Aon stops offering United Pensions as a solution to Dutch clients

Written by Natalie Tuck
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Aon will no longer offer clients in the Netherlands the to option transfer to its cross-border pensions solution, United Pensions, due to the country's implementation of the European Union's (EU) IORP II Directive.

Aon Retirement and Investment, Netherlands, CEO, Frank Driessen, confirmed that Aon NL has stopped advising Dutch clients of the United Pensions solutions. The cross-border pension solution was launched in 2014 and has several Dutch clients.

"Nothing will change for existing NL-United Pensions clients," he said. "United Pensions is future-proof and Aon will continue to support it. This problem concerns a local situation in the Netherlands, but United Pensions is for the whole of Europe."

Driessen explained that it "became increasingly difficult to convince potential Dutch clients to go to United Pensions". He said an important reason is the two-thirds majority (Dutch specific legislation) required among participants for cross-border pension transfers, introduced at the beginning of the year. This is related to the way the Netherlands has implemented the EU's IORP II Directive.

He also said there was a "prevailing mistrust of cross-border pensions" and the "the uncertainty surrounding the rules of the Dutch pension system". He said this makes it difficult to make decision on the long term due to the constant changes.

"For the time being, advisers from Aon will therefore no longer include United Pensions as an option in advisory processes for Dutch companies and pension funds," he said.

He is also confirmed that Aon NL's own pension fund will not transfer to United Pensions: "Aon NL does not consider it justified to make a choice now. The recent decision of our Minister [of Social Affairs and Employment, Wouter] Koolmees to postpone pension discounts was decisive in this regard," he said.

Concerns were raised about the way the Netherlands has implemented the IORP II Directive at the recent Cross Border Benefits Alliance-Europe (CBAA-Europe) Annual Conference by several experts. University of Utrecht professor, Hans van Meerten, believes that the Dutch implementation of the directive is a "violation of EU law".

A majority of members must approve the transfer, but in the Netherlands, the majority is defined as a two-thirds majority, which makes it "practically impossible to move a scheme outside of the Netherlands because two-thirds of the members have to agree with this transfer", van Meerten said.

"In my view this is a violation of EU law…and objects with the directive's aims, namely, to facilitate cross-border activities of pension funds," he added.

Aon United Pensions partner Thierry Verkest, who also spoke at the CBBA-Europe conference, also criticised the two-thirds majority needed in the Netherlands and some other countries, "a majority that you do not need when you transfer locally".

"I still don't understand how that is possible and how can you ask individual members of a local pension fund to transfer their pension rights to another country. Ask an 85 year-old pensioner 'do you want to transfer your rights to another pension fund cross-border?'. Those people do not understand how it works, why you are doing this, how can you ask something like that?," he stated.

"The directive includes the possibility to ask representatives than actual members, and for me that makes much more sense," he said.

Commenting on the announcement, CBBA-Europe secretary general, Francesco Briganti, said: "Last spring, CBBA-Europe published two position papers about the controversial (and legally doubtful) Dutch implementation of the IORP II directive. These papers specifically referred to the two third majority requirement for cross-border transfers of pension schemes from the Netherlands and the obligation for foreign IORPs operating in the Netherlands to provide double reporting on their capital ratio coverage."

Briganti added that the risks highlighted by CBBA-Europe of the Netherlands' legislation appear to be "concrete" following the decision by Aon to stop its cross-border activities in the country.

"CBBA-Europe will advocate that the EU takes measures obliging the Netherlands to modify its controversial legislation discouraging cross-border activities, and in order to avoid a domino effect, which might tempt other EU member states to emulate the Netherlands, if there is a lack of action from the EU," he said.

A number of European countries have been criticised on the implementation of the IORP II Directive. In April, the European Commission's Directorate-General for Financial Stability and Capital Markets (DG FISMA) launched an infringement procedure against 17 EU member states for incorrect implementation of the directive.

The commission said the infringement procedures have been launched due to the lack or delay of the notification, or non-communication of national transposition measures or their incompleteness. Among the countries is the Netherlands, along with Bulgaria, Cyprus Czech Republic, France, Germany, Greece, Ireland, Latvia, Luxembourg, Malta, Poland, Portugal, Romania, Slovenia, Spain and Sweden.