



For fair and inclusive pension policy in the EU

Resolution adopted at the Executive Committee meeting of 26-27 March 2024

The EU context and trade unions' concerns about social security and pension policy

Current demographic trends are used as an argument by governments and EU institutions to question the fiscal sustainability of the “costs of ageing”, especially pension systems. This clearly emerges from reforms enacted in some EU member states, drastically and often indiscriminately raising the statutory retirement age and operating cutbacks in pension benefits (and indexation) and downward adjustments to welfare state. Furthermore, this approach is in line with the one adopted by the revision of the European Economic Governance (EEG) rules - strongly contested by the ETUC, which reaffirms the priority of the rights laid down in principle 15 of the EPSR and the “dignity of ageing” ([ETUC 2021](#)).

Although good jobs, good wages and adequate pensions are necessary to secure income not only during the working phase but also during the pension phase, this is not a given for all. Workers across Europe struggle with in-work poverty, remuneration far below living wages and income stagnation, due to poor quality jobs, widespread job discontinuity and precariousness including involuntary part-time jobs, discrimination in the labour market, also for senior workers, and very weak transition into the labour market of young workers. Job stability is further exacerbated by recurrent crises. **Insufficient and discontinuous wages lead to inadequate accrual of pension entitlements.**

Self-employed and atypical workers have in most countries fewer social protection rights and lower contributory obligations than employees ([ETUC 2018](#)).

Because of undeclared or informal work (coupled with weakened labour inspections), harmful taxation practices, enormous tax and contribution evasion and avoidance, significant fiscal resources are diverted from the budget that MS can devote to efficient welfare and the fight against poverty.

In a number of EU countries [pension replacement rates have been dramatically lowered in recent decades](#), even for average earners with very long working careers, leading to drops in income after retirement even going below the poverty line (1).



Moreover, access and adequacy to entitlements is contrasted by widespread gaps in social security systems, even more so for cross-border, mobile and posted workers.

Women suffer a steady and enduring pension gap, due to the persistent horizontal and vertical segregation in the labour market (2).

The goals of the 2030 Agenda, the EPSR principles and the EU and national 2030 Porto targets urge that all the above-mentioned distortions are addressed.

The most recent SociAll studies clearly show that [a more inclusive and better quality labour market is key to accruing the right to adequate pensions](#). However, they also show that [leveraging a better labour market](#) can only have its full [positive impacts on pension entitlements over decades](#).

All these recurrent concerns add to the poverty ones, [which affects elderly people disproportionately](#), and are exacerbated by the increased cost of living. Rising energy and housing costs (in the lack of public and private housing policies, including social housing), and especially in the absence of quality and affordable health and long-term care services make many old-age households struggle and are further obstacles to the sufficiency of pensions income.

Adequate safety nets protecting from poverty and social exclusion, including minimum income and pension schemes, formally present across the EU, are highly jeopardised in both effectiveness and adequacy.

Moreover, they must be solutions of last resort complementing systemic policies that address structural gaps in labour market and pension systems.

ETUC for fair and inclusive pension policy and dignity of ageing in the EU

These issues require a **systemic approach** ([ETUC 2016](#)), also based on good payment in an inclusive and gender-equal labour market, on the one hand tackling the causes of lack of adequacy of pensions across the EU and targeting poverty and social exclusion of present and future retirees on the other(2).

Trade unions' national priorities on pension policy, while respecting national competences, can however be conveyed towards common demands:

- more inclusive and adequate pension systems that guarantee appropriate replacement rates and a decent living standard beyond poverty protection ([ETUC 2023](#));
- more social and public investments coherently with population ageing, in public services, including in preventive healthcare, long-term care, decent housing;
- the full indexation and revaluation of pensions to be aligned with wages or increases in the cost of living as well as the needs of old-age;
- fair and earlier access to pensions for those who perform arduous work;
- specific rules to compensate and offset the gender pension gap (3);



- effective promotion of intergenerational solidarity at both EU and MS level, for example by policies enhancing the retention of senior workers at work in good health until the legal retirement age coupled with creation of inclusion paths into quality jobs for young people such as quality apprenticeships or traineeships;
- adequate minimum pension schemes or other instruments guaranteeing that “Everyone in old age has the right to resources that ensure living in dignity”, that aim to secure everyone beyond the minimum subsistence level; for younger generations, to correct the dysfunctions of the labour market, offset the negative effects of fragmented contributions and low paid careers, compensate for involuntary unemployment and training periods; for the older workers, measures must be taken aimed at compensating for any shortcomings accrued ([ETUC 2016](#)).

In line with the [Berlin Action Programme](#), the ETUC aims at accompanying trade unions in the formulation of evidence-based contributions [to various aspects of the future of social protection and welfare policy](#), with actions **targeting**:

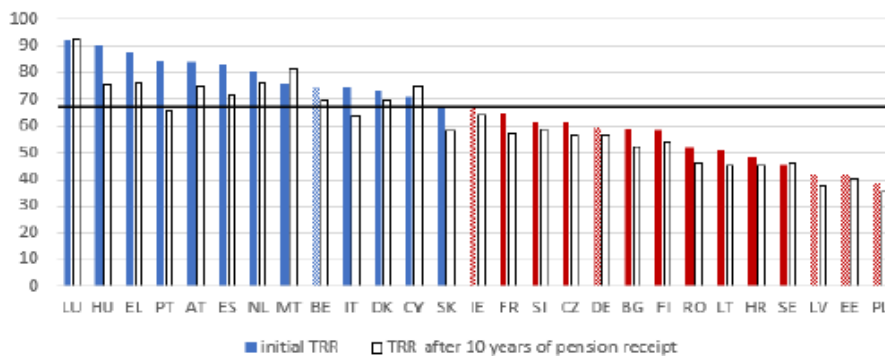
- i. the achievement of the EPSR pension rights (Art 15 a), pension adequacy for all, income maintenance/support, mainstreaming the gender dimension
- ii. the reconciliation of the dichotomy between "Costs of Ageing" and "Dignity of Ageing" in the revised EEG increasing social and public investments;
- iii. fair contributions, wage trends and sustainability of adequate pensions;
- iv. fight against undeclared work, tax and social security evasion, avoidance and harmful tax practices
- v. rule of law and fight against corruption;
- vi. fight for decent housing for all and against housing poverty
- vii. a principle proposal for adequate minimum income or pensions in old-age and for retirees in the EU in coherence with adequate, accessible and effective old-age rights.



Annex – Data, graphs, important document references:

- (1) In the [ETUC-SociAll full study](#) “More inclusive labour markets for more adequate pensions – A key tool for achieving EPSR pension targets”, Figure 2 at p. 15 looks the net TRRs realised in 2059 by male workers after 40 years of average pay. It shows how not even half of European pension systems (highlighted in blue) can currently guarantee status-maintaining. Running the same calculations for employees who manage to improve their wage position from average to 200% until the end of their working life, it becomes apparent that only very few welfare states – namely Greece, Spain, Luxembourg and Portugal – will be able to extend (limited) status-maintenance to those high income earners as well.

Figure 2: TRR (net) achieved by workers (average wage) reaching respective standard pensionable ages after 40 years in 2059



- (2) The ETUC SociAll studies “[Improving women’s old-age protection – the potential of closing labour market gaps](#)” summarises the dimensions of gender gaps and their impact on their pensions, including lower employment rate, segregation into involuntary part-time, lower pay, persistent gender pay gap, career discontinuity due to work-life imbalance aggravated by lack of public care services and inadequate parental, maternity and paternity leaves. In the study the important role is underlined of compensating the lack of contribution linked to care duty.
- (3) The study “More inclusive labour markets for more adequate pensions” also looks at old-age poverty measured by at-risk-of-poverty rates (AROP) and severe material deprivation rates of pensioners. AROPs are significantly higher than those for the entire population in some countries (predominantly central and eastern European states) and significantly lower in others (mostly in southern Europe), as shown in fig. 4 p. 20.



Figure 4: At-risk-of-poverty-rates and severe material deprivation (2021)⁴⁷

