



RESOLUTION:

## **SUSTAINABLE PENSION SYSTEMS THROUGH CONNECTING RETIREMENT AGE TO LIFE EXPECTANCY**

*Adopted at the YEPP Council, Budapest, Hungary on the 5<sup>th</sup> of March 2016*

### **Recognising:**

- That the recent political focus on health and social issues led to impressive achievements in regard to life quality and life expectancy. However, there is a great need to prepare the social and public pension system for the challenges that come with these developments.
- That life expectancy is rising rapidly. Life expectancy at birth in the EU-28 was estimated at 80.2 years in 2015<sup>1</sup>. During the decade from 2005 to 2015, life expectancy increased by over 3 years<sup>2</sup>. On the contrary, the fertility rate is decreasing. The total fertility rate was 1.62 live births per woman<sup>3</sup> in 2010 and decreased to 1.55 in 2015<sup>4</sup>. Both of these tendencies lead to the current demographic challenge in the Union. In fact, an alteration in social order as well as an increasing number of retired persons leads to financial challenges. All in all, the future public pension system has to be financed by a considerably smaller workforce than when they were first implemented due to these demographic changes.

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<sup>1</sup> Cited on the 22th of February from

<https://www.cia.gov/library/publications/the-world-factbook/rankorder/2102rank.html>

<sup>2</sup> Cited on the 22th of February from

<http://www.oecd-ilibrary.org/docserver/download/8110161ec006.pdf?expires=1456138632&id=id&accname=guest&checksum=4D03EA0A57ADA2F027642BD040608FEA>

<sup>3</sup> Cited on the 22th of February from

[http://ec.europa.eu/eurostat/statistics-explained/index.php/Fertility\\_statistics](http://ec.europa.eu/eurostat/statistics-explained/index.php/Fertility_statistics)

<sup>4</sup> Cited on the 22th of February from

<http://www.theguardian.com/world/2015/aug/23/baby-crisis-europe-brink-depopulation-disaster>

- That the policy-making of pension systems is a national competence. However it becomes a European common issue if EU Member States run into excessive public deficit and debt<sup>5</sup>.

#### **Acknowledging:**

- That without substantial changes in the pension systems, our generation and the following generations will have to bear the financial burden of funding pensions without benefitting from them when we reach retirement age<sup>6</sup>.
- That many EU Member States have already implemented suitable mechanisms such as an automatic retirement age. Though, some countries still struggle to adopt sustainable mechanisms.

#### **Yepp calls on:**

- The EU Commission to continue its policy to urge the Member States to implement effective mechanisms in their pension systems, in order to prepare for the challenges caused by recent demographic trends.
- All European States to take concrete action in respect to the rising life expectancy, by following the example of countries that have already implemented mechanisms such as an automatic retirement age.
- A public pension system in each of the European States that links the retirement age to the life expectancy, to offset the unequal development of the last decades where the latter rose and the first remained somewhat stable. In fact, when people live longer there is a social and economic need to work longer.
- A automatic retirement age mechanism in each of the European States that is implemented as a mandatory tool. It should bind the political decision makers to its nationally defined, standardised calculations, in order not to allow expensive giveaways, e.g., before elections.
- The European States to implement effective career policies which strengthen and protect the human capital and make working longer possible.

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<sup>5</sup> Adopted by the YEPP Council in 2006, Mallorca

<sup>6</sup> Adopted by the YEPP Council in 2006, Mallorca

- Encouraging EU members States to adopt the policy of the zero-deficit clause for pension funds. Due to the intergenerational responsibility, we believe that all members of society should contribute to a sustainable pension system.
- The EU and member states to respect and uphold the unique pension systems that Member States have, but achieve a less bureaucratic, fairer and easier system of transferring pension rights, towards full portability of pension rights within the EU.