



Main focus of EC in the current political cycle – potential reforms on coverage and scale

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The SIU Communication of March 2025 defined objectives and deliverables

- Ensure adequate retirement income in a sustainable and inclusive manner
- Mobilise private long-term funding for productive investment, digital and green transition

The Commission will issue by Q4 2025, recommendations on the use of and best practices for auto-enrolment, pensions tracking systems and pension dashboards that will set out best practices and lessons learned from across the EU and recommend the development of such tools

The Commission will by Q4 2025, review the existing EU frameworks for Institutions for Occupational Retirement Provision (IORPs) and the Pan-European Personal Pension Product (PEPP) with the aim of increasing participation in supplementary pensions to ensure adequate income in retirement and improving the capacity of pension funds to direct households' savings into productive and innovative investment.

Objective 1: Ensure adequate retirement income



Aging population challenges sustainability and adequacy of pensions



Recent pension reforms stabilise the increase in public pension expenditures, but this comes at expense of a decline in the adequacy of public pensions



Occupational pensions and long-term saving products can be powerful vehicles to help households to better prepare for retirement



Any reforms need to pay due attention to transition costs, fiscal sustainability and inclusiveness



EU policy measures need to take into account the difference of pension systems in Member States, their link to social objectives and involvement of social partners

Declining public benefit ratio and low contribution from supplementary pensions to retirement income

Figure 1: Benefit ratio of public pensions, projections for the EU-27 and selected Member States

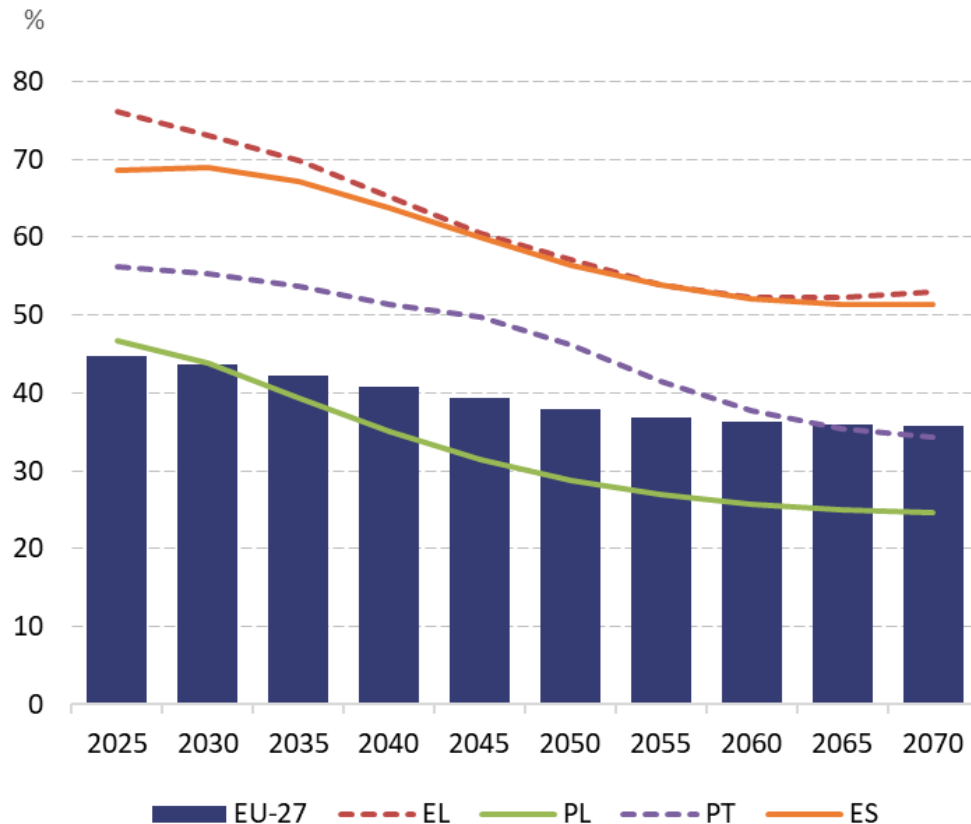
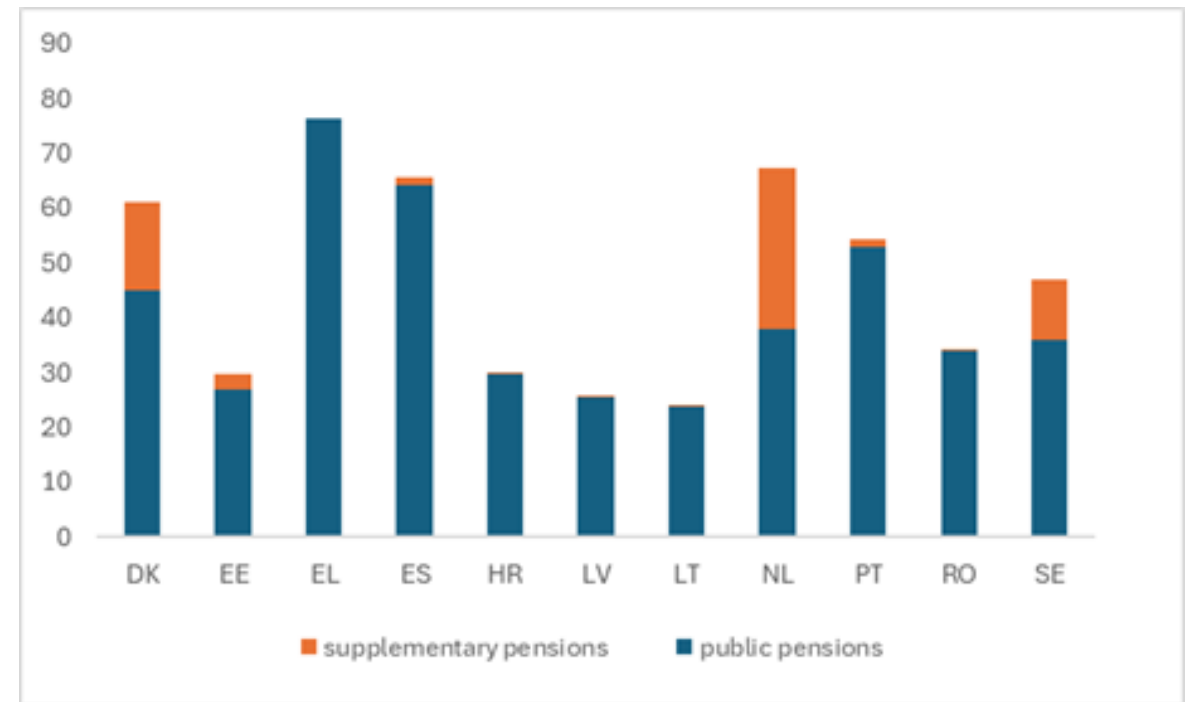


Figure 2: Benefit ratio of public and supplementary pensions, 2022 (selected Member States)



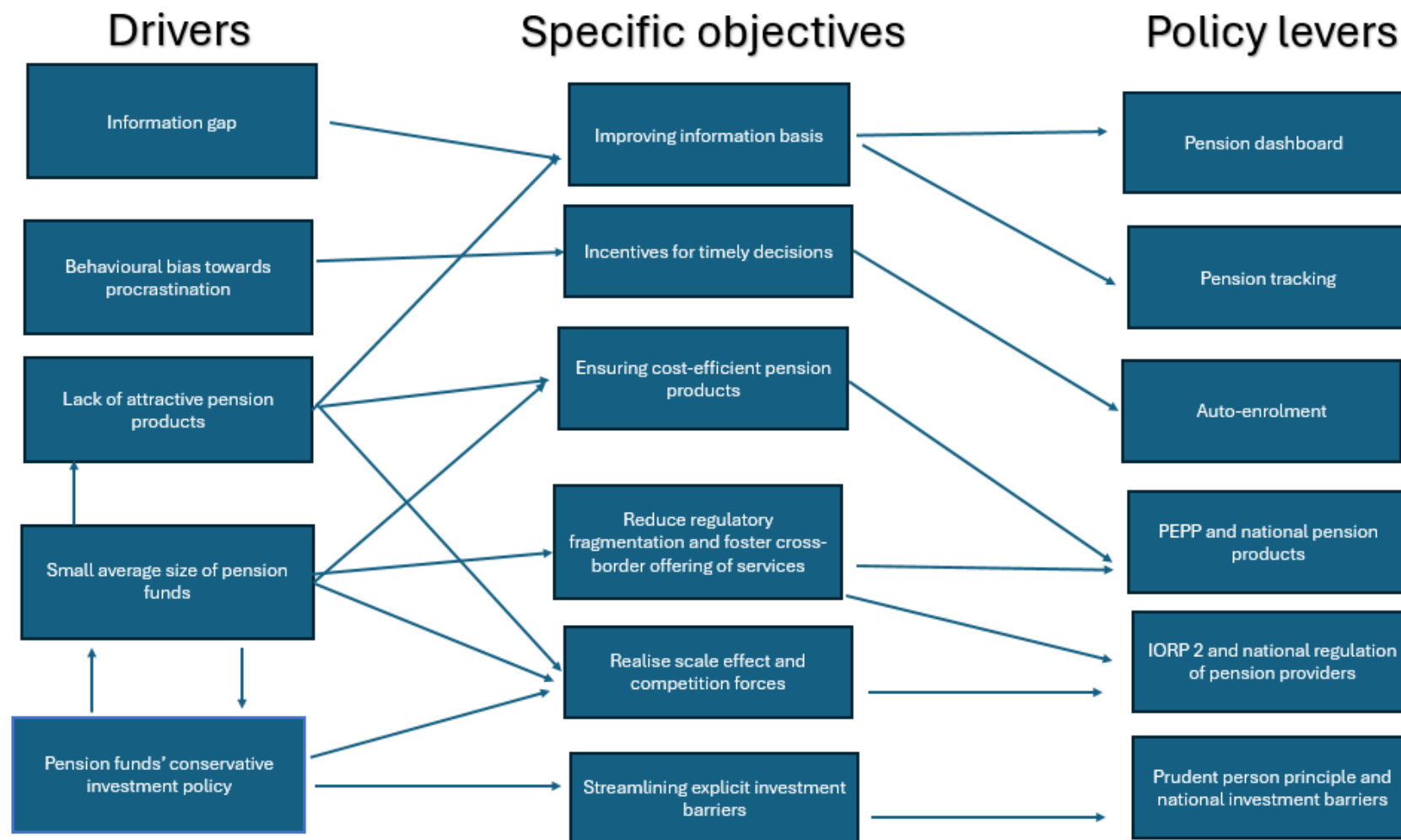
Objective 2: Mobilise long-term investment

“The EU must also better channel households’ savings to productive investments. The easiest and most efficient way to do so is via long-term saving products (pensions). To increase the flow of funds into capital markets, the EU should encourage retail investors through the offer of second pillar pension schemes, replicating the successful examples of some EU Member States,” Draghi report

Table: EU-27 growth rates in %, average 2015-2024 in constant prices

GDP	Employment	Productivity	Investment	Population
1.7	1.1	0.6	2.4	0.2

Multiple challenges and policy initiatives



Participation and returns required to offset the projected decline in public benefit ratio

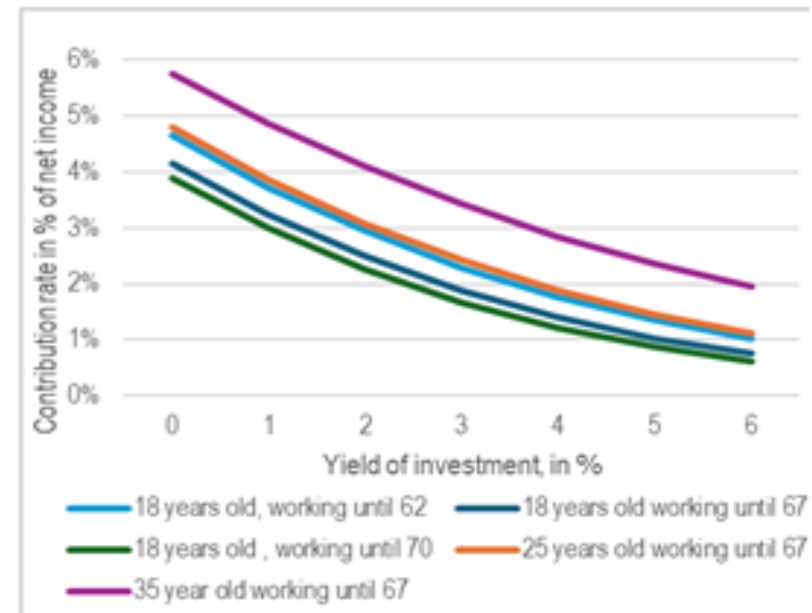
Table: Assumptions for the required contribution rate and yield to compensate for the projected decline in the public pension benefit ratio

	2025	2050	2070
Public benefit ratio in %	44.7	37.7	35.6
Years	actual	median	statutory longest
Retirement age	62	65	67
Remaining life expectancy	22.6	20.2	18.6

Note: Data for EU-27, median and longest related to current age across Member States, without already agreed future increases.

Sources: Ageing report, Eurostat.

Figure X: Combinations of contribution rate and yield required to compensate for the projected decline in the public pension benefit ratio



Auto-enrolment

Table: Hierarchy of best practices along their importance, stakeholder replies to the targeted consultation

	Average	Frequency
Set the relevant legal framework	1.3	69
Tax incentives or public subsidies to the target population	3.0	64
Detailed guidance to employers and other bodies	3.6	59
Comprehensive and impartial information to the target population	3.8	54
Others	3.9	15
Tax incentives or compensation for employers or other bodies that administer enrolment, contributions and pay-outs	4.1	58
Administrative support	4.9	50

Note: Average measured as priority on a scale 1 to 7 with one the most and 8 the least important, frequency measured as how often referred to in the 112 responses to the consultation.

Pension tracking systems

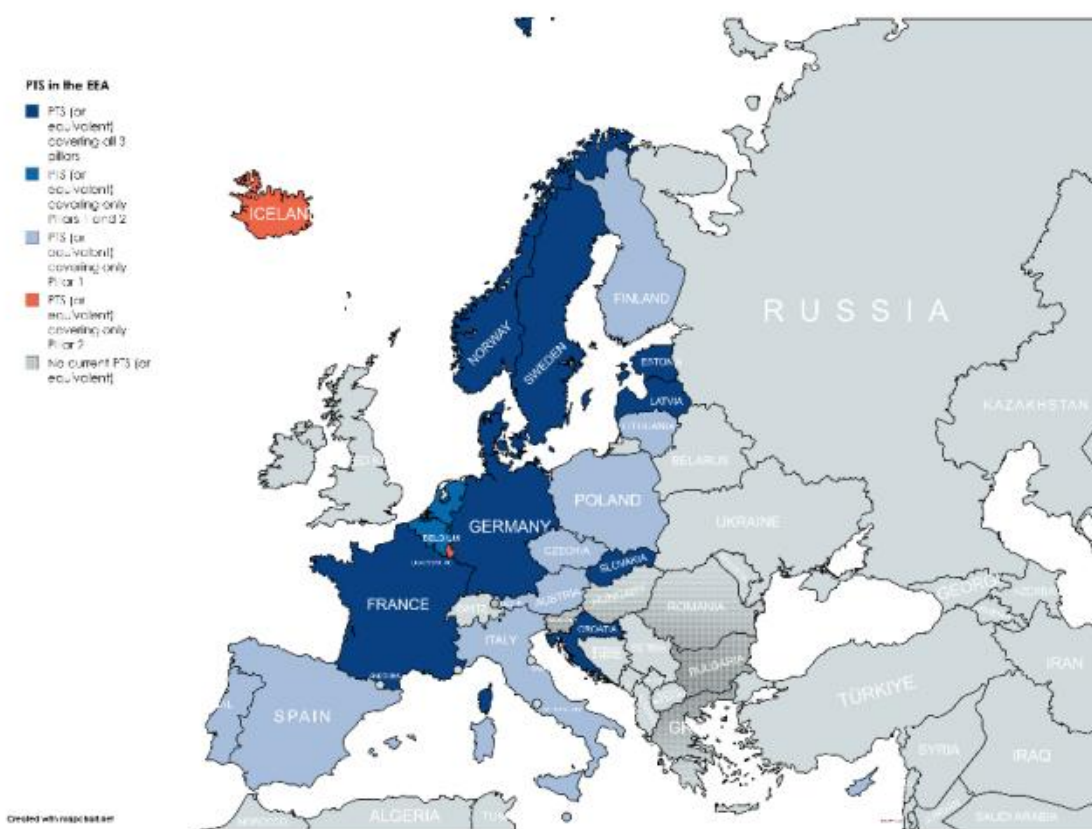
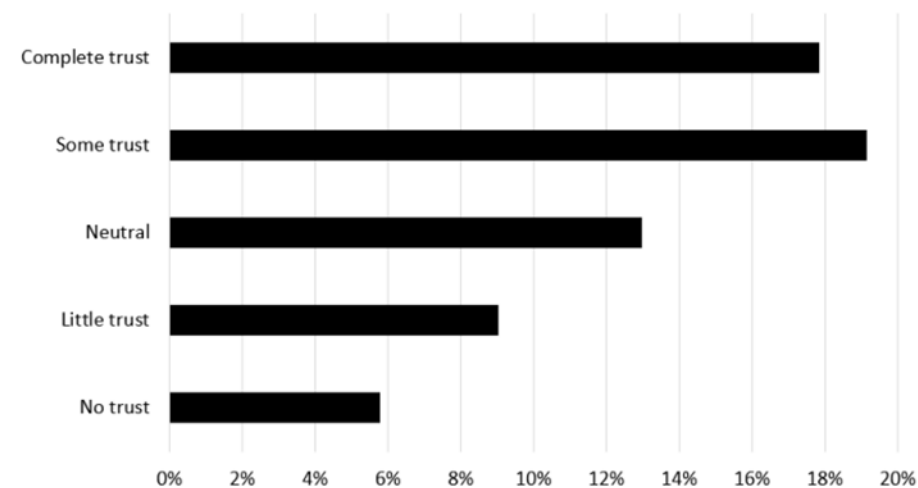


Figure 1: Participation in voluntary pension savings and trust in personal pension fund



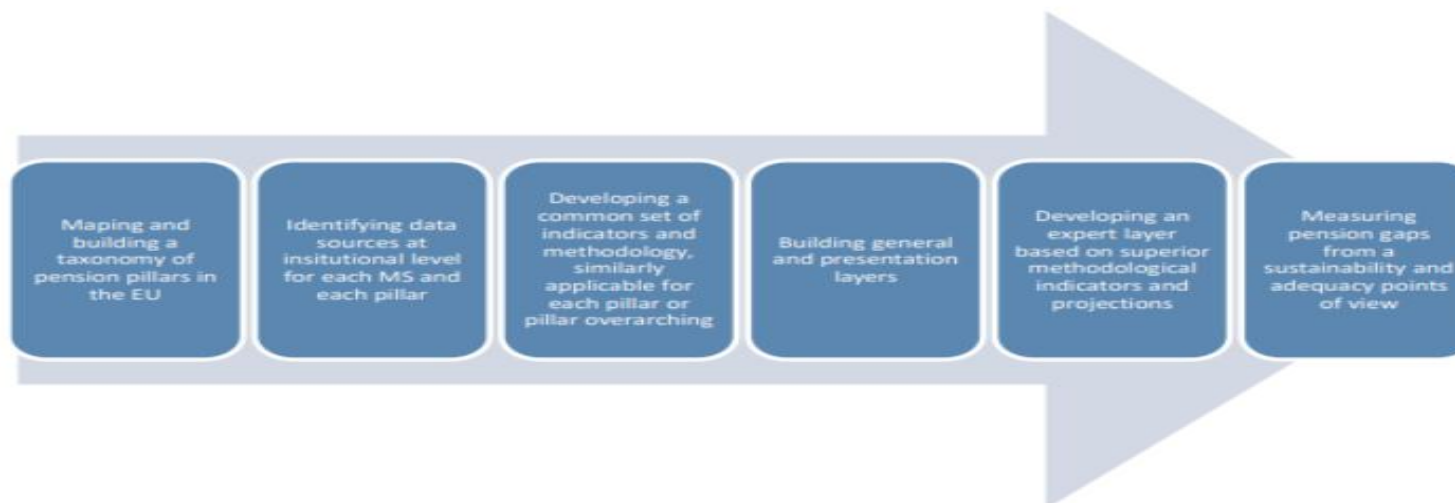
Explanatory note: Statistics based on households in the DTS, merged to DHS data.

Source: Goedkoop, F. et al. (2023), 'Trust in the financial performance of pension funds, public perception, and its effect on participation in voluntary pension saving plans', *De Nederlandsche Bank Working Paper No 783 / June 2023*.

Pension dashboard

Table: Consultation replies about pension dashboards (ranking with 1 the most important dimension and 5 the least important one)

Qualities of a dashboard					
	Coverage	Breakdown	Forward-looking	Consistency across Member States	Other elements
Average ranking	1.9	2.9	2.3	3.2	3.0
The importance of dimensions to be covered					
	Income replacement	Pension sustainability	Poverty reduction and equality	Fiscal costs now and in the future	Other
Average ranking	1.7	2.0	3.2	3.4	2.8

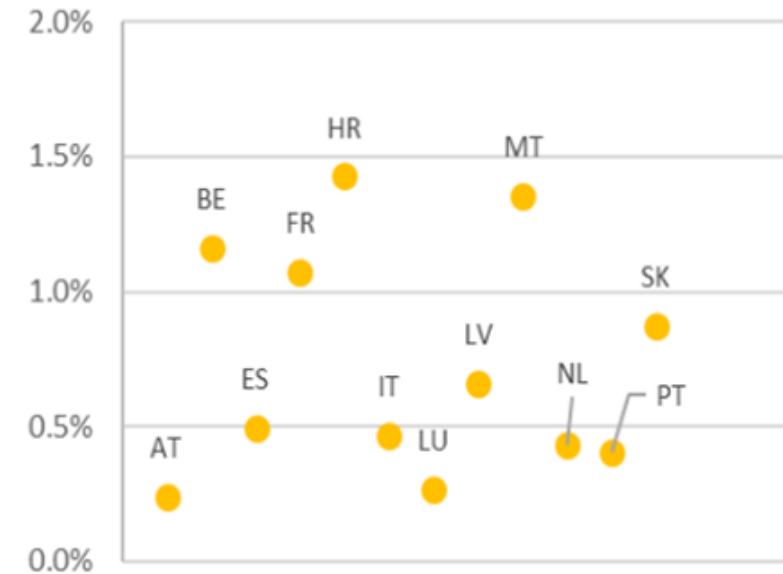


Households' returns and fees

Figure : Real returns on pension products, 2014-2023

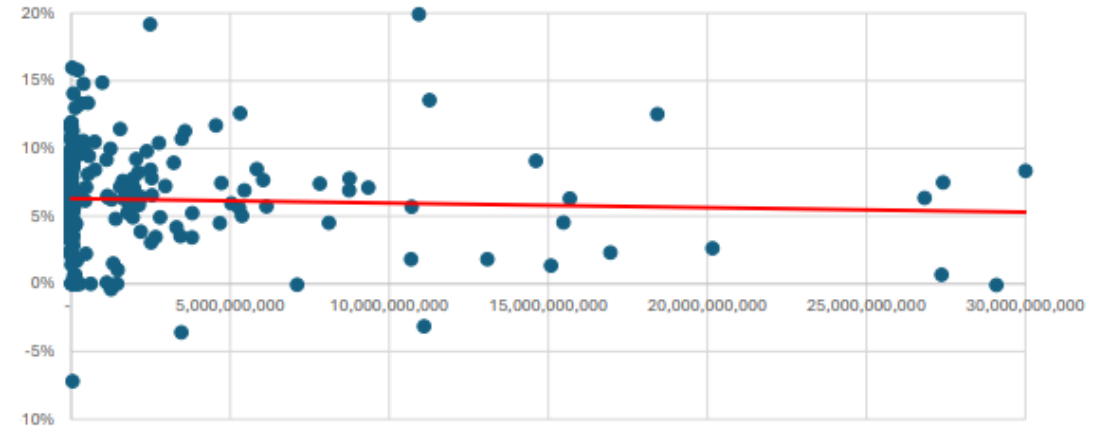
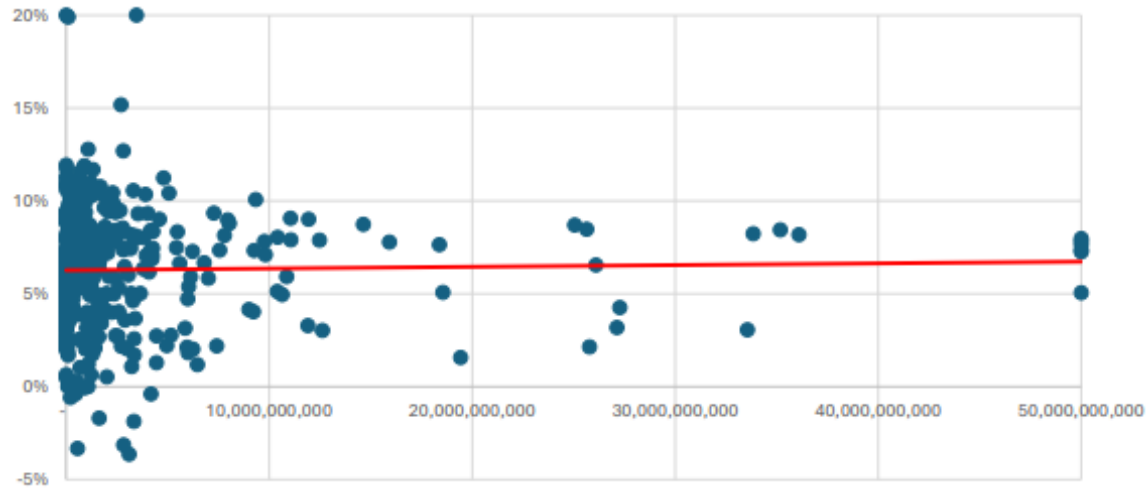


Figure: Expense ratio of IORPs offering defined-contribution pension schemes, 2023



Size and returns

Figure : Returns in dependence on size of DB and DC pension schemes



Thank you



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