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
Contributions

- Part of the agreement
Insurance

- 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
- >Until 2008 consent of the employer on board decisions was allowed, but that is now forbidden in law
- Oversight body: 1/3 of the seats
Discussions

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