



## **Adopted Resolution**

### **Keeping an aging Europe vital for future generations**

The YEPP council meeting in Mallorca in June 2006,

#### A. Recalls that

1. the population of Europe is ageing: more people will retire the coming decades, the increase in life expectancy results in a longer enjoyed retired life and the number of people contributing to the pension system (pay-as-you-go/ or pension funds) is decreasing
2. The total EU population is decreasing, however in general the number of people in their active life period is decreasing faster than the total population
3. The welfare systems in the EU member states provide a valuable and comprehensive support for the retired. However, the aging of the population jeopardises the public finances of almost every EU member state
4. most EU pension systems still do not meet the challenge of coping with an ageing population
5. future generations in Europe face an increasing financial burden due to population ageing if no system changes are pursued. That is, if current fiscal rules are left unchanged, the public deficit and debt levels will continue to increase and will eventually explode
6. by 2040 two people between 20 and 65 need to support one pensioner, compared by four people nowadays
7. currently the European Commission is working with the open method of coordination to urge member states to alter their pension system

#### B. Considers that

1. the principle of solidarity between the retired and younger generations remains important
2. the politics of pension systems lies within national authority, however is a European common problem as each country will face the negative effects if one EU member runs into public deficit and debts
3. if no system changes are pursued, this will effect the finances of our generation and the next generations
4. the longer we wait, the more pensioners will become an electoral force that will block any system change in the future

#### C. States that

1. each government will undertake all that is necessary to make pension systems ready for the future to avoid future generations to carry the financial burden alone.
2. measures should be taken to extend working lives for the elderly

3. each government should reduce public debts, to reduce pressure on future generations
4. to continue the process of open method of coordination on high pace and with increased importance

and asks the YEPP board to express this within all related political platforms.

*Adopted at the YEPP Council, 17<sup>th</sup> June 2006, Palma de Mallorca*

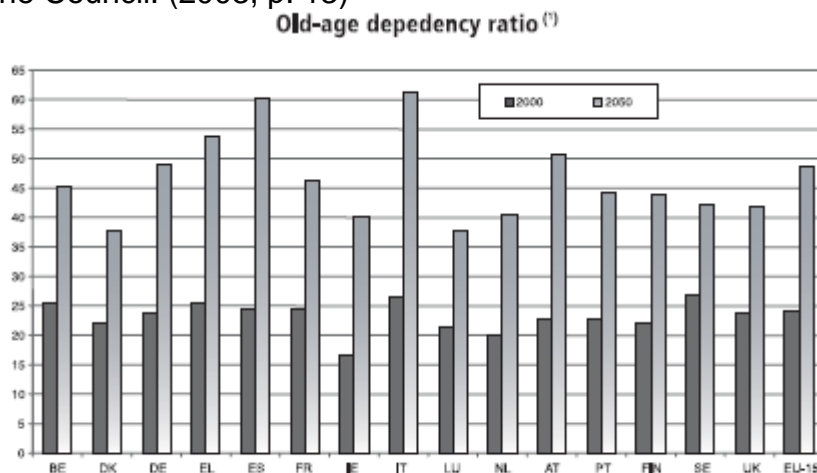
## Background information

### Literature

- COM (2006) 304 final. Communication from the Commission to the Council, The European Parliament, the European Economic and Social Committee and the Committee of the Regions. Joint Report on Social Protection and Social Inclusion 2006 – Synthesis Report on Adequate and Sustainable Pensions.
- Ewijk, C. van c.s. (2006). Ageing and the Sustainability of Dutch Public Finances. Netherlands Bureau for Economic Policy Analysis. The Hague, The Netherlands
- See [http://ec.europa.eu/employment\\_social/social\\_protection/pensions\\_en.htm](http://ec.europa.eu/employment_social/social_protection/pensions_en.htm) also:
- See also: YEPP resolution ‘solidarity between generations’

### Chart 1: Old Age Dependency Ratio:

Source: Adequate and Sustainable Pensions, Joint Report by the Commission and the Council. (2003, p. 13)



<sup>(1)</sup> Number of people aged 65 years and over as a percentage of people aged 15–64.

Source: Eurostat, Population projections — Baseline scenario.

### Chart 2: Old age pension expenditure

Source: Synthesis report on adequate and sustainable pensions (SEC(2006)304, 27/02/2006) Adequate and Technical Analysis, technical Support (p.40)

Public pensions, gross as % of GDP									Change	Change	Change
Country	2004	2010	2015	2020	2025	2030	2040	2050	2004-2030	2030-2050	2004-2050
BE	10,4	10,4	11,0	12,1	13,4	14,7	15,7	15,5	4,3	0,8	5,1
CZ	8,5	8,2	8,2	8,4	8,9	9,6	12,2	14,0	1,1	4,5	5,6
DK	9,5	10,1	10,8	11,3	12,0	12,8	13,5	12,8	3,3	0,0	3,3
DE	11,4	10,5	10,5	11,0	11,6	12,3	12,8	13,1	0,9	0,8	1,7
EE	6,7	6,8	6,0	5,4	5,1	4,7	4,4	4,2	-1,9	-0,5	-2,5
GR											
ES	8,6	8,9	8,8	9,3	10,4	11,8	15,2	15,7	3,3	3,9	7,1
FR	12,8	12,9	13,2	13,7	14,0	14,3	15,0	14,8	1,5	0,5	2,0
IE	4,7	5,2	5,9	6,5	7,2	7,9	9,3	11,1	3,1	3,2	6,4
IT	14,2	14,0	13,8	14,0	14,4	15,0	15,9	14,7	0,8	-0,4	0,4
CY	6,9	8,0	8,8	9,9	10,8	12,2	15,0	19,8	5,3	7,6	12,9
LV	6,8	4,9	4,6	4,9	5,3	5,6	5,9	5,6	-1,2	-0,1	-1,2
LT	6,7	6,6	6,6	7,0	7,6	7,9	8,2	8,6	1,2	0,7	1,8
LU	10,0	9,8	10,9	11,9	13,7	15,0	17,0	17,4	5,0	2,4	7,4
HU	10,4	11,1	11,6	12,5	13,0	13,5	16,0	17,1	3,1	3,7	6,7
MT	7,4	8,8	9,8	10,2	10,0	9,1	7,9	7,0	1,7	-2,1	-0,4
NL	7,7	7,6	8,3	9,0	9,7	10,7	11,7	11,2	2,9	0,6	3,5
AT	13,4	12,8	12,7	12,8	13,5	14,0	13,4	12,2	0,6	-1,7	-1,2
PL	13,9	11,3	9,8	9,7	9,5	9,2	8,6	8,0	-4,7	-1,2	-5,9
PT	11,1	11,9	12,6	14,1	15,0	16,0	18,8	20,8	4,9	4,8	9,7
SI	11,0	11,1	11,6	12,3	13,3	14,4	16,8	18,3	3,4	3,9	7,3
SK	7,2	6,7	6,6	7,0	7,3	7,7	8,2	9,0	0,5	1,3	1,8
FI	10,7	11,2	12,0	12,9	13,5	14,0	13,8	13,7	3,3	-0,3	3,1
SE	10,6	10,1	10,3	10,4	10,7	11,1	11,6	11,2	0,4	0,2	0,6
UK	6,6	6,6	6,7	6,9	7,3	7,9	8,4	8,6	1,3	0,7	2,0
EU15 <sup>1)</sup>	10,6	10,4	10,5	10,8	11,4	12,1	12,9	12,9	1,5	0,8	2,3
EU10	10,9	9,8	9,2	9,5	9,7	9,8	10,6	11,1	-1,0	1,3	0,3
EU12 <sup>1)</sup>	11,5	11,3	11,4	11,8	12,5	13,2	14,2	14,1	1,6	0,9	2,6
EU25 <sup>1)</sup>	10,6	10,3	10,4	10,7	11,3	11,9	12,8	12,8	1,3	0,8	2,2

1) excluding Greece

Source: Economic Policy Committee (2006), 'Age-related public expenditure projections for the EU25 Member States up to 2050, European Economy, Special Reports