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MOBILITY, PENSION SCHEMES and an update on RESAVER pension fund

(Retirement saving vehicle for European Research Institutions)

23/2/2017
ERIC's MEETING
GRAZ

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HR FOR ERIC’S – MOBILITY ISSUES

- The general framework of regulation show a lack of real care on HR issues in ERIC's "design”: it seems that the regulatory system of each country may be sufficient to deal with all the problems.
- Unfortunately, this is not real: the nature of the ERIC ‘s involves a lot of mobility and the lack of uniformity among the rules of labour law, **social security**, taxation, immigration rules, creates serious obstacles to mobility.
- Mobility among different elements of each ERIC may affects not only researchers, but also technicians and administrators.

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THREE PILLARS SYSTEM

SOCIAL SECURITY “mandatory”

Protection of basic needs

Public Social Security Institutions

It will lose importance (about 50% of salary)

SOCIAL SECURITY «occupational»

Protection of living standards

Professional Funds

Funded equally by employers and employees.

It will be indispensable in order to maintain a proper income

SOCIAL SECURITY «personal»

Cover of additional needs

Insurance Companies

Funded by personal contribution

Linked to the willingness and personal financial conditions

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I PILLAR - “MANDATORY”- 1

European regulations: n. 883/2004 on the coordination of social security systems (OJ L 166, 30.4.2004, p. 1) and No 000/2009 September 2009 (OJ L 284, 30.10.2009, p.

Article. 12 “1. A person who pursues an activity as an employed person in a Member State on behalf of an employer which normally carries out its activities there and who is posted by that employer to another Member State to perform work on that employer’s behalf **shall continue to be subject to the legislation of the first Member State, provided that the anticipated duration of such work does not exceed 24 months** and that he/she is not sent to replace another posted person.

2. A person who normally pursues an activity as a self-employed person in a Member State who goes to pursue a similar activity in another Member State shall continue to be subject to the legislation of the first Member State, provided that the anticipated duration of such activity does not exceed 24 months.

I PILLAR - “MANDATORY” - 2

European regulations: n. 883/2004 on the coordination of social security systems (OJ L 166, 30.4.2004, p. 1) and No 000/2009 September 2009 (OJ L 284, 30.10.2009, p.

- Article 6 “Unless otherwise provided for by this Regulation, **the competent institution of a Member State whose legislation makes**:
- — the acquisition, retention, duration or recovery of the right to benefits,
- — the coverage by legislation, or
- — the access to or the exemption from compulsory, optional continued or voluntary insurance,
- conditional upon the completion of periods of insurance, employment, self-employment or residence shall, to the extent necessary, **take into account periods of insurance, employment, self-employment or residence completed under the legislation of any other Member State as though they were periods completed under the legislation which it applies**”

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II PILLAR – "OCCUPATIONAL"

- There is no uniform system regulation in this area, and there are different systems or unique for whole country (D) or separated by contractual sectors (I) ,
- **DIRECTIVE (EU) 2016/2341 OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL of 14 December 2016 (modifying the Directive 2003/41) provides the Institutions for occupational retirement provision (IORPs), that**
  - makes it possible to cover employees from different countries in one pension vehicle: principle of mutual recognition , like a drivers licence for pension schemes
  - Is financial instruments that not affect national rules on tax, labour and social security. The sum paid in individual countries according to the internal rules of each are transferred to the management fund established in an EU country and governed by the rules of that country.

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III PILLAR – “PERSONAL”

- The “third pillar” is represented by individual supplementary pensions, which each can realize, at its discretion, by means of forms of individual savings, through private pension funds or life insurance, with the purpose of integrating the public security system and the occupational pension funds, thus maintaining unchanged their standard of living after cessation the work activity.

NEW RULES – WORK IN PROGRESS - 1

- **I PILLAR: on 13 December 2016, the European Commission came up with a proposal for a regulation of the European Parliament and of the Council amending Regulation (EC) No 883/2004** on the coordination of social security systems and regulation (EC) No 987/2009 laying down the procedure for implementing the latter. **The aim is to ensure that the rules on social security coordination respond to recent social, economic and political developments in the EU countries.** The proposal focuses in particular on a number of areas which have not been satisfactorily covered to date and where improvements are required: economically inactive citizens' access to social benefits, long-term care benefits, unemployment benefits and family benefits.
- **II PILLAR**: **the new IORP2 Directive is active since January 1st 2017**

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NEW RULES – WORK IN PROGRESS - 2

- **III PILLAR: the proposal for a Regulation on a Pan-european Personal Pension Product (PEPP)** was issued on June 2017
- “An EU initiative on personal pensions could therefore complement the current divergent rules at EU and national level by adding a pan-European framework for pension, for individuals who wish to use this additional saving option. …It will offer individuals a new voluntary framework for saving by ensuring sufficient consumer protection.
- The proposal may also contribute to the creation of a single market for personal pensions to the benefit of consumers. “

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An update on RESAVER

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WHAT IS RESAVER PENSION FUND?

RESAVER is a dynamic, state-of-the-art, pan-European retirement savings solution that enables employees to retain the same pension arrangement when moving between countries and/or when changing jobs.

It enables organisations to attract and retain the best researchers and save on overhead costs.

The RESAVER Pension Fund is:

- A clear pension solution for Europe
- Pan-European, meaning multiple countries can participate in a single pension fund
- Tax neutral in each country – equivalent to joining a local pension scheme (as required by an EC tax communication)
- SLL compliant in each country (as required by the IORP Directive)
- Allowing flexible contribution levels in each country

RESAVER DESIGN

RESAVER will be comprised of the following components:

RESAVER Pension fund

A tailor-made IORP for private and public institutions employing researchers, managing 2nd pillar occupational pension plans

RESAVER Occupational pension insurance

A complementary pan-European network of country-specific insurance arrangements offered to employers in countries not yet part of the IORP

RESAVER Private pension insurance

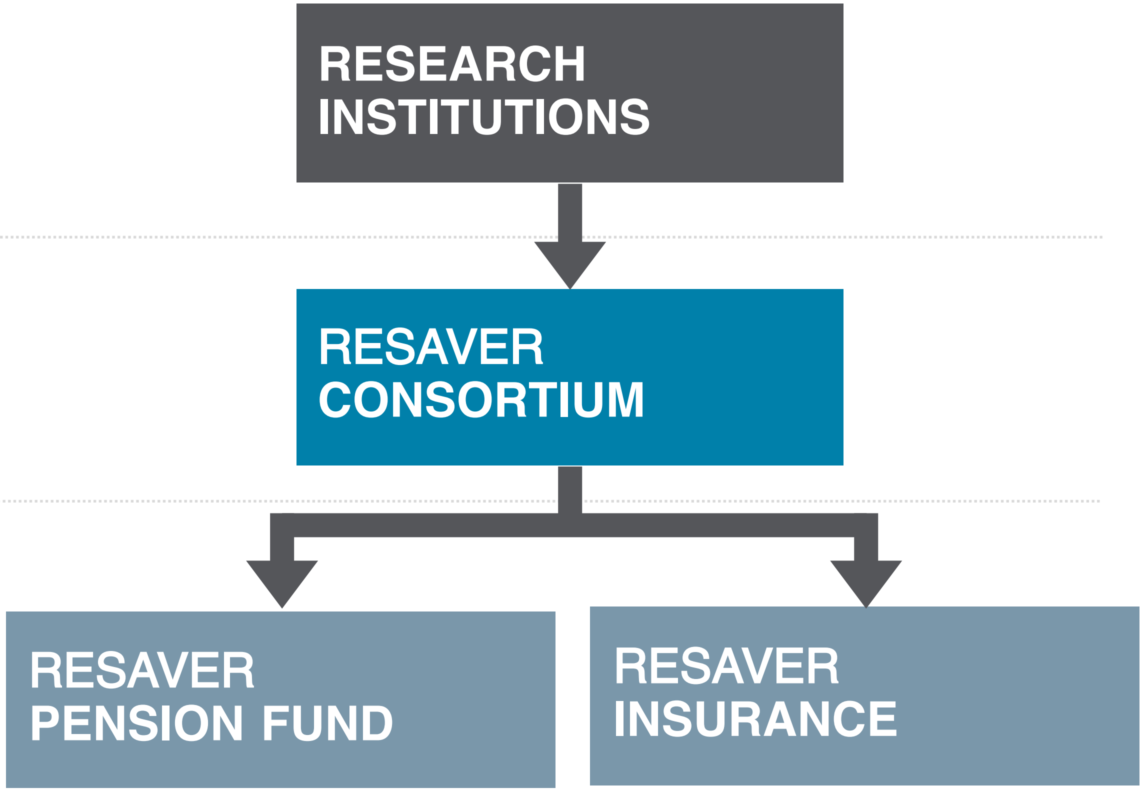
A 3rd pillar insurance solution provided for professionals without employment

RESAVER PENSION FUND MANAGEMENT

Organisations that employ researchers
within the European Economic Area…

…can join the Consortium…

…enabling them to enrol their employees
in a pan-European
pension vehicle



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WHY SHOULD YOU JOIN?

ADVANTAGES VERSUS OTHER PAN-EUROPEAN PLANS

To attract and retain **the best researchers**	**Separate non-for-profit legal entity (OFP):** no shareholders	Access to **lower-cost, competitive fee rates:** EC grant	Full transparency of fee structure: **no hidden costs**	Risk benefits at **competitive reinsurance rates**	**Flexibility in payment form** at retirement
Potential **employee participation at GA**	**Easy exit without penalties**	Possibility to **participate to Board**	**Possibility to transfer-in accrued assets (DC)** – possibility to close existing plans	**No IORP implementation cost:** EC framework contract with Aon	**Cost-sharing:** leverage of central IORP expenses

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RESAVER – UPDATES

- **November 2016** FSMA (Belgian pensions regulator) grants authorisation for RESAVER Pension Fund to provide retirement benefits
- **February 2017** RESAVER receives additional financial support from European commission to cover operating costs for the first year
- **February 2017** RESAVER received by local regulators the endorsement for cross-border pension provision for Italy and Hungary.
- **April 2017** RESAVER Pension Fund is fully operational, when the first participating institution starts contributing to the Fund.
- **June 2017:** Meeting with ETUC (European Confederation of Trade Unions) to explain to Trade Unions the opportunities for employees and to have their support in spreading RESAVER.

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RESAVER – WORK IN PROGRESS

- Finalizing procedure to have III pillar operative in February 2018
- Preparing expansion to new countries (Luxembourg; The Netherlands; Ireland, Romania, Spain, UK; Germany, Austria, Czeck Republic)
- Continuing discussion with ETUC and beginning with local Union's organizations
- Developing continuous and diffused actions in marketing and promotions

RESAVER – FUTURE DEVELOPMENT

- The expansion forecast for RESAVER

  - 2018: 6 countries; 20 institutions; 4.750 participants
  - 2019: 8 countries; 44 institutions; 9.500 participants

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  - 2025 17 countries; 133 institutions; 68.500 participants

RESAVER – CONTACTS

- The web site: www.resaver.eu

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