

Latest updates from our European experts

European Pensions Agenda

February 2016

1 EU – IORP II Directive nearing completion – The ECON Committee has published its **final report** on the proposed IORP II Directive. Trilogue negotiations between the European Commission, the Council and the European Parliament to determine the final text are due to begin shortly. Key issues to be agreed include the funding requirements for cross-border schemes, the level of prescription over information to be provided to members and beneficiaries and the need for individuals running pension plans to have professional qualifications.

Action: Lobby relevant parties to ensure key issues are addressed in trilogue.

2 Austria – Rewards and fines relating to employing older workers from 2018 – From 1 January 2016, companies with more than 25 employees will be assessed annually to measure the proportion of employees over age 55. Alongside this, it is planned that a so-called 'bonus-malus' system will be introduced, from 1 January 2018, under which affected companies that exceed a specified target for the proportion of employees over age 55 will be rewarded and those that do not will be fined.

Action: Monitor developments so necessary actions can be taken in good time.

3 Belgium – Changes to minimum pensionable age – From 1 January 2016, new occupational pension plans are not permitted to have a lower pensionable age than the applicable state pension age (currently age 65). For existing pension plans the pensionable age for individuals employed from 1 January 2019 also cannot be lower than the state pension age.

Action: Review your existing pension plans and take action to prepare for this change.

4 France – Collective agreements on complementary pensions – Collective agreements were signed by trade unions last October to save French mandatory complementary pension plans. Under these agreements, from 1 January 2016, contributions for executives were increased by 2.2% on salaries between €154k and €308k. In addition, from 1 January 2019, the agreements provide for increased contributions, incentives to work longer, and lower revaluation of pensions.

Action: Assess impact of new measures and decide response.

5 Germany – Pension liabilities expected to fall as rules change – The Government has decided to change the rules for calculating pension liabilities to allow the average interest rate over the last ten fiscal years to be used in the calculation of pension liabilities, instead of the average over the last seven years as is currently the case. This means employers should see the pension liabilities on their balance sheet fall as they will be able to use a higher discount rate when calculating these.

Action: Assess impact on your pension liabilities and monitor future changes in interest rate.



Latest updates from our European experts

European Pensions Agenda

February 2016

6 Ireland & UK – New Codes for DC plans – The Irish Pensions Authority has published the first tranche of **Codes of Governance** for defined contribution plans. The first three cover governance plan of action, trustee meetings and managing conflicts of interest. The UK Pensions Regulator has also issued its draft new **Code of Practice** for plans with money purchase benefits. **Read more**

Action: Trustees of affected plans need to take account of these Codes, which contain new regulatory guidance on how they should run their plan.

7 The Netherlands – Proposed extension of Works Councils' rights – Proposed changes to the Works Councils Act would grant Works Councils the right of approval on arrangements of the execution agreement if they directly influence the pension agreement with employees. This is an extension of Works Councils' current rights and follows a high profile decision of the court of Rotterdam, in which it decided the covering of shortfalls is part of the execution agreement and not part of the pension agreement and, therefore, the Works Council had no right of approval.

Action: Monitor developments as this could become law by 1 July 2016.

8 Poland – Pension contributions for contractors increased – From January 2016, exemptions from social insurance contributions have been significantly reduced where a worker is engaged under several civil law contracts at the same time. Now, in addition to the "first in time" contract, any further civil law contracts will generate contributions if the worker is remunerated below the minimum wage. This is designed to improve the treatment of workers engaged under such contracts. However, it will see the cost of work for some industries, such as security services and construction, increase significantly.

Action: Assess impact on your business and be prepared for higher social insurance contributions.

9 Spain – Changes to state pension introduced in January 2016 – The state pension age has increased to 65 years old where an individual has contributed to the social security scheme for at least 36 years and to 65 years and 4 months where contributions have been paid for less than this. In addition, the state pension will be calculated taking into account an additional year of contributions and there is an increase for women with children of 5% for two children, 10% for three and 15% for four or more.

Action: Consider the impact on the age at which your workers may retire.

10 UK – Prepare for tax changes – Employers need to prepare for the new tapered annual allowance, which will see the annual allowance reduced to £10,000 for higher earners from 6 April 2016. The pensions lifetime allowance will also be cut to £1m from this date. Further changes to the pensions tax system are expected to be announced in the Budget on 16 March 2016. **Read more**

Action: Decide response to tapered annual allowance and implement changes to staff pensions and benefits. Be prepared for potential further changes to pensions tax relief.

For more details on these or any other issues speak to your usual Eversheds' adviser or e-mail **Francois Barker**, Head of Pensions, at francoisbarker@eversheds.com

Click [here](#) to read the last edition of our European Pensions Agenda.

eversheds.com

©Eversheds LLP 2016 © Eversheds International 2016. All rights are reserved to their respective owners. Eversheds International is an international legal practice, the members of which are separate and distinct legal entities.

EHRG.1133 2/16

