

# From Legislative Change to Business Practice: What Companies Can Gain

---

Leonardo Sforza, Head Research Europe and EU Affairs, Aon Hewitt

# Growing Interest in EU Pension Fund Vehicle

- 1/2 Companies Provide Occupational Pension
- 8/10 Consider Cross Border Arrangements Relevant and Valuable
- 9/10 Ready to Expand Pension ...Only If Right Incentives in Place
- EU Pension Fund Directive (IORP) Right Legal Vehicle

# A Pan-European Legal Framework for Pension Funds

## ■ Pension Fund Rules

- EU Common Goals/Principles
- Country Specific Implementation
- Non Discriminatory Tax Treatment



## ■ Pension Plan Rules

- Local Labour and Social Rules
- National Tax Regime



# How Does the EU Pension Fund Work ?

- Freedom of Choice of Location and Of Service Providers
- One Single Fund Covering Multiple Pension Plans
- Pooling of Assets and Liabilities
- One Investment Policy
- One Supervisory Authority
- Possibility to Set Common 'Floor of Rights'

# Why Are Companies Doing it and What Can they Gain ?

- Cost Savings and More Effective Financial Management
- Simplified Compliance, Improved Risk Management and Governance
- More Coherent and Consistent Administration
- Re-alignment of Pension Policy to Corporate Strategy
- Positive Employer Branding

# Benchmark Analysis of « Home » Country Location

- Nature and Scope of National Rules
- Governance
- Funding Requirements
- Cross-Border Considerations
- Tax Framework

Belgium  
(OFP)  
+++

**Legal Framework, Stability, Transparency, Experience and Accessibility of Supervisory Authorities Also Matter**

Sources: Feasibility Study for Creating an EU Pension Fund for Researcher,  
Prepared by Hewitt for the EC, June 2010