



Joining the club

ASSOCIATIONS

Groups of businesses and other organisations with common goals often create national associations to advocate for their collective interests. That includes pension funds and many of the industries that serve them. A consequence of closer European integration has been the growth of Europe-wide associations, to try to combine the influence of national associations.

David Adams reports

Joining a national trade association means strengthening a collective voice in pursuit of common goals. It may also offer other benefits, including opportunities for the organisation and its staff to demonstrate professional credibility, or to share ideas, problems or best practice with their peers. But what are the purposes and methods of the Europe-wide associations within the pensions world?

They include PensionsEurope, which represents national associations of pension funds in 18 European Union (EU) member states and three other European countries. It focuses primarily on second pillar pensions, although about half of its members also provide third pillar personal pensions. In total, its

member organisations represent, directly or indirectly, about 90 million pension savers and retirees; and about €5 trillion of assets managed on their behalf.

“It’s a very diverse membership, and a very diverse landscape,” says PensionsEurope secretary general and CEO, Matti Leppälä. He suggests that PensionsEurope’s most important success in recent years, achieved alongside other organisations, has been pushing back against European Commission proposals for full harmonisation of pension fund capital requirements within the 2016 review of the IORP Directive. Sustained campaigning over several years helped to prevent this. However, Leppälä says that ever-evolving regulation means PensionsEurope must continuously

defend its members' interests "in an environment designed for big banks and big institutions".

"We have to explain why something does not work for smaller pension funds, and how it should be amended so it is proportionate," he explains.

He says PensionsEurope works extremely hard on forming effective working relationships with policymakers and other organisations that work closely with European pensions industries: "You have to have the trust of people in these institutions if they are going to take you seriously."

Influencing policy at the heart of Europe

The European Association of Paritarian Institutions (AEIP), which represents a broader range of social welfare protection associations and organisations, takes a similar approach. It has been based in Brussels since its foundation in 1996, precisely because this is the best place to work closely with the institutions of the EU.

AEIP's 15 associate and affiliate members are based in 11 European countries, and represent different types of pension funds, schemes and institutions, mostly delivering second pillar pensions, although some also manage first pillar pensions and employee welfare protection on behalf of governments. Associate members include Agirc-Arrco and CTIP in France, PensioPlus in Belgium, SOKA-BAU in Germany, BUAK in Austria, the Dutch Pensioen Federatie; and the Finnish Pension Alliance in Finland.

Although some of these

organisations are much larger than AEIP, the association gives them a stronger voice within policymaking circles at European level, says executive director, Simone Miotto. That collective influence can be made even stronger through work alongside other European associations, including PensionsEurope, with which AEIP has a protocol of cooperation. Its work also extends beyond Europe, through the World Pension Alliance, of which PensionsEurope is also a member, along with pensions industry associations from North America, Latin America and Australia.

In Europe, AEIP is working with policymakers on issues including development of the European Tracking Service on Pensions (ETS) and web-based cross-border pension tracking services. It is also one of 13 organisations that promote European Retirement Week each November, providing a platform for debate and awareness-raising around issues including pension adequacy.

There are also associations representing business sectors that work with pension funds and schemes in the industry. They include the Actuarial Association of Europe (AAE), which counts 38 national actuarial associations in 37 European countries among its members, with those associations in turn representing more than 30,000 actuaries. Many work with pension funds, on actuarial valuations, or delivering other services such as benefit structure design, or investment strategy advice.

The AAE provides industry-independent advice to the European Commission and other policymakers

on issues related to pensions, insurance and risk management, among other subjects, says AAE senior actuary and project manager, Stephanos Hadjistyllis. At present, they include incorporating considerations of sustainability into actuarial work; and the role actuaries can play in ensuring AI technology is used ethically within or alongside actuarial work. The AAE also has a Code of Professional Conduct, developed to ensure consistent quality of actuarial work.

Investment management collaboration and innovation

Elsewhere, the European Fund and Asset Management Association (EFAMA) represents Europe's investment management industry. EFAMA's annual *Fact Book* is an important publication for any institutional investor, collating and analysing market statistics and trends.

"EFAMA is promoting discussion between regulators, the industry and consumer organisations, so that together we can influence regulation in the right way," says EFAMA senior director for economics and research, Bernard Delbecq.

He points out that the investment management industry has become an even more important partner for pension funds in an age when DC pension arrangements are coming to dominate the European pensions landscape. He suggests that the use of lifecycle strategies for individual pension savers, pioneered by



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EFAMA's members, "is probably the best strategy that our industry can offer to the benefit of pension savers, especially younger savers".

The association also works alongside other pensions and insurance industry bodies to promote more awareness of the need to save for retirement and adoption of policies to close the pensions gap, such as auto-enrolment.

EFAMA was also an early advocate for the creation of an EU-wide pensions product for the second pillar. The idea was not accepted by the European Commission, but it helped encourage the creation of the Pan-European Personal Pension Product (PEPP) for the third pillar.

Delbecque notes that while the commission's original proposal for a PEPP incorporated a default capital guarantee, the results of academic research commissioned by EFAMA helped ensure the final version included an option to use lifecycleing. He suggests that the reason the PEPP has been a failure so far – there is currently only one PEPP provider – is a series of compromises made in response to demands from other stakeholders.

"We hope that the new European Commission will simplify the PEPP regulation," he says.

Pushing for pan-European pensions

The PEPP is dear to the heart of one Europe-wide association

pursuing a specific pension policy: the Cross Border Benefits Alliance (CBBA). Its founder and secretary general, Dr Francesco Briganti, is a former director of AEIP. While working there, he completed a PhD in EU law, which examined the legal basis needed to establish a pan-European employee benefits plan. The concept was viewed with some scepticism within the pensions industry: Briganti recalls one observer dismissing it as "a science fiction study".

But while writing the PhD, Briganti had spoken to other industry associations, multinational employers and large pension providers, which expressed enthusiasm for cross-border benefits programmes, in part because this could enable them to sidestep some of the operational and regulatory complexity and costs involved when enabling employees in different countries to save for retirement.

He invited these employers, pension providers and other organisations to join the CBBA. It began operations in 2017, soon broadening its scope to cover not just pensions, but pan-European health and other employee benefits. Today, its members include AXA France, FIAP, Fondo Pensione BCC, Gallagher, the Generali Employee Benefits Network; and Aon's multi-country pension solution, United Pensions.

The CBBA argues for creation of a Pan-European Occupational Pension Product (PEOP). A 2020 CBBA discussion paper on the subject helped to inform the content of the European Pensions Insurance and Occupational Pensions Authority (EIOPA) Occupational Pensions Stakeholder Group's discussion paper on the subject in May 2024.

"When some organisations say there is no appetite for cross-border pensions, our answer – and also the answer of EIOPA – is that the problem is not market appetite," says Briganti. "The problem is... the current legal framework is too complicated and burdensome. But today, those organisations, which were historically opposed to cross-border pensions, know that the commission is considering going ahead with this project."

Even with their impressive collective scale, any achievement claimed by any of these associations will be hard-won and may take years. But each also demonstrates the potential value of a united front in pursuit of common aims.

Sometimes, as with the IORP Directive, Europe-wide associations work together to create even greater influence over policymakers. Briganti warns that this can be difficult. "In some areas we agree, in others we do not agree," he says. "But when we converge, we are much more powerful."