

Dear Members of European Parliament,

It is an honour to address you today on the important subject of the role of pension funds and insurers in capital markets.

Europe is facing **two structural challenges** at the same time. First, our population is **ageing** rapidly, putting increasing pressure on public finances and pension adequacy. Second, we face an **investment gap** to finance the green transition, digitalisation, and our economic resilience.

Funded occupational pensions sit precisely at the **intersection of these challenges**. They can provide adequate retirement income, while also mobilising long-term capital for the European economy. That is why we strongly welcome **the objective** of the Commission's supplementary pension package of expanding capital funded pensions in Europe.

Within Europe, the Dutch pension system is recognized to deliver on both these challenges. I want to highlight two important elements of our system, because they are relevant for the interaction with the European investment agenda and the review of the IORP2 Directive.

First, **collective participation**. Nearly all employers participate in our second pillar and workers are mandatorily enrolled. This provides scale: Dutch pension funds collectively invest around 1700 billion euros, representing more than 150% of GDP, on behalf of over 90% of employees. The scale and inexpensive distribution keep costs low.

Second, **the role of social partners**. Employers and employees jointly design and govern pension schemes. This aligns the interests of the scheme with its members and beneficiaries. It also ensures long-term stability and trust in the system.

This combination has delivered strong outcomes: relatively high replacement rates, cost efficiency, and well-diversified portfolios.

Now let me turn to the role of pension funds in capital markets

Pension funds are not just institutional investors – they are *long-term investors by design*.

Their liabilities stretch over decades. This allows them to invest in **illiquid assets and highly diversified portfolios** such as infrastructure, private equity, and private debt – investments that are essential for Europe’s future but require patience and stability.

This long-term horizon also gives pension funds a **stabilising role** in markets. They are less prone to procyclical behaviour. When markets fall, they are typically not forced sellers. In many cases, they can even invest countercyclically.

In short, pension funds are uniquely positioned to provide the kind of patient, risk-bearing capital that Europe currently needs more of.

What can the EU do?

If we want to fully unlock this potential, action is needed at both Member State and EU level.

First, **at Member State level**, the priority should be clear: expand funded occupational pensions.

The Commission's recommendations provide a solid roadmap. Tools such as auto-enrolment, pension tracking systems, and pension dashboards can significantly increase participation and transparency.

We encourage the European institutions to actively promote and monitor the implementation of these recommendations, while fully respecting national competences and the role of social partners.

Because ultimately, without sufficient pension savings, there is less capital to invest.

Second, **at EU level**, the IORP2 review is crucial. It must deliver a framework that enables – rather than constrains – the role of pension funds.

Let me highlight three key points.

1. A modernised prudent person principle

We welcome the reinforced prudent person principle.

A genuinely risk-based framework allows pension funds to invest in a broader range of assets, including alternatives. This is essential for achieving higher long-term returns and supporting the real economy.

2. Avoid disincentives for long-term and alternative investments

While we support the objectives of the SIU, some elements of the IORP2 proposal risk pulling in the opposite direction.

In particular, the proposed approach to benchmarking could discourage investments in illiquid and innovative asset classes.

Short time horizons and rigid benchmarks tend to incentivise “benchmark hugging”—reducing risk-taking and limiting diversification.

This would be counterproductive to the objectives of the Savings and Investment Union.

3. Keep the regulatory burden proportionate

We must avoid excessive regulatory burden and rules that are not fit-for-purpose.

Occupational pension systems are not retail financial products. They are collectively organised, not-for-profit schemes, governed by social partners.

Some elements in the proposal – such as a general duty of care and the mandatory appointment of a depositary – risk duplicating existing governance safeguards.

This would increase costs and complexity, without clear benefits for members.

Let me conclude.

Europe needs more long-term capital. And it needs better pensions.

Funded occupational pension systems can deliver both, as the Dutch experience proves.

The Commission's pension package is an important step forward. But its success will depend on two things:

- whether Member States take action to build and expand funded systems;
- and whether the EU provides a regulatory framework that enables pension funds to invest effectively for the long term.

If we get this right, pension funds can play a central role in strengthening both Europe's social model and its economic future.