



EuroHealthNet response to the European Commission's Green Paper towards adequate, sustainable and safe European pension systems

General comments

EuroHealthNet commends the European Commission (EC) for recognising the crucial role health plays in contributing to a healthy, active and productive workforce, in particular for highlighting that “*poor health is one of the drivers for early retirement*”. However, EuroHealthNet believes that the EC green paper on pensions should place a greater emphasis on the link between pensions systems and health outcomes for older people. The green paper does not sufficiently take into account health equity outcomes between lower socio-economic groups who start their working life earlier and people from higher socio-economic groups who tend to begin working at a later age. Moreover, the green paper somewhat overlooks the essential role pensions play in fighting off poverty for those older people living below the poverty line or those who are currently at risk of falling into the poverty trap. In addition, while the green paper identifies gender inequities in terms of pension provision and pension rights, the green paper fails to acknowledge other vulnerable groups, especially the disabled and chronically ill.

For future initiatives pertaining to pensions, the EC should encourage Member States to incorporate **health equity** as a key underlying principle in the reform of their pension systems. Actions should include:

- Redesigning pension systems to be more universal in scope and to provide people of all pensionable age and across all socio-economic groups with sufficient resources to lead a dignified and healthy life, especially for those socially excluded groups who fall through the cracks of the system - those in precarious work, including informal work and household or care work, migrants and ethnic minorities.
- Giving specific attention to ensure that gender aspects are taken into account. This is particularly important for women, as family responsibilities often preclude them from accruing adequate benefits under contributory social protection schemes.
- Developing and promoting policies for older workers to be reintegrated into or retained in the labour market in ways that effectively address Europe's objectives for growth and jobs, demographic challenge and pension inadequacies.
- Ensuring that older people's pension benefits consist of a minimum income for a healthy living (MIHL). This should also be linked to indexation in order to match increases in the cost of living. This would help those who are at higher risk of poverty having access to decent income to cope with



increases in essential goods. Moreover, the EU poverty threshold should be reassessed in order to address the growing in-work poverty trend.

- Developing flexible pension systems that account for the variation between lower socio-economic groups who start their working life earlier and people from higher socio-economic groups who tend to be more educated and begin working at a later age.
- Promoting high quality occupational health and safety systems and more ergonomic workplaces to help extend healthy working lives, thus engaging with the demographic challenge.
- Incorporating the principles of more prevention, health promotion and education across all policy areas at local, regional, national and EU level policy making.
- Protecting disabled and chronically ill people in labour markets and ensure that they enjoy the same opportunities as everyone else in terms of employment, retirement schemes and pension rights.

Adequate and sustainable pensions

1. How can the EU support Member States' efforts to strengthen the adequacy of pension systems?

The EU should strengthen and utilise the existing instruments it has to support Member States efforts to strengthen the adequacy of pensions systems. This should include better utilisation of the Social OMC including more binding outcomes in the sharing of best practices and peer reviews.

In addition, EuroHealthNet believes that the EC should also encourage Member States to:

- Develop and promote policies for older workers to be reintegrated into or retained in the labour market in ways that effectively address Europe's objectives for growth and job, demographic challenge and pension inadequacies. Potential steps would be to promote greater flexicurity measures including increasing the opportunities for older workers to work in part time positions, thereby still enabling them to earn a wage while also accruing pension benefits. Additionally, more investment in Life Long Learning programmes and more flexible retirement schemes encouraging older people to volunteer would also assist in keeping older people more active and therefore benefit society.
- Member States should ensure that older people's pension benefits consist of a minimum income for a healthy living (MIHL). This should also be linked to indexation in order to match increases in the cost of living. This would help those who are at higher risk of poverty having access to decent



income to cope with increases in essential goods. Moreover, the EU poverty threshold should be reassessed in order to address the growing in-work poverty trend.

- Pension systems should account for the variation between lower socio-economic groups who start their working life earlier and people from higher socio-economic groups who tend to be more educated and begin working at a later age. While evidence suggests that there is a life expectancy gap on average of about 15 years between these groups, and that many of the people in lower socio-economic group tend to have worse health as they get old, the pension system should reflect this so that those people who have worked for longer can retire earlier. This could significantly improve the health status of the older population, particularly those from lower socio-economic groups.

(ii) Should the EU seek to define better what an adequate retirement income may entail? (optional)

While the EC has no direct competence to enforce changes on Member States pension systems, the EC should promote and encourage Member States to review its current retirement income level to ensure that it enables pensioners to live safe, healthy and dignified standard of living. Member States should ensure that older people's a minimum income meets the criteria of a minimum income for a healthy living (MIHL). This includes an income that enables older people to consume a healthy diet, ensure sufficient income to afford access to carry out physical actively and costs related to social integration and support networks.

<i>Work and retirement</i>

3. How can higher effective retirement ages best be achieved and how could increases in pensionable ages contribute? Should automatic adjustment mechanisms related to demographic changes be introduced in pension systems in order to balance the time spent in work and in retirement? What role could the EU level play in this regard?

Good health is a key factor in enabling older people to remain in the workforce until they reach mandatory retirement age and it can also act as a buffer against early retirement schemes. Therefore, EuroHealthNet firmly believes that the principles of health prevention, health promotion and education should be mainstreamed across all policy areas to ensure a high level of health is maintained throughout the life course. Potential steps to increase effective retirement ages would be to:

- promote greater flexicurity measures;
- investment in Life Long Learning programmes,
- ensure flexible retirement schemes



Moreover, focusing on the single issue of increasing retirement ages will ultimately fail to address the problems associated with pension systems. By failing to address the underlying issues including the important health equity elements and its impact of the social gradient, raising the retirement age will only serve to further reinforce current problems.

In addition to the aforementioned recommendations, the EC should encourage Member States to include and utilise the potential of the disabled and chronically ill people in labour markets and ensure that they enjoy the same opportunities as everyone else in terms of employment, retirement schemes and pension rights.

EuroHealthNet advocates for greater flexibility in terms of work-life balance to be reflected in Member States pension systems. This is especially important for groups at the lower end of the social gradient. People from the lower socio-economic groups have longer working lives but once they retire, are more likely to live their remaining years in ill-health. Thus, an equity element becomes apparent that should be rectified by promoting and implementing a healthy work-life balance across the social gradient.

4. How can the implementation of the Europe 2020 strategy be used to promote longer employment, its benefits to business and to address age discrimination in the labour market? (optional)

The 75% employment target requires employment rates significantly higher than the present levels in the age group 55 to 65, particular for women. The potential actions above give clear guidance on what measures should be taken to promote longer employment of older people which can only be achieved with a healthy working population that takes into account the untapped potential of all workers including the older population. In terms of addressing age discrimination, the EC should insist on all Member States placing both age and gender promoting policies at the heart of their National Reform Programmes for implementing the Europe 2020 objectives.

<i>(i) Governance</i>

14. Should the policy coordination framework at EU level be strengthened? If so, which elements need strengthening in order to improve the design and implementation of pension policy through an integrated approach? Would the creation of a platform for monitoring all aspects of pension policy in an integrated manner be part of the way forward? (optional)

The existing instruments and institutions concerning pension policy cooperation are sufficient. However, they should be better utilised as mentioned earlier (Question 1). There is no need to establish any new



methods or institutions beyond the Open Method of Coordination, the Social Protection Committee and the EU-Commission's Pension Forum for 2d pillar pension provision. As the Green Paper mentions, most pension reforms of the last decades have been aimed at improving the sustainability of pension systems. It is important that in the future EU level cooperation on the social aspects of pension provision are given equal weight, particularly the outcomes on health.