

PENSION TRACKING SYSTEMS: MORE THAN A SERVICE TO CITIZENS

BY **JEROEN VAN DEN BOSCH**

Pension Tracking Systems (PTSs) remain under the attention of the European Commission, EIOPA and governments of several countries even after 10 years. What actually is a PTS, why is there undiminished interest in PTSs, and what can actuaries do for the development of PTSs?



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WHAT IS A PENSION TRACKING SYSTEM?

A PTS is a service on the Internet where a citizen can log in to view her or his own pension data. This information can include source data, such as an insured period or career period, based on which a pension entitlement is determined. But it can also include the pension entitlement itself. A PTS in any case contains pension data for the first pillar (social security) and possibly also pension data from the second pillar (employer pensions) and third pillar (individual pension). In the Netherlands we have a PTS in the form of mijnpensioenoverzicht.nl which is managed by the Stichting Pensioenregister on behalf of the pension sector. >

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In several countries in Europe, PTSs have emerged in recent decades from different needs. There are countries where the need arose to get a better grip on pension spending nationally and where the service to citizens became a kind of extra option. In other countries, citizens are asked to check their own source data annually. And there are countries where only service to citizens was central to the creation of the PTS. In short, the creation of such a national PTS lies very much with the circumstances of the country: especially the way pensions are designed in the country and the political context of pensions.

However, the effect of a PTS for citizens cannot be underestimated. Whereas two decades ago we were somewhat sceptical about this form of pension communication in the Netherlands and the costs it would entail, it currently appears to be by far the most important source from which citizens get their pension information.

DEVELOPMENTS FROM AN INTERNATIONAL/ EUROPEAN PERSPECTIVE

The European Commission has had an increased interest in PTSs for about a decade. The initial reason is that this would allow cross-border

workers to gain long-term insight into the level of their pensions through a European PTS.

Over the past decade, funding has been made available by the European Commission to investigate whether setting up a European PTS is a viable option. A group of pension administrators from various countries (including APG and PGGM) participated and are still involved.¹

In addition, EIOPA has increased interest in this topic as evidenced by the 2021/ technical advice on the development of PTSs. This also shared experiences in communication and behavioral sciences.² And also the opinion issued by EIOPA on September 28, 2023 on the European Pension Directive (IORP II) pays attention to PTSs.³

WHAT IS THE LONG-TERM AMBITION?

In the long term, a national PTS can be an added value to fulfil duty of care from the government or pension provider. By giving citizens the opportunity to gain insight into their pensions during their lifetime in a simple way, pension expectations can be adjusted in a timely manner. Of course this is not beatific but it can be of great value in addition to other interpretations of duty of care. >

¹ [For more information on ETS](#)

² [More information on the advice of EIOPA](#)

³ [More information on the advice of EIOPA on the IORP II directive](#)

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The European Commission dreams of a European PTS that could link the various national PTSs. The question is, however, whether this is a useful contribution at this time with about 10 million workers who could make use of it out of a total population of 450 million in the European Union.

THE ROLE OF ACTUARIES

The AAE (Actuarial Association of Europe) has published two reports in the past on the usefulness and necessity of a national PTS and what should be considered in its technical design.⁴

PTSs may sound like a technical exercise to aggregate data. However, when looking at the aggregability of pensions, it is very important to determine, among other things, what the parameters are for the returns on the various investments, the interest rate forecast and the calculations of the risks surrounding the pension. If no clear agreements are made about this, the pensions of the various administrators cannot simply be added together. This is where actuaries can play a role because of their independent view on these technical issues. And

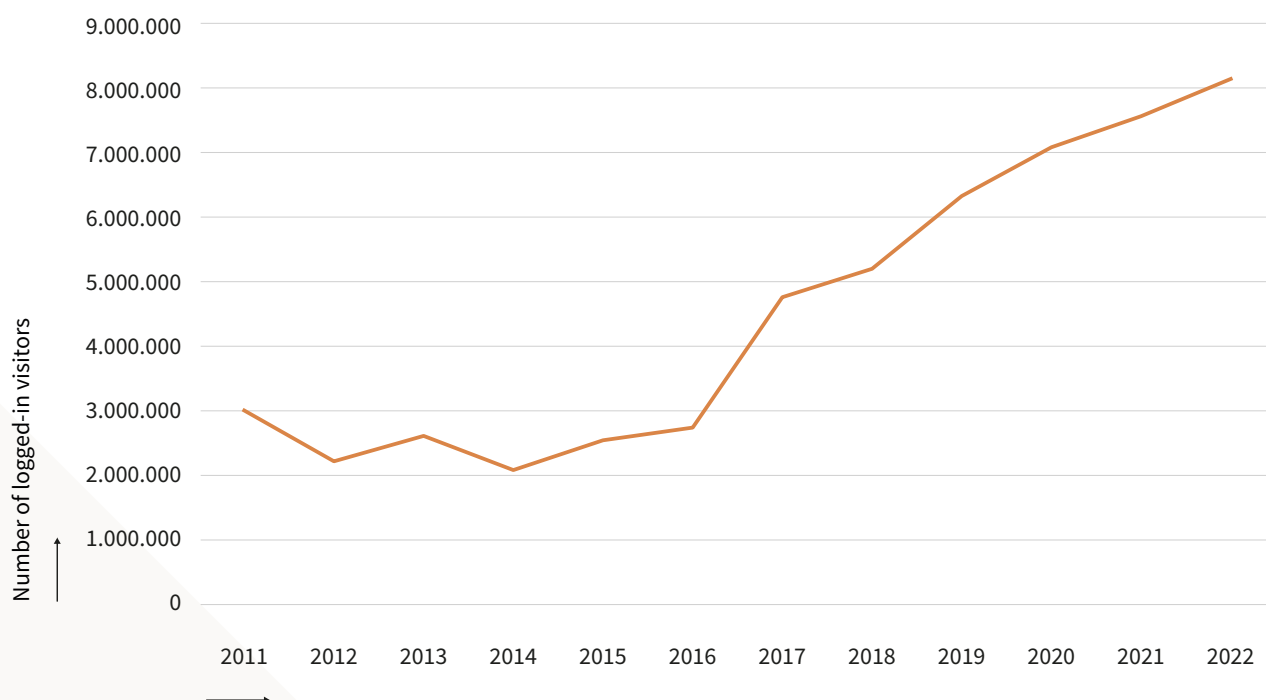
this is where the necessary work is currently being done. After all, the calculations of the outcomes of the pensions from PEPPs (Pan-European Pension Plans), IORP II and PRIIPs (Packaged Retail and Insurance based Investment Products) are currently not aligned. As a result, the calculation of pension entitlements is not uniform and differs for each product. Actuaries can certainly be of significance here to ensure that citizens actually receive balanced, clear and correct information about their pensions.

From the core objectives of the AAE, contributing to the well-being of European citizens, a working group will be started in 2024 that will focus on PTSs. This working group will look at the current status of PTSs in Europe and then propose how it wants to be involved in the development of PTSs in Europe. This could be in the form of assisting local actuaries who are in the process of developing their national PTS, but also in the form of advice towards European institutions on the various technical aspects of a PTS. By sharing knowledge and expertise within the structure of the AAE, actuaries can fulfil their social responsibility. ➤

⁴ In October 2013 the ‘[Report on key issues from the review of national tracking services](#)’ was published: In February 2015 a second report on ‘[Key issues for setting up national pension tracking services in six EU countries](#)’ was published.

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FIGURE 1: MIJNPENSIOENOVERZICHT.NL IN THE NETHERLANDS



Mijnpensioenoverzicht.nl was created by an amendment when the Pensions Act was introduced in 2007. The text about the function of mijnpensioenoverzicht.nl more or less only concerned the sentence that there would be a Pension Register. In January 2011, the Pension Register Foundation actually made mijnpensioenoverzicht.nl live, showing all first and second pillar pensions for every citizen. Since then, mijnpensioenoverzicht.nl has been expanded with all kinds of additional features such as a

gross-net trajectory, insight into the survivor's pension and different pension entry ages. Meanwhile, the expectations of citizens visiting mijnpensioenoverzicht.nl about the amount of their pension and the risks surrounding it are being managed (via the navigation metaphor). At a time when the risks for the participant are increasing due to the introduction of the Future Pensions Act, one of the ways to manage those risks is to provide balanced, clear and correct information. <

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