Policy brief 2026/2

Pensions seen from the perspective of manufacturing workers and their trade unions

Introduction

In November 2025, the European Commission adopted a package aimed at updating its instruments in the field of supplementary pensions. The package was presented by Maria Luís Albuquerque (DG FISMA), the Commissioner for Financial Services and the Savings and Investments Union. According to the Commission, the package will "help citizens secure adequate income in retirement by improving access to better and more effective supplementary pensions. The proposed actions aim to complement - not replace - public pensions, which serve as a foundation of pension systems across all Member States".

This paper critically examines the main elements of the proposed package, highlights key issues for discussion, and concludes with an assessment from our federation. We have chosen to contextualise pensions more broadly than the technical proposals put forth by the Commission, as pensions are fundamentally important to our members. However, the paper does not address national pension reforms across Europe. Disability benefits and other social benefits also fall outside the scope of this policy brief.

IndustriAll Europe is actively participating in the European Trade Union Confederation's Social Protection and Pensions Committee and its special task force on supplementary pensions, established in connection with the publication of the EU package. Discussions about pensions occasionally occur in our Collective Bargaining and Social Policy Committee, along with its Select Working Party. Pensions have been included in EU-funded projects organised by industriAll Europe, most recently in an academic study in 2025 conducted by Ronald Janssen on the European Savings and Investments Union (SIU). With occupational pension funds managing 4 trillion euros and insurance companies 9 trillion euros in assets, a loosening of investment regulation for the manufacturing industries is expected to foster corporate investment within the EU.

The European trade union movement faces challenges to influence this area for several reasons. One reason is that the Commission has set up a special advisory body called EIOPA to "foster financial stability and confidence in the insurance and pensions markets". Lastly, the EU Commission exerts indirect pressure on member states through the European Semester's country-specific recommendations, which seek to limit state pensions and ensure fiscal consolidation. Trade unions are not considered stakeholders within the Semester framework.

Context

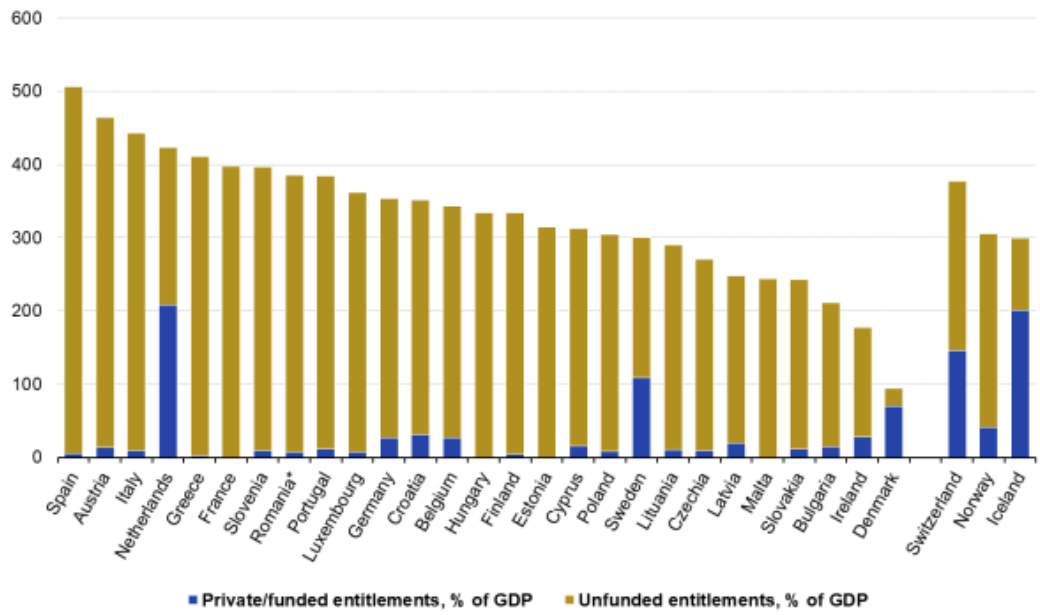
There exists a standardised division of pension rights into pillars:

- ✓ Pillar 1: Mandatory state pensions, typically funded through social security contributions made by employers and workers.
- ✓ Pillar 2: Occupational pensions, either fully funded by employers at the company level or sector level or jointly funded by employers and workers. These assets can be managed by specialised pension funds or insurance companies.
- ✓ Pillar 3: Voluntary personal savings that provide tax advantages.

(Some countries, such as Belgium, classify individual savings without tax breaks as Pillar 4

There are great variations among European countries when it comes to households' total pension entitlements as a share of gross domestic product and how much of these entitlements is kept in the form of occupational pensions. The chart below shows that Spanish workers had the largest pension reserves (Pillars 1 and 2), accounting for five GDPs in 2021 (the most recent data). In monetary terms, this was 6.2 trillion euros according to the table in Eurostat's National Accounts. Just over 1% of these entitlements were saved as occupational pensions. Conversely, the Netherlands ranked highest in terms of occupational pensions. Dutch workers' entitlements amounted to 3.7 trillion euros in 2021, or 4.13 times the GDP. Occupational pensions accounted for more than half of this amount (55%), over two GDPs.

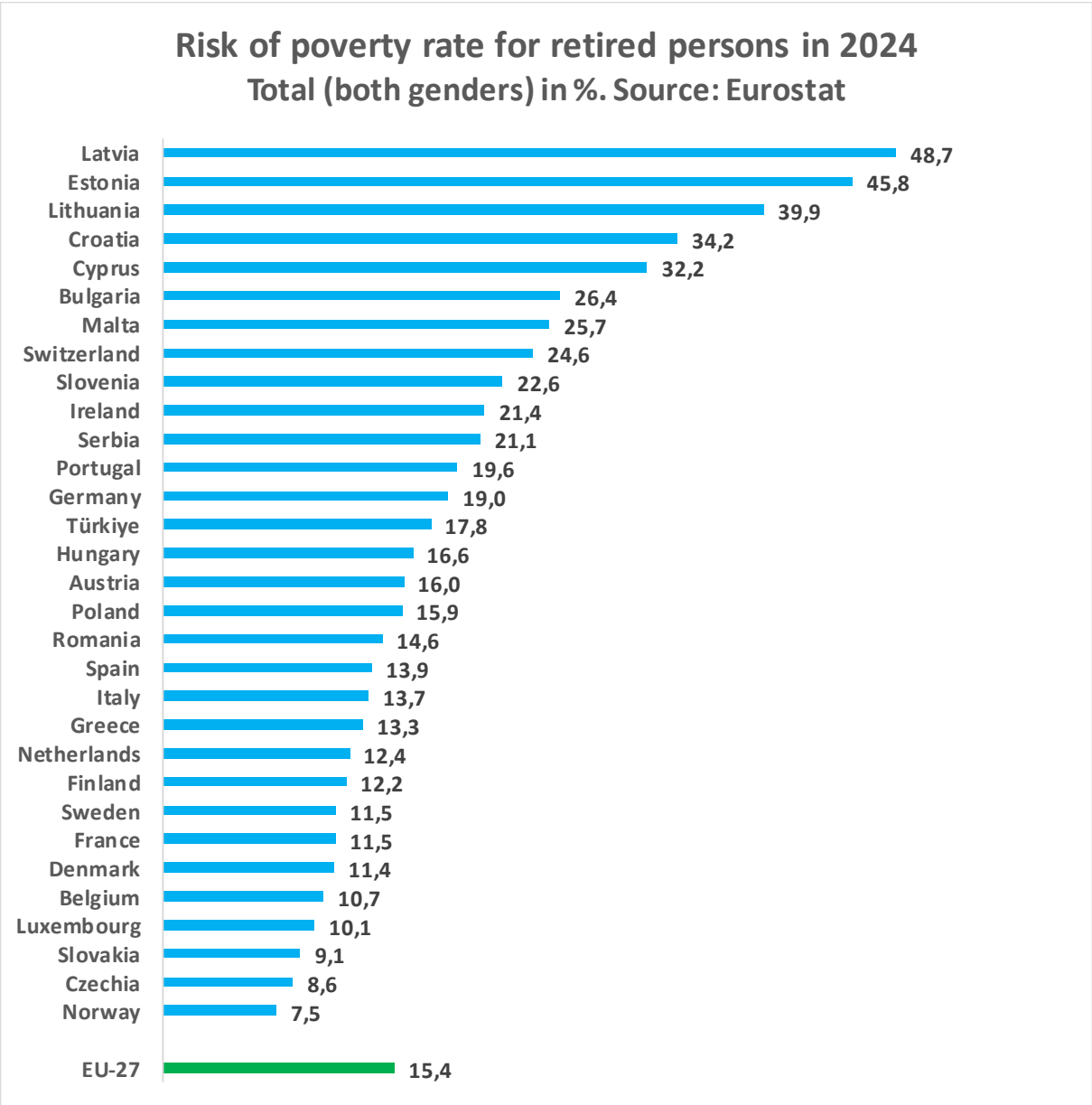
Household pension entitlements in social insurance in EU and EFTA countries by end 2021 in % of GDP



Note: For Romania private total pensions entitlements in social insurance do not include defined benefit schemes for general government employees classified in general government (not in core accounts)
Source: Eurostat (online data code: nasa_10_pens1)

eurostat

Many pensioners across Europe live in poverty, particularly in the Baltic states. The weighted EU average is 15.4%. Only the Slovak Republic, the Czech Republic and Norway report rates below 10%. In nearly all countries, the problem is greater among female pensioners than male. In regard to the table below, it is essential to understand the concept of "at-risk-of-poverty rate" (AROP). It defines monetary poverty, indicating low income relative to the national average, not necessarily absolute poverty. The definition of poverty is income below 60% of median income[1] after social transfers. For instance, if the national median income is €20,000 per year, the poverty line would be set at €12,000.



[1] The median income is the income amount that divides a population into two equal groups, with half earning above this amount and half having an income below it.

How useful is the supplementary pensions package for our members?

The proposals from the Commission, currently under trilogue negotiation, may initially appear technical. However, they address crucial issues for workers, as we are discussing the necessity for them to be able to retire with sufficient income. The main elements of the package are as follows:

1) Proposal to amend the 2016 Directive on Institutions for Occupational Retirement Provision (IORP)

This Directive sets common standards for occupational pensions and aims to ensure their soundness while protecting schemes and beneficiaries. According to the Commission, the proposal for a revised Directive aims to unlock the potential of occupational pensions and strengthen the framework to support efficiency and trust in supplementary pensions. The review will enhance the protection of savers and remove barriers to consolidation. These measures will reduce costs and diversify investment portfolios, including equities, to deliver stronger returns on citizens' savings. Additionally, this initiative should foster increased financing opportunities for European companies.

Comment:
Trade unions advocate for occupational pension funds to have return guarantees imposed by nation-states. It is unacceptable for pension savings to decline in real value while insurance companies record huge profits. Occupational pensions are postponed wages. EU regulations on occupational pensions must, under no circumstances, interfere with the rights of social partners at all levels to negotiate collective agreements, including those that confer exclusive rights on union members or workers in companies where collective agreements are in place. Both social partners and authorities must ensure that women workers are not discriminated against. Career breaks caused by parental leave must not result in a gender pension gap.

2) Proposal to amend the Pan-European Personal Pension Product (PEPP) Regulation

This Regulation pertains to private savings and does not relate to collective pension rights, whether from the state or employers. PEPP was first introduced by the EU in 2022 to create a new pan-European pension product, jointly supervised by national authorities and the European Insurance and Pensions Authority (EIOPA). PEPP is widely considered to have failed in its initial rollout, evidenced by low adoption since its launch. As PEPP does not come with tax incentives, it is perceived as less attractive than other solutions.

Comment:
Trade unions have an ambivalent view of individual pension savings. On one hand, these schemes provide workers with the opportunity to save for their retirement without losing purchasing power due to inflation exceeding the interest rates. On the other hand, few workers have money to allocate for savings accounts as they struggle to make ends meet every month. If private savings come with tax reliefs, tax revenues lost by the state must be offset by spending cuts, which in practice can mean reduced services or higher user fees. Therefore, Pillar 3 pensions lead to heightened inequalities among pensioners. These tax breaks also act as a subsidy for financial institutions. When customers benefit from a tax advantage for depositing money into certain accounts, they do not expect a return on their capital. Banks may even charge fees on customers for transfers; nonetheless, this type of savings account can still be highly profitable for customers with available funds.

Trade unions insist that PEPP be kept distinct from occupational pensions. Unions are, in general, not happy with private, individual pension schemes. The insistence on the promotion of PEPP is problematic. It was introduced to fill a gap with cheap cross-border pension saving tools. Its failure is largely due to a lack of cost-efficiency, non-transparency, and complex design. The possibility for employers to introduce PEPPs in the workplace unilaterally further undermines the role of social partners and paves the way for aggressive marketing strategies by PEPP promoters.

If all workers had the opportunity to set aside money for pension savings, trade unions would have viewed them more favourably. However, this is not the case due to factors such as low wages, the cost-of-living crisis, and precarious employment. Consequently, authorities at both the EU and national levels cannot expect workers to complement state and occupational pensions with individual savings.

3) Proposal for a recommendation on:

- Pension tracking systems

This system is meant to provide citizens with a clear overview of their pension rights and projected benefits across all pension schemes. Such tracking systems should help address the limited knowledge of pensions, often due to citizens' limited awareness regarding their future pensions.

Comment:
Tracking systems must be framed within a broader European political context. The development of such systems must be accompanied by efforts to ensure adequate state pensions across the EU. Moreover, they must be accompanied by efficient and transparent portability, particularly for mobile and posted workers. These tracking systems must comply with data protection rules and be accessible to individuals with low digital literacy. Workers should be informed of the risks associated with investing in personal pension products not governed by social partners.

- Pension dashboards

These dashboards will be national, allowing member states to more effectively evaluate the coverage, sustainability, and adequacy of their multi-pillar pension systems. Ultimately, the national dashboards will feed into an EU-level pension dashboard.

Comment:
Pension dashboards should be intuitive and accessible, including for people with low digital literacy. Ensuring language accessibility and simplifying presentation of complex information are critical components.

- Auto-enrolment into supplementary pension schemes

Auto-enrolment refers to the automatic inclusion of workers in supplementary pensions, with the freedom for individuals to opt out. The Commission stresses that auto-enrolment should be implemented in accordance with national circumstances while fully respecting the roles and autonomy of social partners and the prerogatives of collective bargaining.

Comment:
Auto-enrolment offers several advantages, as it enables supplementary pension coverage to be extended to a much broader share of the workforce. It mitigates the risk that employers fail to inform workers about this opportunity, especially in small and micro-enterprises. It must apply exclusively to sector level or company level pension funds established and negotiated between the social partners. Such schemes must be jointly governed and of a collective nature. Pension funds unilaterally designated by employers must be explicitly excluded, especially if pushed by an EU instrument.

Workers must have access to full, transparent, and comprehensible information on the implications of enrolment, both in terms of rights and obligations. They must also be effectively enabled to opt out of enrolment. Timeframes for opting should not be too short. Workers with low income and precarious jobs, especially women, young people, and temporary workers, must have the same substantial right to access supplementary pension rights. Only under these conditions, can automatic enrolment represent a balanced and inclusive opportunity for workers, employers, and pension systems alike.

Assessment and conclusions

In the internal market, with free movement of workers, and pensioners for that matter, all pension rights must be portable cross-border. So, even if there is shared competence between the EU and the member states in this area, the EU must ensure portability and transparency. However, with the existing differences between countries, there is no one-size-fits-all solution to ensure adequate income levels for workers who have ended their careers. Regardless of how Pillar 1, Pillar 2, and Pillar 3 pension systems are designed, it will always be essential for beneficiaries to receive clear and understandable information about their entitlements.

For the trade union movement, solidarity is essential. Therefore, state pensions must be the cornerstone to ensure decent living standards for all groups of workers. Social security systems require proper funding. The share of GDP allocated to pensions varies significantly across European countries, not only because of differences in demographic structures but also due to different pension systems and benefit levels. Undermining funding through cuts in social security contributions must be rejected.

Manufacturing unions are playing a leading role in collective bargaining across Europe. They can negotiate tailor-made solutions for their members who work in specific sectors and companies. In this context, it is vital to ensure that workers can retire with dignity. If workers cannot reach retirement age, other solutions must be sought. In connection with downsizing, which occurs far too often in our sectors, unions frequently need to negotiate special arrangements for workers nearing their statutory retirement age.

Input from our affiliates is always welcome, particularly since the Commission has not conducted an impact assessment of its proposals. Most trade unions are concerned about low incomes among their members after retirement. More than one in seven EU workers is currently at risk of poverty in the today's reality. Information from our affiliates will be saved in our collective bargaining database under the category 'Retirement and Demography'.

IndustriAll Europe has repeatedly called for increased investment. The supplementary pensions package is linked to the European Savings and Investments Union. As there are 13 trillion euros currently held in various occupational pension schemes, we see potential to unlock funds for reindustrialisation of Europe. However, workers' postponed wages must not be jeopardised as the money will be needed to complement state benefits. Workers must be able to rely on occupational pension schemes. When it comes to the

management of pension funds, non-profit organisations governed by social partners are clearly preferable to commercial insurance companies.

As the pensions package of the EU Commission applies to all sectors in the labour market, it is natural that the ETUC takes a lead role in lobbying vis-à-vis the EU lawmakers. IndustriAll Europe will continue to play an active role in the ETUC's Social Protection and Pensions Committee as well as in its task force. If the ETUC organises an EU-funded project on the dossier, we will engage in their project activities.