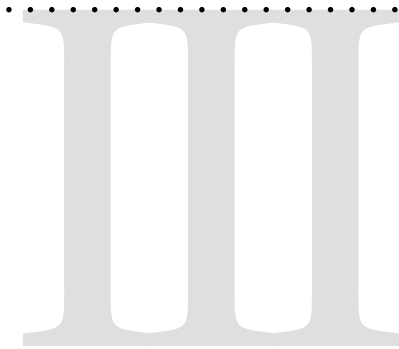


APPENDIX III

The Value System Adopted to  
Shape the Design of the  
Reform of the Pensions System





The principles and recommendations proposed by the Pensions Working Group in its Report are directed to meet the following broad elements for the modernising of pensions endorsed by the European Union at the Gothenburg Council (2001):

**(a) Adequacy of Pensions**

- (i) Ensure that older people are not placed at risk of poverty and can enjoy a decent standard of living; that they share in the economic well being of their country and can accordingly participate actively in public, social and cultural life.
- (ii) Provide access for all individuals to appropriate pension arrangements, public and / or private, which allow them to earn pension entitlements enabling them to maintain, to a reasonable degree, their living standard after retirement.
- (iii) Promote solidarity within and between generations.

**(b) Financial Sustainability of Pension Systems**

- (iv) Achieve a high level of employment through, where necessary, comprehensive labour market reforms, as provided by the European Employment Strategy and in a way consistent with the Broad Economic Policy Guidelines (BEPG).
- (v) Ensure that, alongside labour market and economic policies, all relevant branches of social protection, in particular pensions systems, offer effective incentives for the participation of older workers; that workers are not encouraged to take up early retirement and are not penalised for staying in the labour market beyond the standard retirement age; and that pensions systems facilitate the option of gradual retirement.
- (vi) Reform pension systems in appropriate ways taking into account the overall objective of maintaining the sustainability of public finances. At the same time sustainability of pension systems need to be accompanied by sound fiscal policies, including, where necessary, a reduction of debt. Strategies adopted to meet this objective may include setting up dedicated pension reserve funds.
- (vii) Ensure that pension provisions and reforms maintain a fair balance between the active and the retired by not overburdening the former and by maintaining adequate pensions for the latter.
- (viii) Ensure, through appropriate regulatory frameworks and through sound management, that private and public funded pension schemes can provide pensions with the required efficiency, affordability, portability and security.

**(c) Modernisation of Pension Systems in Response to Changing Needs of the Economy, Society and Individuals**

- (ix) Ensure that pension systems are compatible with the requirements of flexibility and security on the labour market; that, without prejudice to the coherence of Member States' tax systems, labour market mobility within Member States, and across borders, and non standard employment forms do not penalise people's pension entitlements and that the self employed are not discouraged by pension systems.
- (x) Review pension provisions with a view to ensuring the principle of equal treatment between women and men, taking into account obligations under EU law.
- (xi) Make pension systems more transparent and adaptable to changing circumstances, so that citizens can continue to have confidence in them. Develop reliable and easy to understand information on the long-term perspectives of pension systems, notably with regard to the likely evolution of benefit levels and contribution rates. Promote the broadest possible consensus regarding pension policies and reforms. Improve the methodological basis for efficient monitoring of pension reforms and policies.

