National pension reform challenges and role for the SPC

Rait KUUSE,
Chair of the Social Protection Committee
Art. 160 (TFEU)

“The Council .../... shall establish a Social Protection Committee (SPC) with advisory status to promote cooperation on social protection policies between the Member States and the Commission.

The tasks of the Committee shall be:

- To monitor the social situation and the development of the social protection policies in the Member States and the Union,
- To promote exchanges of information and good practice between the Member States and with the Commission,
- .../... to prepare reports, formulate opinions or undertake other work within its fields of competence, at the request of either the Council, the Commission, or on its own initiative.”
Open Method of Coordination (OMC):

Launched in 2000, as a voluntary self-evaluation process in areas which fall under the competence of the Member States

Method of “soft governance”, relying on soft law mechanisms such as guidelines and indicators, benchmarking, as well as mutual learning and sharing of best practices

Social OMC encompassing all major social policy strands:
- Social inclusion,
- Health care and long-term care,
- Pensions.
Age-related issues in the Social Protection Committee

Mutual learning and exchange of best practices:
- In-depth thematic discussions
- Peer reviews
- Development of indicators and measuring frameworks to assess pension adequacy
- Dedicated reporting (PAR, LTC reports)

Role in the European Semester
- Annual Growth Survey, Joint Employment Report
- Reviews of the implementation of past CSRs
- Negotiations of new CSRs
- Horizontal opinions to the EPSCO Council
The SPC working groups

- The SPC indicators sub-group (SPC ISG)
- Working Group on Pensions Adequacy
- Working Group on Long-term Care
Some deliverables

SPC 2019 Annual Work Programme:

-European Semester
  • Autumn Semester Package: Annual Growth Survey, Joint Employment Report, Euro-area recommendation (Nov)
  • Evaluation of Member State progress in addressing last year’s CSRs (Mar)
  • Evaluation of the Commission proposal for new CSRs (May)

-Key Reports:
  • SPC Annual Report on the social situation in the EU
  • Tri-annual Pension adequacy report (2018) and joint work with EPC on adequacy and sustainability of pensions (2019)
  • Europe 2020 Strategy Review – jointly with EMCO (2019-2020)
  • Long-term care report (2020-2021)

-Thematic Work
  • Thematic Reviews: Active Inclusion and Inequality, Homelessness and housing exclusion, In-work poverty
  • Peer reviews in CZ, BE, NO and DE

-Analytical Frameworks, through SPC Indicator sub-group (ISG)
  • Inequality, reconciliation of private and professional lives, quality of social services, long-term care, housing exclusion, access to social protection,
  • Benchmarking on MI; on Childcare
Some Key Findings:

- Despite improvements, there is no room for complacency
- Inequalities remain and some groups require specific policy attention
- Pension systems and labour markets continue to evolve
- Maintaining the adequacy of future pensions will require further improvements
- A holistic approach at the EU level is to be pursued
Reforms to ensure the sustainability of pension systems

- Pensionable age (+ longevity link)
- Career length
- Reduced early retirement options and more incentives to defer
- Increasing focus on flexible retirement pathways
- BUT - some policy reversals

Adequacy back in focus - but will it do the trick?

- Protecting low-income pensioners
- Basic pensions
- Indexation
- Tax allowances
- Improving access and transferability for different categories
- Facilitating supplementary saving
Future work in the SPC

- SPC Mutual learning programme (2020)
- Development of a benchmarking framework on pensions adequacy and on Long-term Care (2019-2020) through the SPC ISG
Summary and conclusions
Thank you!

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