

# Pensions Update

## Further work on Solvency for IORPs

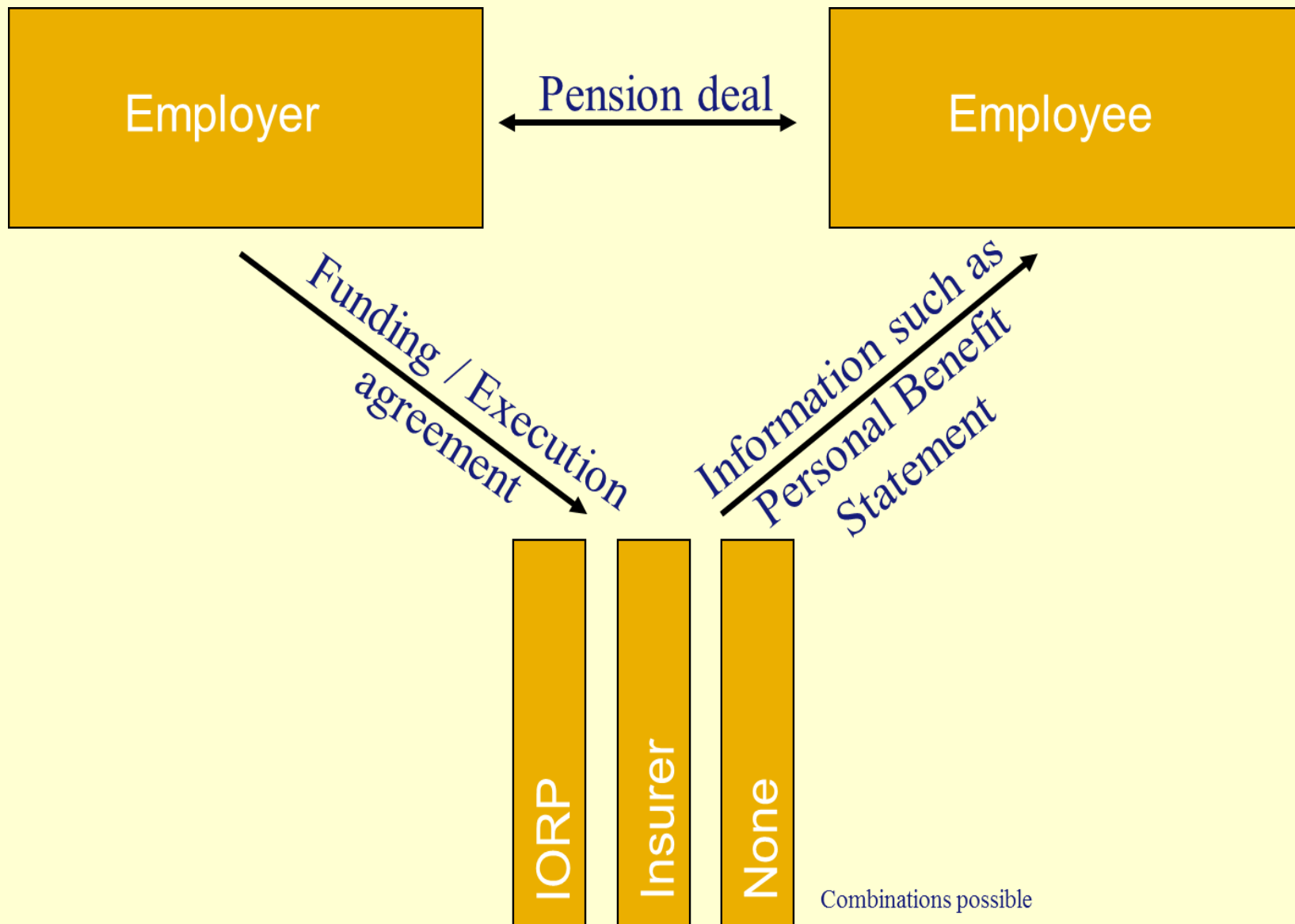
Presidents' Meeting

27 August 2015

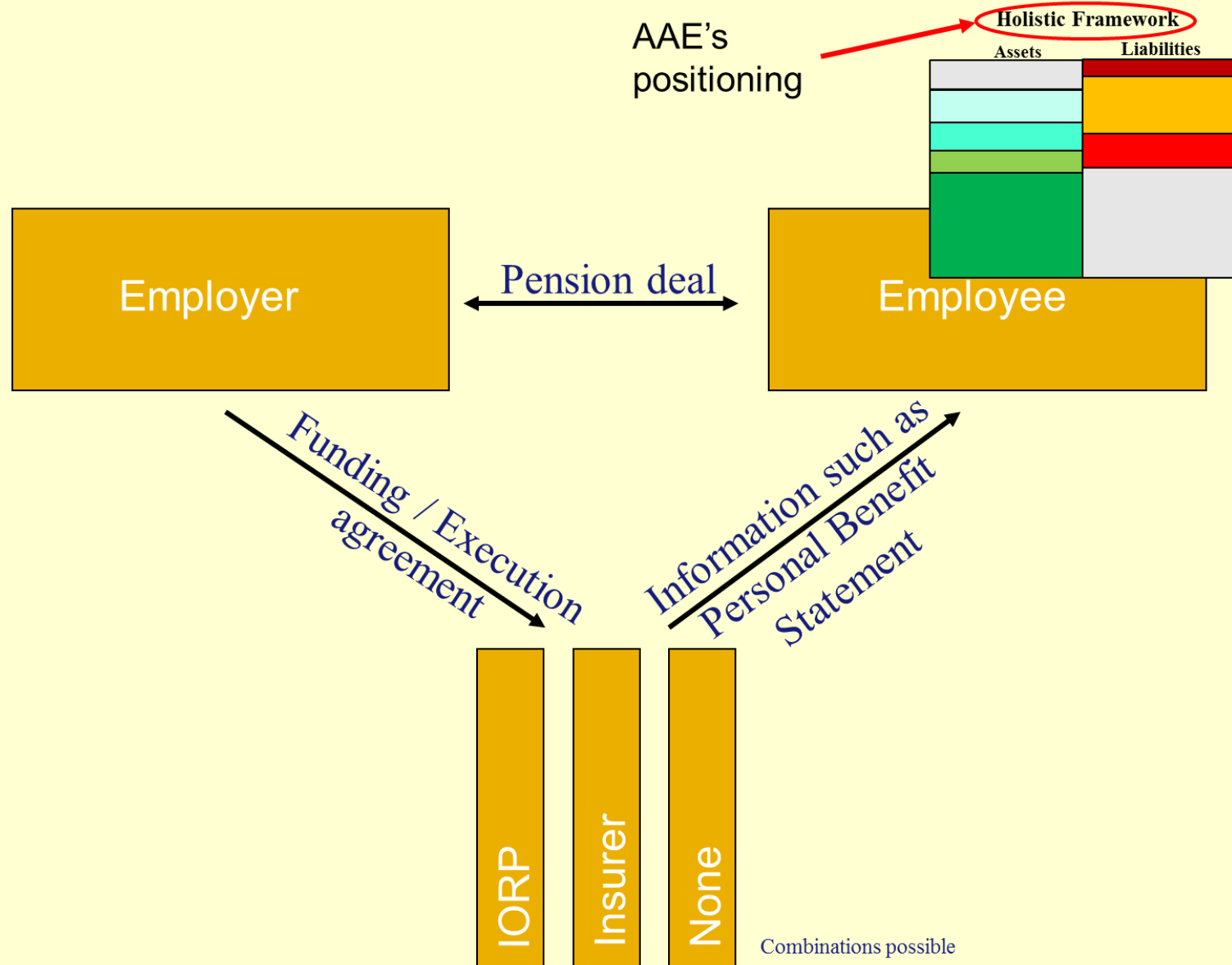
Falco Valkenburg

- EIOPA is working on “further work on Solvency for IORPs”
  - This relates to the further development of a Holistic Balance Sheet
  - Currently in progress: Quantitative Assessment (QA) + Stress Test (ST) for IORPs
- Involvement AAE:
  - Observer in EIOPA's technical meetings
  - AAE was pre-consulted on the technical specifications of the QA and ST
    - Together with Pensions Europe and the Association of Paritarian Institutions
    - This was meant as a “technical review” not to agree with what EIOPA is doing
- We have a good working relationship with EIOPA
  - Although we don't necessarily agree with everything they are doing or proposing
- Loud opposition from governments, politicians, pension associations, employer organisations and unions
  - “EIOPA should be stopped doing this work”

- No formal position taken
- Comment we have made: HBS not fit for supervision of IORPs
- AAE issued the Discussion Paper “Clarity before Solvency”
- AAE is supportive of quantitative analysis in order to facilitate better factual information to all stakeholders, being employers, employees/beneficiaries, supervisors and other interested parties
- AAE underlines that pension promises are generally more a social contract than a financial contract → this should be recognized in any supervisory assessment framework
- AAE has made the remark that many IORPs are closer to administrative bodies than insurance companies → this should be reflected in any solvency assessment for IORPs
- We have supported EIOPA's further work on the quantification of all financial building blocks of a pension promise and its financing and we still do as we believe it contributes to clarity for all stakeholders (and it is using actuarial techniques)
- There cannot be a standard supervisory framework for Europe as the supervisory framework should follow the pension agreement between employers and employees



# AAE's positioning



# AAE's vs EIOPA's positioning

