



Council of the  
European Union

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**NOTE**

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From: General Secretariat of the Council  
To: Permanent Representatives Committee/Council

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Subject: Draft Council Conclusions on Pension Adequacy  
- *Approval*

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1. Delegations will find attached a set of draft Council Conclusions on “Pension Adequacy” prepared by the Social Protection Committee.
2. The Conclusions are based on the 2024 Pension Adequacy Report prepared by the Social Protection Committee and the European Commission. This set of Conclusions also contain an endorsement of the Report’s Key Conclusions.
3. The draft Conclusions were discussed in the Social Protection Committee and in one meeting of the Social Questions Working Party. Following an informal written consultation, the Working Party reached an agreement on the Conclusions as set out in the Annex to this Note.

4. The Committee is invited to

- confirm the agreement reached on the draft Conclusions as set out in Annex; and
  - forward the attached draft Conclusions to the Council (EPSCO) on 20 June 2024 for approval.
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**Draft Council Conclusions**

**Pension Adequacy**

1. ACKNOWLEDGING that the right to adequate old-age income and pensions, proclaimed in the European Pillar of Social Rights, is a key building block of social Europe and crucial to achieving the 2030 poverty reduction target.
2. RECOGNISING that, as the proportion of older people in our society increases over the coming decades, ensuring pension adequacy will be challenging but crucial to supporting the well-being of the population.
3. RECALLING that the European Union supports national efforts to ensure adequate old-age incomes, including by facilitating exchange of experience, monitoring and evaluation, and that the Pension Adequacy Reports prepared by the Social Protection Committee and the Commission are a key analytical tool in this respect.
4. RECOGNISING the importance of a holistic policy view and closely coordinating the analysis of sustainability of ageing-related expenditure and the adequacy of pensions and long-term care.

**THE COUNCIL OF THE EUROPEAN UNION**

5. ENDORSES the Key Conclusions of the 2024 Pension Adequacy Report prepared by the Social Protection Committee (and its Working Group on Pension Adequacy) and the Commission.

6. HIGHLIGHTS the main findings of the 2024 Pension Adequacy Report:
- a. The risk of poverty and social exclusion for older people continues growing, driven by relative income poverty, and is higher in advanced old age, in particular for women. While there remain significant differences between countries, more than one in five older Europeans are at risk of poverty or social exclusion. The income of older people remains below 90% of working age income on average. The increase in life expectancy has been slowing; on average, a European can currently expect to spend 21 years in retirement. The need for health care and long-term care tends to increase with age and is associated with a higher risk of poverty.
  - b. The majority of older people are women, making gender gaps in old age a particular social challenge. While the difference between the average pensions of men and women continues to narrow, the remaining gender gaps in old-age poverty, pension amount and pension coverage testify to persistent inequalities accumulated during working life. Among other factors, lower financial literacy can hamper women's retirement planning. Women also live longer in ill health than men and are more often in need of care, while having lower incomes.
  - c. While the COVID-19 pandemic and the increase in cost-of-living triggered by Russia's war of aggression against Ukraine created a major challenge in terms of standards of living, European pension systems and anti-crisis measures helped cushion the impact on pension adequacy. At the same time, the overall reform trend towards enhancing adequacy mechanisms continued. Pension indexation is a key policy lever to protect pensioners against income erosion.

- d. Pension replacement rates in most Member States are projected to decrease over the next four decades. While pension systems and taxation affect the level and (re-)distribution of retirement incomes and the future development of adequacy, the age of retirement remains a key factor explaining current and future benefits. The treatment of career breaks by pension systems varies, from relatively good protection of child-care breaks to less consistent crediting of unemployment and long-term care.
  - e. Socioeconomic inequalities in life expectancy are a challenge for pension policies, which may need to adjust retirement pathways for different career profiles in order to prevent building of inequality. The way in which inequality in labour earnings translates into pension inequality depends to a large extent on the progressivity of the pension system. While pension systems protect those in need, gaps remain. Pensions for the self-employed are projected to be on average a third lower than those of full-time employees with a similar career, among other things due to differences in rules and in average earnings.
7. HIGHLIGHTS the role of adequate old-age incomes in ensuring social convergence, promoting inclusive and sustainable growth and strengthening economic and social resilience.
8. WELCOMES the measures taken to protect pensioners, in particular those with low incomes, against the rising cost of living, and the reforms introduced in many Member States to enhance pension adequacy, while NOTING that challenges remain in ensuring current and future adequacy.

9. REAFFIRMS the need to pursue further reforms to support pension adequacy in a longevity society, including by improving labour market participation, access and contributions to social protection schemes for all, and strengthening access to high quality and affordable health and long-term care. UNDERLINES the importance of such reforms, including in the framework of the European Semester and the Recovery and Resilience Facility.
10. STRESSES that the adequacy of pensions and fiscal sustainability of pension systems are inextricably linked policy objectives, necessitating an integrated response to the challenge of ageing. HIGHLIGHTS the complementarity of the analysis provided by the Pension Adequacy Report and the Ageing Report in this respect. UNDERLINES that longer working lives, supported by policies that promote active and healthy ageing and by positive incentives and greater flexibility in retirement pathways that reflect the diversity of working careers, as well as high labour market participation of women and men are key to maintaining adequate and sustainable pensions in a longevity society.
11. WELCOMES the Pension Adequacy Report's focus on gender gaps in old age. CALLS on the Social Protection Committee and the Commission to pursue and further develop this analysis in future reports. STRESSES the importance of reliable and up-to-date indicators for monitoring gender gaps in pension benefits and pension coverage, as highlighted by the Brussels High Level Conference on Gender Pension Gap and Pension Adequacy.<sup>1</sup>

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<sup>1</sup> Report of the High Level Conference on the Gender Pension Gap and Pension Adequacy, 8 February 2024, Brussels

12. NOTES the importance of forward-looking analysis of pension adequacy and old-age incomes, including distributional aspects. CALLS on the Commission and Member States to develop and apply modelling tools to facilitate projections of future adequacy and assess the impact of reforms.
  13. STRESSES that pensions should be considered in conjunction with other policy areas that strive to support living standards in old age, in particular long-term care. WELCOMES the coverage of interaction between pensions and long-term care services in the Pension Adequacy Report.
  14. INVITES the Social Protection Committee and the Commission to continue their work on the adequacy of pensions and long-term care and to report in 2027.
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