

# Citizens' summary

## White Paper on Pensions - EU proposal explained

### WHAT'S THE ISSUE?

How to ensure the adequacy of pensions in ageing societies without putting public finances under too much strain? Today there are roughly 4 people of working age for every person of retirement age - a 4 to 1 ratio. In 50 years' time, the ratio will be only 2 to 1 – a dramatic shift, and a major challenge for pensions as there will be more people of pension age and fewer workers to help support them. But with the right response, adequate pensions can be secured for the future.

### WHAT'S BEING PROPOSED?

- The EU pensions white paper suggests measures to help EU countries ensure adequate pensions in an affordable and sustainable way, by:
  - encouraging people to stay in work longer and save more for their retirement
  - enhancing the safety and cost-effectiveness of such savings.

### WHO WILL BENEFIT AND HOW?

- Potentially all European citizens – as they plan for and receive their pension.
- This White Paper presents a number of policy initiatives through which the EU can support national policy makers in their efforts to secure adequate pensions for the future.

### WHY DOES ACTION HAVE TO BE TAKEN BY THE EU?

- Pensions are increasingly a matter of common concern in the EU – because of the central importance of pensions for Europe's social and economic success, and the fact that pension policies in one country can have effect on other countries.
- The whole EU has an interest in helping every single member country to reform their pension system and retirement practices successfully.
- Coordinated EU action is needed to ensure people do not lose their pension rights when moving to another EU country, to ensure consumers fully benefit from the internal market by ensuring they have good competition and choice between pension products and to maintain stability of public finances and the EU economy.
- The [public consultation on pensions](#) has shown that action on pensions is expected from the EU.

### WHAT EXACTLY WILL CHANGE?

- EU policies will offer more comprehensive and better coordinated support for national pension and retirement reforms that encourage and enable people to earn adequate, sustainable and safe pension entitlements by working longer and increasing their complementary retirement savings in a cost-effective manner.

### WHEN IS THE PROPOSAL LIKELY TO COME INTO EFFECT?

- The proposals will be discussed in 2012-2013. Legislation would only take effect some years later.