

# **Governance Occupational Pension Schemes: Role of the employer**

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# Importance Occupational Pensions

- ◆ Basis social security: minimum income
- ◆ Pension for married person = €966 net per month



# Part of labor contract



- ◆ So: negotiated by employer
- ◆ Often part of collective labor agreement

# No obligation in law

- ◆ No regulations in law that require the employer to set up a pension scheme
- ◆ So the employer can decide whether he will set up an occupational pension scheme or not

# Compulsory participation

- ◆ Agreements on participation in an industry wide pension fund can be made compulsory, i.e. made legally binding for all workers in the given branch of industry
- ◆ Request of social partners
- ◆ So employer is involved via the employers organisations

# Substance pension scheme

- ◆ Same: result of negotiation process
- ◆ No rules in law as regards substance or type of pension scheme
- ◆ Most schemes: are of DB type



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# Contributions

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- ◆ Part of the agreement



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# Insurance

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- ◆ Pensions must be insured with either an insurance company or a pension fund
- ◆ The employer is contractor



# Payment contributions



- ◆ The employer has to be all the contributions including the employee contributions

# Provisions insurance contract

- ◆ Investment policy
- ◆ Policy in underfunding
- ◆ Policy in overfunding
- ◆ Policy in changing scheme rules

# Pension fund

## (Dutch pension fund)

- ◆ Insurance contract
- ◆ Board: employer has half of the seats
- ◆ >Untill 2008 consent of the employer on board decisions was allowed, but that is now forbidden in law
- ◆ Oversight body: 1/3 of the seats



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# Discussions

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- ◆ Why should the employer be represented in the pension fund board
- ◆ Type of pension scheme
- ◆ Conflict of generations