

Providers encouraged to enter multi-employer cross-border market

Written by Natalie Tuck

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Pension providers in Europe have been encouraged to enter the multi-employer cross-border pensions market by a panel of sponsoring employers and pension fund managers.

Speaking on a panel debate at the CBBA-Europe Annual Conference Wednesday, 13 November, discussing cross-border pension solutions, Owens Corning compensation and benefits manager, Sjuick de Borders, said it would be a good thing for the market if other providers offered cross-border pension products.

“When we look at multi-nationals and large groups of employees in different countries, cross border is possible with IORP II. There are maybe 15-20 companies that typically do something between Ireland and the UK, or Netherlands and Belgium...for those other 200-300 [companies] like mine, we can't do that by ourselves. The solution for us is multi-employer funds.

“There are today, as far as I know, two serious providers, Aon's United Pensions and Amundi; if others come in I think that would be a good thing...IORP II sets out the basics, it tells you, you must have a statement of investment principles, it talks about governance, it talks about respecting social and fiscal laws in each country. That is the state of play today, it's not going to change much, so when we talk about this market, either companies are going to step in or they are not. I think that the companies that have are first movers, it's a good thing,” he said.

Another employer representative, Logitech total rewards EMEA, Sasha Jauregui said that her company hasn't introduced a cross-border pension product because they “haven't actually found any relevant products yet that will fit our requirements”.

“The perception so far is that cross-border schemes are only available to international employees, we don't have these and they have always been seen as a costly additional umbrella built on, and for us as a small company we would like to keep our operating margin low, so we are looking for something that would be applicable to local employees, but also quite cost effective,” she said.

JT International SA global rewards Birgit Kohnen added that her company has more than 45 pension plans around the world.

“Currently don't have any cross-border solutions due to the decentralised nature of our company. At the beginning when we started looking into cross-border solutions we found them rather complex and complicated to set up and administer,” she said.

State Street Global Advisers senior pensions strategist Jacqueline Lommen, who was chairing the panel, said that “we are at a tipping point” when it comes to cross-border pensions.

“We probably need more awareness and more promotion of the names that are out there, to make people know that they are out there already. There is this reputation, this idea that it is challenging and complex, but if you do it, and work your way through it, it's fine, it's mainly stakeholder management internally.”

She also added that the industry should use the help of the European Insurance and Occupational Pensions Authority (EIOPA) more as there is a lot of knowledge within the supervisor.

One audience member, Previnet senior manager, Martino Braico, asked whether schemes would be afraid of losing their identity if they joined a multi-employer scheme, but several panel members highlighted that they are already part of some master trusts in individual countries so it is not a problem.

Audience member United Pensions and Aon partner, Thierry Verkest, added that within a multi-employer plan a company can create its own section.

“Such a section can include all kinds of pension plans, it can include DC and DB plans, and talking about Dutch, include CDC plans, and can include plans with guarantees. It is your section, you can even call it your pension fund within the umbrella, United Pensions, so you do not lose at all your identity.”

There are currently around 80 cross border occupational pension schemes in Europe, although some of these are very small, Lommen said. There are about 25-30 bigger schemes owned by global multinational companies. Cross-border schemes cover approximately one million members and have around €60bn in assets under management.

Later in the day, EIOPA executive director, Fausto Parente, said that the supervisor was open to the [stakeholder view](#) in order to further the develop the market.