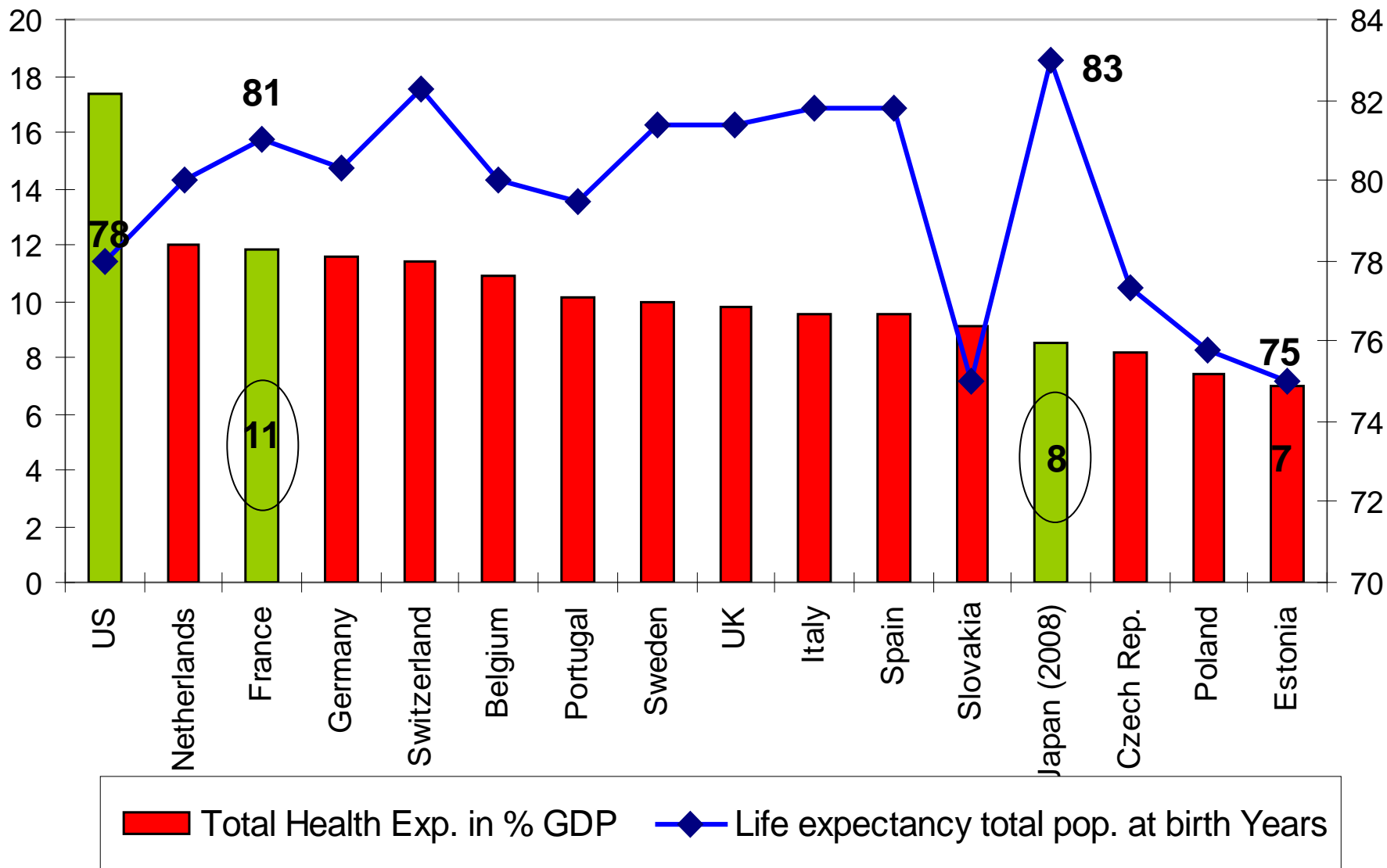
*Association Européenne des Institutions Paritaires de Protection Sociale  
European Association of Paritarian Institutions of Social Protection*

2006	PrivHI in % / Tot H Spend	Covered Population	% not for profit 'Mutual'
<b>Average OECD</b>	<b>&lt;6%</b>	<b>About 30%</b>	
<b>France</b>	<b>12,8%</b>	<b>92%</b>	60%
<b>Slovenia</b>	<b>13.1%</b>	<b>90%</b>	> 58%
<b>Germany</b>	9,3%	10% (subst) 20% (compl)	0%
<b>Switzerland</b>	9,2%	80%	Majority
<b>Ireland</b>	8,4%	50,9%	73%
<b>Netherlands</b>	5,9%	92%	Majority
<b>Belgium</b>	5,4%	73%	40%?
<b>Spain</b>	6,5%	18%	<10%
<b>Greece</b>	1,6%	12%	1%?
<b>New EU States Scandin. Count.</b>	Negligeable	Negligeable	0%

Source: "Private health insurance in the EU", LES for the EC, June 2009

# The global performance as regard health is not directly related to the volume of health spending

Source OECD HEALTH DATA 2011



# Economic deterioration in Europe

- GDP expected to grow around 2% in 2011 and 2012
  - But inflation (2.5% EA, 3% EU in 2011)
  - Unemployment declines but ranging from 4-5% in the Netherlands and Austria to 17-21% in Spain and the Baltic States.
  - Lower deficits in 2010 (6,5%) than in 2009; projected to decrease further in 2011 (4,75%) and in 2011 (3,75%)
  - But debt ratios continue to increase (88% in EA in 2011) – threat to fiscal sustainability
-

# The Sovereign Debt

**Germany: from 66% of GDP in 2008 to 83% in 2010**

**Italy: from 106% of GDP in 2008 to 119% in 2010**

**France: from 68% of GDP in 2008 to 82% in 2010**

**Belgium: from 90% of GDP in 2008 to 101% in 2010**

**Greece: from 97% of GDP in 2008 to 143% in 2010**

**UK: from 52% of GDP in 2008 to 76% in 2010**

**Spain: from 41% of GDP in 2008 to 60% in 2010**

---

# The Sovereign Debt

However.....

**USA: from 38% of GDP in 2008 to 62% in 2010**

**Japan: from 172% of GDP in 2008 to 198% in 2010**



# The Annual Deficit 2010

**Germany: -3,3%**

**Italy: -4,6%**

**Belgium: -4,1%**

**France: -7%**

**Greece: -10,5%**

**UK: -10,4%**

**Portugal: -9,1%**

**Spain: -9,2%**

**Ireland: -32,4%**

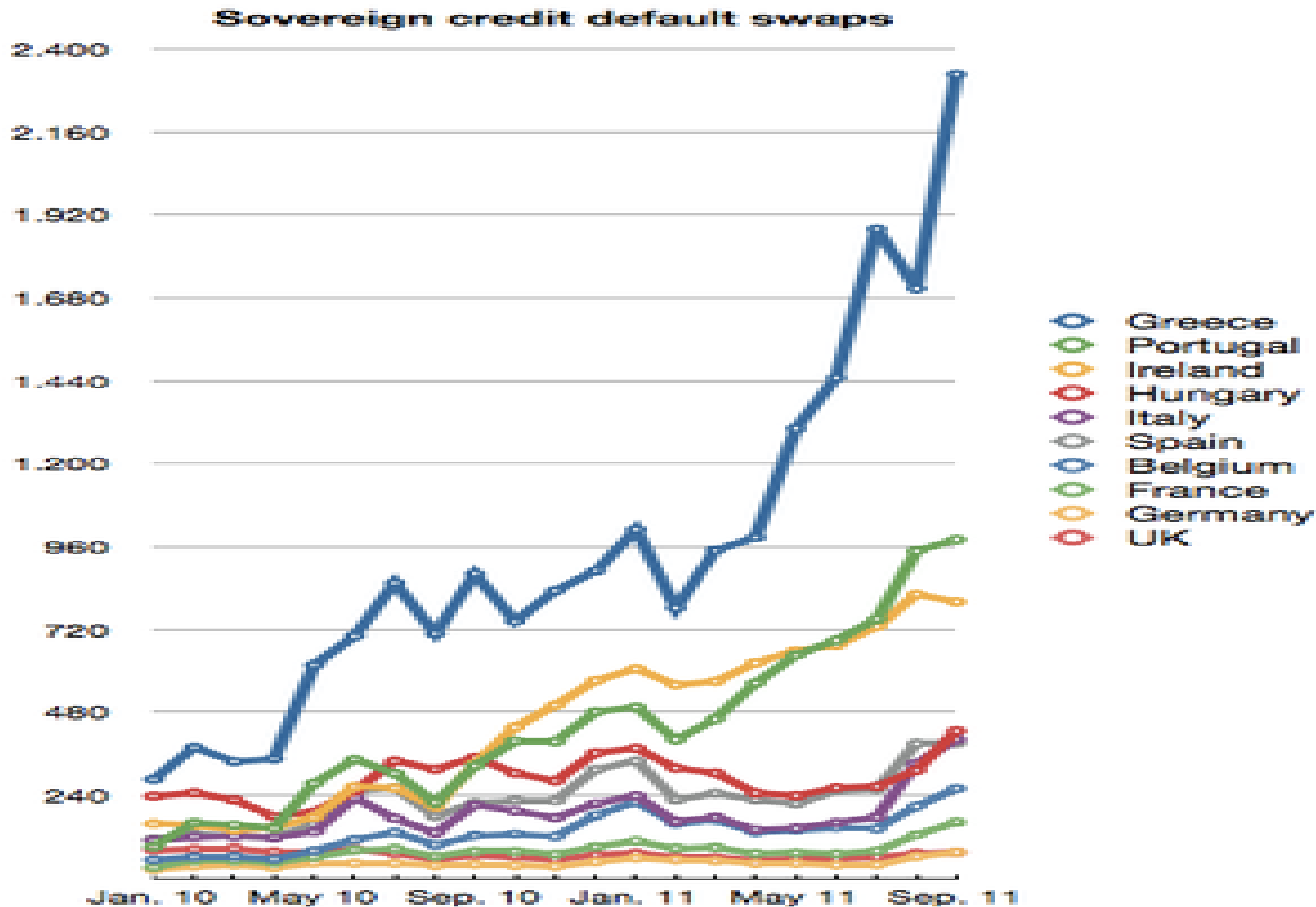


# Greece and the sovereign debt crisis

- S&P rating: CC
- Greece might not be able to repay its creditors and pay the interest due.
- If this happens, the banking system will collapse and the IMF and the European Union would strengthen their supervision
- Greece could still renegotiate debt reduction
- In the meantime, the Greek government is trying to introduce new austerity measures, including reduction of pensions and job cuts in the public sector
- The EU will have to convince investors that such misfortune will not happen in Italy or Spain; or the entire area might be risking collapse ...

## The main indicator markets use to assess the trend of the European sovereign debt crisis:

- 1) the **yield spread** between the Government bonds of the countries under pressure and the German bonds (used as the benchmark)
- 2) the **risk insurance on credit default swaps** between these countries and *(next slide)*



Source: Bloomberg

# Main actions taken

- Creation of the **European Financial Stability Facility (EFSF)**, 9 May 2010

(that is a rescue package worth € 750 billion, about 1 trillion \$)

- 2 May 2010: Loan of 110 € billion to **Greece** (from EU and IMF): but austerity measures requested
- November 2010: 85 € billion rescue package for **Ireland**
- May 2011: 78 € billion bail out for **Portugal**

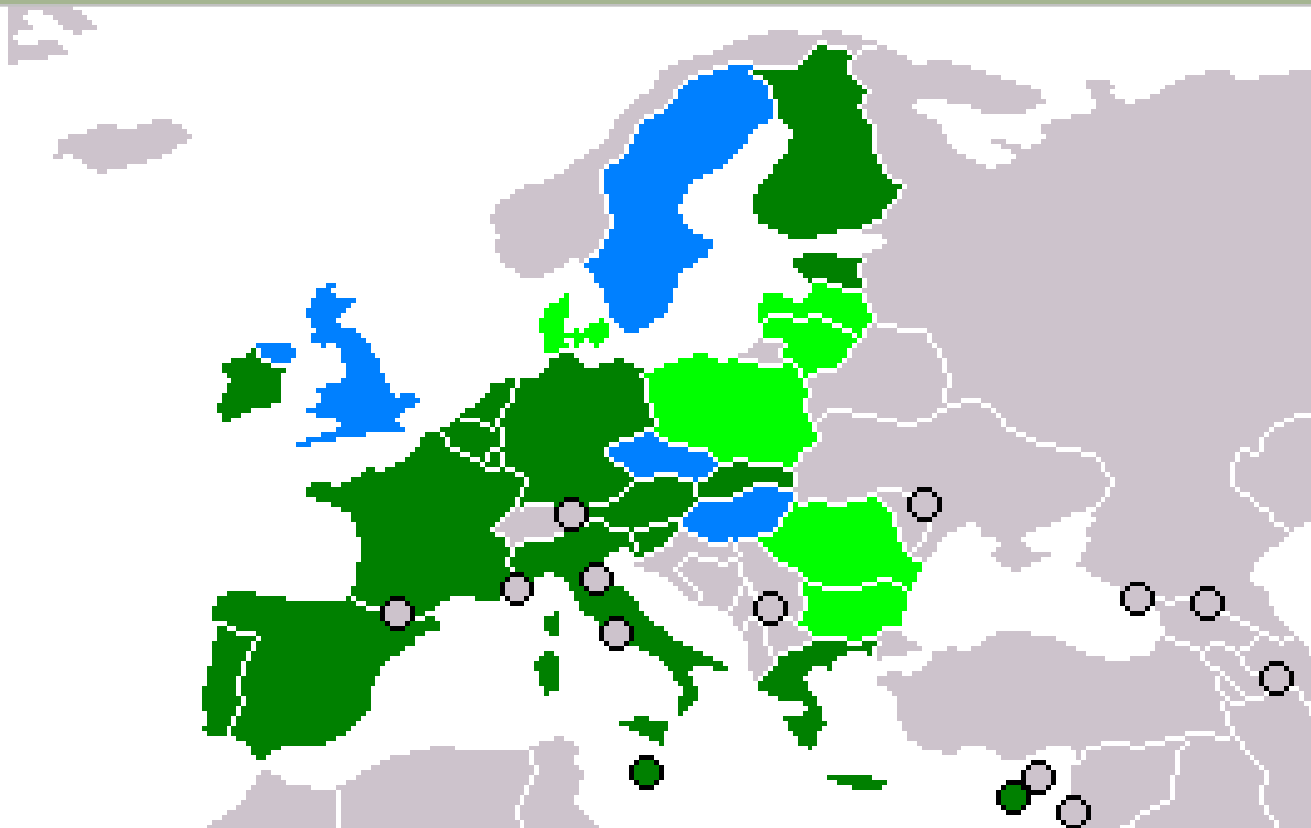
- Creation of the EURO-PLUS pact

## The Euro Plus pact

**Agreed by the Eurozone's Heads of State and joined by BG, DK, LV, LT, PL, RO (the pact remains open for other members to join)**

**It is an French-German initiative**

## The Euro Plus pact



dark green - Euro Plus Pact participants from the Eurozone  
light green - Euro Plus Pact participants outside the Eurozone  
blue - rest of EU members

---

## 4 goals

- **Foster competitiveness**
- **Foster employment**
- **Contribute further to the sustainability of public finances**
- **Reinforce financial stability**

Each MS will present the **specific measures** to take to reach these goals

**Progress will be monitored** by the Heads of State on the basis of a series of **indicators**

Countries facing challenges in these areas will be identified and will have to commit to addressing these challenges in a given timeframe

## Enhance the sustainability of public finances

Highest attention will be paid to: SUSTAINABILITY OF PENSIONS, HEALTH CARE AND SOCIAL BENEFITS

Progress will be assessed on the basis of the following indicator:

- Sustainability gap indicators

Particular attention will be given to the reforms ensuring the sustainability and adequacy of pensions and social benefits such as:

- Aligning the pension system to the national demographic situation, eg. by aligning the effective retirement age with life expectancy or by increasing participation rates
- Limiting early retirement schemes and using targeted incentives to employ older workers (notably above 55 yr)

## Reinforce financial stability

- A comprehensive reform of the EU framework for financial sector supervision and regulation has been already launched
- Strict bank stress tests will be undertaken on a regular basis
- The level of private debt for banks, households and non-financial firms will be closely monitored
- Attention will be paid to tax policy coordination
  - direct taxation remains a national competence
  - States commit to engage in discussions on exchange of best practices
  - Possibility of **developing a common corporate tax base**
- OPEN DISCUSSION whether to create **THE EURO BONDS**

<sup>A</sup> Indeed, Greece is small...But what if other states go bankrupt?

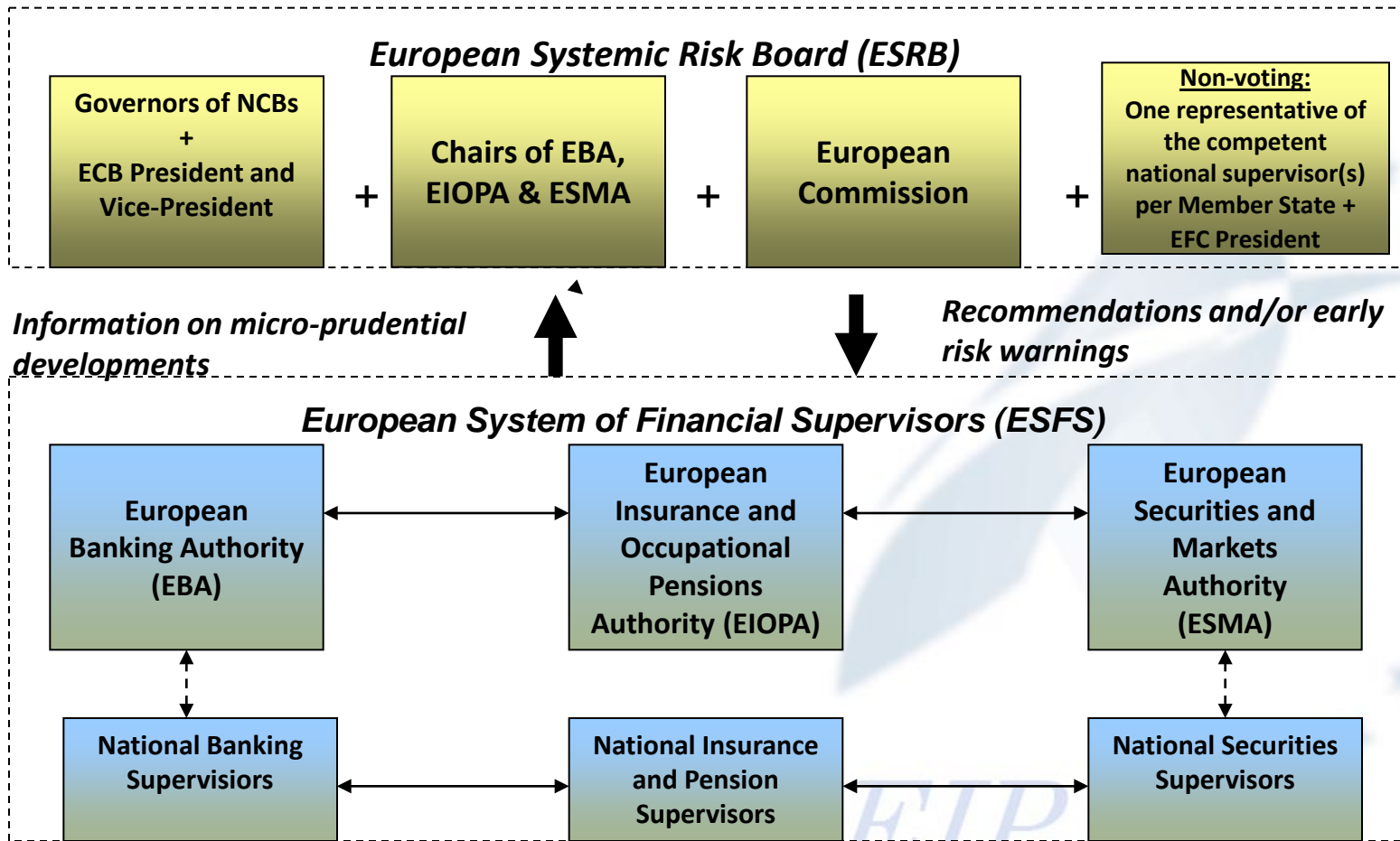
Member States

GDP 2010  
in billion €

Population  
in millions

EU (whole)	12,268 € (=16,000 \$)	501
Germany	2,499 € (=3,250 \$)	81.8
France	1,932 € (=2,520 \$)	64,7
UK	1,656 € (=2,152 \$)	62
Italy	1,549 € (=2,015 \$)	60.3
Spain	1,063 € (=1,382 \$)	46
<b>GREECE</b>	<b>230 € (=300 \$)</b>	<b>11.3</b>

# The new architecture





*Association Européenne des Institutions Paritaires de Protection Sociale*  
*European Association of Paritarian Institutions of Social Protection*

---

# AEIP - NCCMP – MEBCO cooperation

A large, faint, light blue watermark of the AEIP logo is visible in the background, centered behind the main text. It consists of the stylized leaf, the semi-circle of stars, and the acronym 'AEIP' in a light blue, italicized, serif font.

*AEIP*

---



---

# Protocol of cooperation (4 June 2009)

## Three agreed actions:

- To exchange ideas and experiences/promote best practices/enable effective lobbying;
- To organise a joint annual conference every other year in Europe and every other year in North America
- To forward to each other invitations of the respective public events

# Our common concerns (1/2)

- **The safeguard of the model we both represent:** multiemployer plans (paritarian), where employers and employees are both involved. Management and Labor should cooperate in order to balance their needs and understand each other
- **To defend the collective bargaining process,** that are under pressure because often considered as an obstacle to the competition (in Europe too).
- **To extend the coverage** of the social protection plans jointly bargained by employers and employees as more as possible

## Our common concerns (2/2)

- To find **adequate legal frameworks for our specific plans**: the same legislation, including TAX regulation and safety/solvency rules, cannot be applied indistinctly to all the existing plans, but must be adapted to their characteristics.
- To find a **reasonable balance in distributing the risks between the employers and the employees**: pure DC plans are too risky for workers; some DB plans are too hard for the sponsors. New hybrid solutions should be found.
- Many initiatives are now discussed at G20, IMF, IASB or ILO level: **that's why we feel that this trans-Atlantic alliance is worth**



# **AEIP-NCCMP – MEBCO joint documents:**

- **AEIP - NCCMP-ABC joint response about the reform of IAS 19 and AEIP-NCCMP-EFRP-ABC joint letter to IASB (6 September 2010)**
- **AEIP reaction to the widest EU consultation on Pensions in cooperation with NCCMP (November 2010), following the request of the European Commission**
- **NCCMP-ABC-MEBCO : Joint letter on FATCA (exemption from taxation of foreign retirement plans) of 25 July 2011**



# AEIP-NCCMP - (MEBCO)

## Joint events:

**FOURTH ANNUAL TRANSATLANTIC CONFERENCE**  
**AEIP-NCCMP-MEBCO: June 2012 (27-28) PARIS, FRANCE**  
**SAVE THE DATE!!!!**

**“THIRD ANNUAL TRANSATLANTIC CONFERENCE AEIP-NCCMP-  
MEBCO [NEW YORK, USA] June 2011 (8-10)**

**"SECOND ANNUAL TRANSATLANTIC CONFERENCE: AEIP-NCCMP-MEBCO"**  
**[BRUSSELS, BELGIUM] – 9-10/06/2010**

**“FIRST ANNUAL GLOBAL CONFERENCE OF LABOUR MANAGEMENT  
BENEFIT PLAN ADVOCATES” [WASHINGTON D.C., USA] 04-05/06/2009**

---



*Association Européenne des Institutions Paritaires de Protection Sociale*  
*European Association of Paritarian Institutions of Social Protection*

---

**THANK YOU FOR YOUR  
ATTENTION!**

[Francesco.Briganti@aeip.net](mailto:Francesco.Briganti@aeip.net)

*AEIP*

---