

A mobile pension?

An analysis of the potential consequences for stakeholders of a pan-European researchers' pension fund in the Netherlands



Bachelor Thesis
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June 2013

Foreword

With great pleasure I have worked on my bachelor thesis these last few months. Particularly the inspiring interviews with experts in the field contributed to my enthusiasm. I would like to thank the interviewees for kindly sharing their time and information. Without their openness and contribution this thesis would not have been possible.

I would like to thank my supervisor H.F. de Boer for his clarifying remarks and pleasant cooperation during the process of writing my thesis. I would also like to thank my second reader M. van Gerven. Thanks to Neth-ER as well, for offering me an instructive internship, helping me with contact information, and supporting me in every possible way.

Rhodé Betting
Brussels 2013

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1. Introduction

1.1 Motivation

Since *Directive 2003/41/EG on the Supervision of Occupational Retirement Provision*, introduced in 2003, it is theoretically possible to establish a pan-European pension fund for researchers¹. The Directive was an incentive of the European Commission (EC) to increase the mobility of European researchers regarding to the European Research Area (ERA). The ERA is a unified research area based on the European internal market and part of the 'Innovation Union' flagship initiative of the European Union (EU). ERA is a platform for researchers to share scientific knowledge and develop technology freely. The EC deems mobility of researchers as an important factor for optimal functioning of the internal market. Free movement of researchers is a priority in EU policy. However, the mobility of researchers has not yet improved as much as it should have according to the EC. One reason for stagnating mobility of researchers could be pension schemes. Researchers' mobility is often restrained by the inflexible social security in member states, because often pension money will be withdrawn when a researcher moves to another country. The 27 EU member states have different pension regulations which makes it difficult for researchers to move abroad without losing their pension rights. Furthermore, portability of supplementary pension funds in Europe is still not possible. The proposed directive on the portability of supplementary pension rights of 2005 was rejected². The result was a directive on improving the portability of supplementary pension rights³. However, this directive has yet to be enforced. A pan-European researchers' pension fund (which concerns the second pillar) can thus be a solution for stagnating mobility, as it removes the portability problem of pensions. Potentially, social security barriers can be an impediment to move cross-border. As pensions are regulated at national level, it can restrain researchers in being mobile. However, pensions are not the only aspect of social security, and there are more barriers that restrain the mobility of researchers. For example the differences in pension and financial regulation between member states are a problem as well. These other aspects of social security are not analysed in this thesis. This thesis only focuses on second pillar pension arrangements as part of social security.

To decrease the mobility barrier for researchers, as well as the possible portability directive, the EC created a model for a pan-European pension fund for researchers. According to a feasibility study of

¹Directive 2003/41/EG: <http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2003:235:0010:0010:EN:PDF>

²Pensions Portability Directive: <http://www.fsa.gov.uk/static/pages/about/what/international/pdf/ppd.pdf>

³http://eur-lex.europa.eu/LexUriServ/site/en/com/2005/com2005_0507en01.pdf

the EC such a cross-border pension fund for researchers is desirable and possible⁴. The EC aims to establish a pan-European researchers' pension fund to increase mobility in Europe. However, the EC is not willing and able (according to the Treaties) to establish the fund itself. Interested sponsors can form a consortium and establish a pan-European pension fund. The aim is to establish the researchers' fund in one member state. However, the fund can be expanded to other member states. Sponsors (possible facilitators or financers of the fund, like ABP in the Netherlands) are able to choose the location and vehicle of the fund. All specific details of a pan-European pension fund are not yet concrete and can be decided by the sponsors. In short, a pan-European researchers' pension fund is currently only a theoretical model which has yet to be made more concrete in order to be implemented in practice.

While the foundation of pan-European researchers' pension fund is being laid down and the EC has launched a project to accelerate progress, its implementation remains an intriguing question for the member states. Why do we want a pan-European pension fund for researchers in the Netherlands? What advantages does it bring? Who bears the costs, if there are any? And do the benefits outweigh the disadvantages for all stakeholders? These questions refer to a complex problem of cooperation in the field of social security and labour mobility. Pensions are part of social security and an arrangement between the employer and employee (social partners). To analyse whether a pan-European pension fund for researchers can succeed in the Netherlands, this thesis focuses on the potential advantages and disadvantages of a pan-European researchers' pension fund for the government, knowledge institutions and researchers in the Netherlands.

Analysing pan-European pension funds for researchers is interesting because on the one hand it is a current topic with high expectations, while on the other hand there is not too much known about it. Additionally, it is a relatively new topic that may have serious consequences for the mobility of researchers in the Netherlands, as well as in other member states. Member states might cooperate by establishing a pan-European researchers' pension fund if the advantages are bigger than the costs. Since I have been always very interested in social and economic aspects of European politics I am very pleased with the chosen topic analysed in this thesis, resulting in the completion of my European Studies bachelor degree.

⁴Feasibility study of a pan-European pension fund for EU researchers, carried out by Hewitt Associates on behalf of the EC (Directorate-General Research) over the period June 2009 – April 2010.

1.2 Research question

The objective of the thesis is to shed light on the advantages and disadvantages of the introduction of a pan-European pension fund for three stakeholders in the Netherlands. The problem definition that this thesis answers is:

What are the potential advantages and disadvantages of a pan-European researchers' pension fund for the government, knowledge institutions and researchers in the Netherlands?

To acquire information for answering this question in a structured way, this study will first look at what is already known about the potential advantages and disadvantages of a pan-European pension fund in general and for researchers specifically in a literature review. Secondly, potential advantages and disadvantages of a pan-European researchers' pension fund for the Dutch government, knowledge institutions and researchers in the Netherlands will be researched through interviews and a questionnaire.

This thesis is structured as follows. Chapter two outlines pensions in general, pension systems in the Netherlands and the pan-European pension fund. The advantages and disadvantages of a pan-European researchers' pension fund in the existing literature are analysed in chapter three. Chapter four clarifies the advantages and disadvantages of a pan-European researchers' pension fund retrieved from the interviews. Additionally, chapter four compares the consequences mentioned in the interviews with the literature. Chapter five draws the conclusions and gives recommendations.

1.3 Methodology

This explorative research is conducted as a case study based on a literature review, interviews and a survey. Through conducting a case study the potential advantages and disadvantages of the introduction of a pan-European researchers' pension fund could be found and analysed. However, through the explorative research it is less possible that other, 'new', reasons as mentioned in the literature are missed.

Firstly, relevant literature is used to discuss and analyse the existing body of knowledge about the potential advantages and disadvantages of a cross-border pension fund. Secondary sources are used such as policy documents, European Directives, scientific articles, policy advice reports and feasibility studies. The literature used focuses on a pan-European pension fund for researchers, but also on pan-European pension funds for multinationals because these are the funds that already exist and that can provide valuable insights about the practical working of the cross-border pension funds. This

thesis describes the advantages and disadvantages found in the literature which might be applicable to the situation in Netherlands.

Secondly, interviews are held with experts in the field in order to present and analyse potential advantages and disadvantages mentioned by the Dutch government, knowledge institutions and researchers. The interviews are held to verify the consequences found in the literature with the consequences mentioned in the interviews. Are the consequences found in the literature also mentioned in the interviews? Furthermore, the interviews add to the consequences mentioned in the literature. The a-select sample of the 10 interviewed experts include an expert of OCW (the Dutch Ministry of Education, Culture and Science), four experts of knowledge institutions, which are NWO (Dutch Organisation for Scientific Research), TNO (Dutch Organisation for Applied Scientific Research), FOM (Foundation for Fundamental Research of Matter) and VSNU (Association for Dutch Universities), and two independent researchers.

Because the IORP Directive is introduced by the EC, their view is also taken into account. This interview is necessary in order to meet the aim of the EC to implement an IORP Directive. Furthermore, an expert of the APG Group is interviewed. This expert represented the APG Group, the pension delivery organisation of the Dutch ABP pension fund (pension fund for the government and education sectors) for researchers. Since researchers in the Netherlands are covered by the ABP pension fund, it is interesting to know the view of APG Group. The pan-European pension fund for researchers, in this context, is a fund based on the collective labour agreement of Dutch universities and the ABP pension system. Therefore, researchers who are not connected to the ABP fund (researchers from TNO, as they have their own company pension fund) are viewing a pan-European pension fund in a different light than researchers who are connected to ABP. Finally, a member of the European Parliament (EP) is interviewed to acquire a political opinion about the pan-European pension fund for researchers.

Experts in these fields are chosen to interview because they are the most important stakeholders by the introduction of a pan-European researchers' pension fund. For linguistic reasons all interviewed persons are referred to as 'experts' in this thesis. Unfortunately no trade unions are interviewed in this research, although they are important players in this area, due to a lack of time. In appendix 1 the list of interviewed experts can be found. During the interviews, most of them took place in the Netherlands, interviewees were asked to answer questions about their thoughts on a pan-European pension fund for researchers and the potential advantages and disadvantages. A list of interviewed experts can be found in appendix 1 and the interview protocol can be found in Appendix 2.

Thirdly, a written questionnaire is conducted for researchers. The extra written questionnaire is necessary because the two interviewed researchers do not represent all researchers. The experts from the government and knowledge institutions confirmed that they represent the whole institution, but two researchers cannot represent other individual researchers. Therefore a supplementary questionnaire is held among 13 researchers. Researchers were able to fill in the online questionnaire in a time period of two weeks. The answers to the questionnaire give an overview of an a-select sample of researchers. The questionnaire, using Likert scale (agree/do not know/disagree), can be found in Appendix 3.

In this thesis several technical terms are used. 'Sponsors' in this thesis refer to the financial services organisations that can be the possible facilitator or financer of the pension fund. This can for example be the ABP. Because the details of a pan-European pension fund are not clear yet, and therefore the tasks of a potential sponsor are not yet defined, the term sponsor cannot be better clarified. Besides, the term 'stakeholder' is often used in this thesis. Stakeholder can refer to the Dutch government, knowledge institutions and researchers, as well as other organisations that might be involved in the process of establishing a pan-European researchers' pension fund. However, mostly the Dutch government, knowledge institutions or researchers are meant with the term. If another organisation is meant, this will be made clear from the specific sentence. The Dutch government refers to the Ministry of Education, Culture and Sport, which is represented by the interviewed expert. Researchers refer to individual researchers living in the Netherlands and working for a university or a knowledge institution. The knowledge institutions refer to two kind of institutions: real knowledge institutions (NWO & VSNU) and intermediary organisations (universities, TNO, FOM). However, due to the legibility of this thesis both kinds of institutions are called knowledge institutions.

2. Pension funds

2.1 Pensions in general

Pension funds, schemes which provide retirement incomes, are regulated in European countries at the national level with some influence of European regulation. Member states of the EU have various national pension schemes, making it difficult for the EU to guide pensions with European regulation. Chapter 2.2 describes the way European regulation influences the Dutch pension system in more detail.

Generally speaking, European pension provisions can be divided into three pillars. The first pillar is pensions act (In the Netherlands: *Algemene Ouderdomswet*, AOW) and regulates the obligatory collective old age pension only which is the basis for a supplementary provision. The second pillar consists of supplementary pensions and is not the same in every member state. An overview of EU countries with supplementary pensions can be found in table 2 in Appendix 4. Countries with green cells can have a pan-European researchers' pension fund. Countries with orange cells can have cross-border funds as well, if certain conditions are met. The countries with green and orange cells are eligible for a pan-European pension fund for researchers. Countries with red cells cannot have a pan-European researchers' pension fund. The third pillar consists of pension provisions on voluntary basis. This pillar is not present in every country, because in some member states the first and/or the second pillar are sufficient. Voluntary pension provisions are often accommodated within insurance companies. In most European countries the first pillar is relatively larger than the other pillars because pensions are financed by the state budget. In the Netherlands the pensions of public employees are financed by capital coverage, creating a substantial first and second pillar. A pan-European pension fund for researchers is created for the second pillar, thus for the supplementary pensions. However, in some countries the first pillar is significant and there is no space for a second or third pillar. These countries are excluded from a pan-European researchers' pension fund. Therefore this thesis focuses on the second pillar pension only.

A pension in the Netherlands is an agreement between employer and employee and is part of social security. As in most member states employees in the Netherlands do pay a certain fee, as well as their employers, to the pension fund. In return, employees get social security payments when they retire. In some member states pensions are organised in a different way. Because of a more European research area, there is a demand for a cross-border solution. Especially researchers experience the barriers of mobility, because national social security is often inflexible and portability of pensions is not possible.

There have been draft directive proposals to increase European mobility before, but these were never adopted. Directive 98/49/EC on safeguarding the supplementary pension rights of employed and self-employed persons moving within the European Community aimed to remove obstacles to free movement relating to supplementary pensions. However, this directive did not cover the portability of supplementary pension rights. However, the EC recognised the consequences of the portability problem in the EU and a new draft directive was proposed. The directive on the portability of supplementary pension rights⁵ was introduced in 2005. The draft directive aimed at enhancing the free movement of workers, occupational mobility in general and the portability of supplementary pension rights. The proposal was revised by the EC in 2007 to omit the transferability element which had been opposed by some as technically difficult and potentially burdensome (FSA, 2005). However, an unanimous agreement on the directive has yet to be reached in the Council. This means that researchers in most countries are still unable to take their pension with them if they move to another country. Moreover, for most researchers it is also impossible to already receive the pension when leaving the country of origin.

The following subchapters describe pension systems in more detail. Chapter 2.2 clarifies the Dutch researchers' pension system and its characteristics. Section 2.3 explains the pan-European researchers' pension fund in more detail and clarifies its current state of affairs.

2.2 Pensions in the Netherlands

2.2.1 The Dutch system

The Dutch pension system is characterised by its relatively large second pillar. The second pillar finances 45% of the total amount of pensions, whereas the first pillar finances 50% and the third pillar finances a mere 5%. Dutch pensions are financed by capital coverage, meaning on the one hand that received premiums are invested with the most optimal profit and on the other hand with the fewer risks. Investing in this way leads to the biggest chance that pension investments can be paid back. The result of capital coverage of pensions is that the collective 'piggy bank' is filled very well. Pensions in the Netherlands are paid out over a long period of time: pensions often only end if both the pension receiver and his or her partner have died. Therefore, pension funds constantly need to find the optimal balance between low premiums (to be paid by current participants of the funds) and high payments (for the current retired people). This is quite difficult because it involves estimating the development of expenditures and investment revenues for the future.

⁵Directive of the European Parliament and of the Council on improving the portability of supplementary pension rights (COM(2005) 507 final): http://eur-lex.europa.eu/LexUriServ/site/en/com/2005/com2005_0507en01.pdf

The general pension fund for researchers in the Netherlands is the ABP. The ABP is a pension fund for employees in the government, public and education sector. For most researchers and all academic staff the APB fund is the obligatory scheme. However, there are some company pension funds for researchers working at, for example, knowledge institutions. However, most researchers in the Netherlands are affiliated to the ABP fund. It depends on the pension rights whether it is possible to transfer pensions of the ABP if researchers move abroad. Moreover, it is not always possible to receive the pension money when moving abroad. Dutch academics are therefore restrained from moving abroad.

In the Netherlands, the VSNU (association for Dutch universities) is the key actor concerning the development of a pan-European researchers' pension fund. The VSNU joins negotiations with the EC and is a member of a consortium set up by the EC in order to facilitate a pan-European pension fund for researchers. This consortium consists of interested actors that might take the first step by setting up a cross-border pension fund for researchers in Europe. If the VSNU is willing and able to set up a pan-European researchers' pension fund in the Netherlands, it will start negotiations with the ABP on a possible sponsorship. This possibility will be explored in more detail later in this study.

2.2.2 European legislation

Dutch pension regulation is to a certain extent influenced by European legislation, as well as other member states' pension regulations. The first pillar, in general, falls under Regulation 1408/71⁶. This Regulation, implemented by the European Union (EU), is about the arrangements of pensions when people cross borders. The goal is that accumulated pension rights can be maintained when residents move country. This only applies to the first pillar, which is the AOW in the Netherlands, but this does not apply for the second pillar.

In line with the single market, recent European Directives make pan-European pension funds within the EU possible (Alsteens, 2007). This means that since the directive entered into force it is legally possible to set up a cross-border pension fund within a member state and extend it to other member states. The second pillar of the Dutch pension, regarding the researchers, falls under the European directive 2003/41/EG⁷ (IORP directive). This directive regulates the supervision of institutions for pension provisions. Officially, this directive needed to be implemented at national level by 23 September 2005. However, this has not been accomplished by all member states. The aim of the

⁶Regulation 1408/71 on the Application of Social Security Arrangements for Employees, Self-employed people and their families regarding crossing-borders.

⁷Directive 2003/41/EG on the Supervision of Institutions for Occupational Retirement Provision (IORP), 3 June 2003.

directive is to facilitate a general supplementary pension framework for researchers in the European Economic Area (EEA). Chapter 2.3 explains the IORP directive in more detail.

The third pillar consists of voluntary savings for retirement and is therefore not regulated by the EU. This pillar creates the possibility of saving money in addition to the first two pillars, if desirable. However, for this thesis only the directive which regulates the second pillar is important, as this directive provides the possibility of supplementary pan-European pension funds. Therefore, pillar one and pillar three is not taken into account in this thesis.

2.3 A pan-European pension fund

2.3.1 History and current state of affairs

The EU Treaties intended to improve the four freedoms of European citizens and the idea of the ERA was one aspect to improve the freedom. Shortly after the ERA was initiated, the concept of a pan-European pension fund for researchers was proposed several years ago. In order to improve the freedom rights of EU citizens and their mobility, throughout the years the EC has drafted proposals on supplementary pension rights, because these rights are an important aspect of mobility. Directive 98/49/EC *on safeguarding the supplementary pension rights of employed and self-employed persons moving within the Community* was introduced in 1998 and was forerunner of the IORP directive (the directive the pan-European researchers' pension fund is based on). The directive on the portability of supplementary pension rights (described in chapter 2.1) was introduced in 2005 and was the follow up to the IORP directive. However, the portability directive was never adopted because no unanimous agreement was reached in the Council.

In the meantime the EC created a project based on the IORP directive with the aim to establish a pan-European pension fund for researchers in order to develop the ERA. However, the EC project started in 2003 (since the adoption of the IORP directive) and is part of the 'Innovation Union' flagship initiative. The project of the EC takes measures to remove obstacles for the mobility of researchers and cross-border cooperation. According to DG R&I (2012) it is the main task of this three-year project to support and advice organisations that employ researchers in the EEA and that are willing to prepare and establish a pan-European pension fund for researchers. However, it is important to keep in mind that the primary purpose of a pan-European pension fund is not to simply give researchers the opportunity to accrue pension rights, but to accrue pension rights that are at least as good as the rights they would have accrued if they had not chosen to become internationally mobile (DG R&I, 2012). However, not much progress was made in the first years. Recently a consortium has been formed with experts who are interested in a pan-European researchers' pension fund. These experts, from all member states, are asked to give advice on how to establish a

pan-European researchers' pension fund. Moreover, these experts might take the lead in establishing such a cross-border pension fund for researchers. The VSNU (association of Dutch universities) is part of the consortium and representative for the Netherlands. The EC leads the consortium but is not able and willing to facilitate the pan-European pension fund. That means that the EC is currently trying to get the members of the consortium more enthusiastic about the concept, because they are the ones that have to establish a first pan-European researchers' pension fund. AON-Hewitt plays an active role as adviser on international pension funds for members of the consortium. It is now up to the members to take further action.

According to Robinson, Schouten & Vaandrager (2011) discussions on cross-border or pan-European company pensions have been going on for almost 10 years now. They argue that the idea of pan-European second pillar pension provision has inspired many; to date 84 cross-border IORPs have been created (Robinson, Schouten & Vaandrager, 2011)⁸. These 84 cross-border IORPs are all company pension funds from multinationals. Multinationals like Nestlé, BP and Panasonic, have already transferred their pension funds to Belgium (Ramakers, 2011). However, these 84 IORPs are only company pension schemes from multinationals, whereas a pan-European researchers' pension fund can be another pension provision rather than a company pension fund.

2.3.2 Characteristics of the IORP directive and the feasibility study

The IORP Directive enables member states to start up pension funds for researchers and to extent these pension arrangements to other member states as well. The pension fund will be established in one member state (home country) but will be active in one or more other member states. Hence, a pan-European pension fund is the name for one fund which entails all pension schemes of a sector or multinational in one covering pension fund (Van Beek, year unknown). Specific to the target group analysed in this thesis, it is the generic term for pension funds that entail all pension schemes of the group of researchers within a country, the EU and countries outside the EU.

The IORP Directive presumes the prudent person principle, which means that there should be no restrictions to the freedom of investment. However, the Directive allows specific national investment restrictions and also requires investment restrictions for pan-European pension funds. Thus, the general rule of pan-European pension funds is that the rules of the home country are applicable. Alsteens (2007) states that social and labour laws of the host country prevail, if the host country is an

⁸See the IORP Market Development Report 2011 at <https://eiopa.europa.eu/publications/reports/index.html>

EEA country⁹. However, this is not defined as such in the IORP Directive and therefore an uncertain factor. Hence, these restrictions are loose and therefore not a problem in practice.

A feasibility study, held by Hewitt Associates on behalf of the EC (Directorate-General Research), measured the financial, technical and legal terms which should be considered before setting up a cross-border pension framework¹⁰. The study concluded that there is a demand for a pan-European pension fund for EEA based researchers and that it is possible to establish such an arrangement (Hewitt Associates, 2010). According to this study a pan-European supplementary pension fund for researchers would enable universities and research organisations operating in the EEA to provide identical pension solutions for their researchers throughout Europe (DG R&I, 2012). Besides, such a fund would boost labour mobility, as researchers would be able to take their pension assets with them when starting a new position in another EEA country (DG R&I, 2012). However, not all aspects of a pan-European researchers' pension fund have been worked out completely yet. The structure of the cross-border fund is clear, but detailed aspects are left out. Most of the aspects have to be made more concrete by the sponsor of the first fund. The location and vehicle aspects (2.3.2.1) are clear, the administration aspect (2.3.2.2) is partly clear and the benefit structure is not yet clear at all (2.3.2.2). The following subsections describe these aspects in more detail.

2.3.2.1 Location and vehicle

According to the feasibility study of the EC certain aspects of a pan-European researchers' pension fund are clear and some are not. The location and vehicle aspects are clear. Sponsors can decide where to establish the pan-European pension fund. Furthermore, knowledge institutions themselves can of course facilitate the cross-border pension fund with help of a financial services provider. However, for legibility reasons the financers and facilitators of pan-European pension funds will be called sponsor organisations in this thesis.

Countries which have the most attractive conditions are obviously the most profitable home country candidates for a pan-European pension fund. The most suitable countries to start a new cross-border pension fund are Belgium (OFP, Organisation for Financing Pensions), Ireland (through a trust based arrangement) or Luxembourg (for a DC plan only) (Hewitt Associates, 2010, p. 4). The Netherlands can also be a suitable country to establish a pan-European pension fund for researchers, if it provides a vehicle that benefits stakeholders. The existing Dutch vehicle, the PPI (Premie Pensioen Instelling), does in its current form not satisfy the needs of multinationals (Goverse, Kastelein & Visser, 2011). Hence, the PPI does not give guarantees, making the vehicle impossible for DB or DC arrangements

⁹ Mandatory legal conditions for host countries on the jurisdiction of European Union law.

¹⁰ Feasibility study of a pan-European pension fund for EU researchers, carried out by Hewitt Associates on behalf of the EC (Directorate-General Research) over the period June 2009 – April 2010.

with a minimum guarantee. If these guarantees can be provided then the PPI vehicle will be more attractive to multinationals. This PPI focuses mainly on pension arrangements for multinationals. However, the ABP (as sponsor) could for example provide such a vehicle for a pan-European pension fund for researchers. Therefore the location aspect is clear: the sponsor of the pan-European researchers' pension fund can decide where he wants to establish the cross-border pension fund. From the chosen home country, the fund can be extended to other member states.

But the IORP directive not only provides the possibility to decide where to establish a pan-European pension fund, but also how it is developed. The sponsor can consider whether they want to set-up a cross-border pension fund themselves or to use a cross-border product developed and delivered by a financial services provider or a consortium of such providers responding to agreed and well defined specific terms of reference (Hewitt Associates, 2010, p. 2). Hewitt Associates (2010, p. 4) support a defined contribution (DC) plan, potentially with some form of investment guarantee if required or desirable. The motive for this preference is that most new retirement arrangements in the EEA are now DC in nature, market competitive and attractive to employers (Hewitt Associates, 2010, p. 4). Employers prefer DC arrangements because these avoid the need for cross-subsidies with other employers. Part of the DC plans are investment guarantees. These guarantees are implicit to the investment fund offered. Moreover, the host country analysis in the feasibility study of the EC shows that a DC type benefit is possible for a cross-border pension fund for researchers (DG R&I, 2012). In short, the sponsor of the pan-European researchers' pension fund can decide on its preferred pension fund vehicle, as well as the location of the fund.

2.3.2.2 Administration

The administration aspect of a cross-border pension fund is yet partly clear. According to the feasibility study, in order to achieve the most optimal delivery for researchers the pan-European pension fund will need to be structured in a tiered manner. The first tier concerns an on-line portal where information is provided. The second tier is a service centre which is located in the member states. These service centres answer queries unresolved in the on-line system (Hewitt Associates, 2010, p. 6). The last tier consists of an administration system with administrators who deal with complex matters which are beyond the scope of the service centres. However, this administrative set-up might be adjusted to the sponsors' wishes. The cross-border pension fund will then be administrated and located at one central organisation, with service centres in each member state. An administration system and an integrated functionality like this will keep the cost of running the fund at a reasonable level (Hewitt Associates, 2010, p. 6). The administration model designed by AON-Hewitt (2010, p. 6) is available at the individual member level through the self-service functionality including the member's choice of investment fund and choice of level of contribution. Furthermore,

according to the feasibility study of Hewitt Associates (2010) in terms of the pension fund's set-up and administration, the standardisation of benefits and reporting structures within each participating country are necessary. Even though the administration aspect is more or less clear, it is not yet concrete as such. Again, it is up to the sponsor to decide on the details of the administration aspects.

2.3.2.3 Benefits structure

The benefit structure is the aspect of a cross-border pension fund which is not clear yet. There are twelve aspects which are not regulated by the IORP directive and the benefit structure is one of them. It is therefore not clear how these aspects should be implemented in practice. They have to be regulated by the sponsor that is willing to establish a pan-European researchers' pension fund.

The twelve factors mentioned by Hewitt Associates (2010, p. 4) are:

- Permitted contribution structure (flat rate, age-related);
- Maximum legally permitted contribution amounts;
- Maximum tax-effective contributions;
- Ability of members to make additional voluntary contributions to the same pension fund (which is normally pillar 3);
- The range of investment options required (for example the need for any investment guarantees) and the right for individual members to determine how their contributions are invested;
- Flexibility in benefit payment form (pension and/or lump sum);
- Indexation requirements;
- Eligibility conditions;
- Minimum/maximum retirement age;
- Provision of additional risk benefits;
- Language and information requirements;
- Member representation.

However, the most logical approach for a final pan-European researchers' pension fund is to design a common overall structure that has the ability to meet all requirements. The next step is to make those parts available or even mandatory on a country specific basis, complying with the local social and labour law requirements (Hewitt Associations, 2010, p. 5). If that option is used, the contribution levels of countries need to differ according to the existing national levels of social security. Also, once the cross-border framework is finalised, the most appropriate balance of segregated and pooled investment approaches need to be decided (Hewitt Associates, 2010, p. 5). Hence, there are still many aspects on the practical implementation of a cross-border fund that are unclear. These aspects

all have to be developed by a potential sponsor. In short, the idea of a pan-European researchers' pension fund has been finalised, however the practical design is still vague.

2.3.2.4 Role of the EC and implementation

The practical implementation of a pan-European pension fund will depend on the willingness of potential sponsors. A sponsor, or part of the consortium set up by the EC (one sponsor or more), need to be willing and able to operate cross-border pension arrangements for researchers. The task of the EC is to stimulate potential sponsors to establish a cross-border pension fund (through the consortium). However, this task brings fear as well, because no pan-European researchers' pension fund will be established if potential sponsor organisations do not become interested in the idea. The EC argues the importance of establishing a pan-European pension fund for researchers as it will increase their mobility. According to the EC, researchers will be more mobile and will have a better overview of their pension over the years.

Interested sponsors and stakeholders have to agree on the conditions of the pan-European researchers' pension fund, before a cross-border fund will be established. They also have to decide whether they establish a cross-border IORP themselves, or use a cross-border product developed and delivered by a financial services provider or a consortium of such providers responding to agreed and well defined specific terms of reference (Hewitt Associates, 2010, p. 8). The feasibility study also recommends that the wide diversity of pension regimes and of potential sponsor undertakings requires the design of a thorough system of project management and governance throughout the whole process of implementation. However, it is often a challenge to be the first one trying something new. An additional complicating factor is that so many different countries and regulations can be included in the fund. Different legislation and regulation of member states make it hard to create and facilitate a pension fund for researchers that is immediately applicable to all countries that are interested. Furthermore, participating countries do not know how it will develop. There is no other pan-European pension fund for researchers to serve as an example and therefore it is harder to make countries and sponsors enthusiastic. Therefore, the EC advises to start with a core of countries - the ones that are very interested -, specify all aspects of the fund to those countries, develop and after a pan-European pension fund succeeded in the core countries, add more countries in a step-wise manner (Hewitt Associates, 2010, p. 9). Currently, the next step is for one or more organisations who take part of the EC's consortium to become interested and take the first steps towards the development of the first pan-European pension fund for researchers.

2.4 Removing barriers

This research focuses on the advantages and disadvantages of the introduction of a pan-European researchers' pension fund. These advantages and disadvantages can be seen as barriers. Before a cross-border pension fund can be introduced, the barriers have to be removed. The fact is that the concept of a pan-European researchers' pension fund is still very vague. Besides, a country would only introduce and implement such a fund if the advantages are greater than the disadvantages. The question is whether this would be the case in the Netherlands. Based on a trichotomy (Technical/legal, financial & social) an (schematic) overview is made of the advantages and disadvantages for different stakeholders in the Netherlands found in the literature. Chapter 4 describes later whether the consequences found in the literature are also mentioned in the interviews or that new consequences derived from the interviews.

3. Literature study

3.1 Introduction

EU policy is based on the EU2020 strategy, which is a long term growth strategy. This EU policy aims among others at a healthy and competitive economy, employment and growth of knowledge and innovation (European Commission, EU2020). However, in order to let knowledge and innovation grow in Europe, mobility of people (especially researchers) should increase to make exchange possible. Full mobility will be possible and increase if existing barriers are removed. A pan-European researchers' pension fund will create mobility, however barriers for such a cross-border pension fund have to be removed first. However, the assumption is that EU countries would possibly only implement a cross-border fund if the advantages are bigger than the disadvantages. This thesis explores whether the proposed direction of removing barriers by introducing a cross-border pension fund has a chance to succeed. Therefore, this chapter gives an overview of the consequences of a cross-border pension fund, based on three aspects: technical/legal, financial and social. This division is made because the three aspects can comprise and divide all kinds of stakeholders' consequences concerning a pan-European pension fund. The division makes working pragmatically and organised possible and this way no advantage or disadvantage will be misplaced in the overview.

Subchapter 3.2 describes the potential advantages of a pan-European pension fund in general and of a pan-European pension fund for researchers respectively. For each kind of advantage (technical/legal, financial and social), first the advantages of a pan-European pension fund in general are mentioned, followed by the advantages for a pan-European pension fund for researchers in general and finally the advantages for a pan-European pension fund for researchers in the Netherlands are described. Subchapter 3.3 describes potential disadvantages in the same order as the advantages. All the advantages and disadvantages are divided in trichotomy for the stakeholder who has the biggest consequence of the advantage or disadvantage. However, most advantages and disadvantages do have consequences for other stakeholders on the long term as well. Subchapter 3.4 analyses the level of differences between the advantages and disadvantages and provides a conclusion. This chapter concludes by showing a schematic overview of the advantages and disadvantages found in the literature.

3.2 Advantages of a pan-European pension fund

3.2.1 Technical and legal advantages

1. Tax advantages because of free location choice. The sponsor that facilitates and finances the fund, is able to choose which country will become the home country of the fund (see chapter

2.3.2.1). This free choice of a home country is one advantage, but additionally will lead to other positive consequences. Through the choice option an efficient location can be found with profitable and attractive legislation for the cross-border fund. The choice of location leads to tax advantages (for example avoiding non-deductible costs), because the sponsor can choose where to establish (Alsteens, 2007). Hence, unlawful discriminatory national practices and tax inequality will be reduced because all sponsors have the same rights with regard to the choice of location. Furthermore, the IORP Directive stipulates that local and national legislation remains applicable. If local and national legislation stays applicable, the sponsor can choose a home country with the most beneficial financial aspects what can be seen as a general advantage.

2. Free choice of vehicle. Also the choice of vehicle can be decided by the sponsor (see chapter 2.3.2.1). Vehicle choice often goes hand in hand with the choice of location. Luxembourg, Ireland and Belgium already have appealing vehicles for pan-European pension funds. The Netherlands has a PPI vehicle (Premie Pensioen Instelling), but this vehicle is less suitable for pan-European pension funds because of technical and financial matters. The sponsor has to choose whether to set-up a cross-border pension fund or to use a cross-border product developed and delivered by a financial services provider or a consortium of such providers, responding to agreed and well-defined specific terms of reference (Hewitt Associates, 2010, p. 2). The sponsor can choose a vehicle with the most financial benefits. The advantage of free vehicle choice is a general one and applies to all IORP cross-border pension funds.

3. one central organisation. A pan-European pension fund is established in one European country and extended to one or several other European countries. This means that, as explained in chapter 2.3.2.2, the central organisation and administration of the pension fund are located in the home country. As Goverse, Kastelein & Visser (2011) argue, a pan-European pension fund, in the form of an IORP, can accommodate employee pension schemes of different countries in one fund in one member state. This general advantage creates the possibility for employers to organise pension facilities centrally. Managing pension arrangements centrally, creates the opportunity to establish a professional organisation with expertise in the field of investments, pension policy and local and European legislation. Furthermore, the most important reason for multinationals to establish pan-European pension funds is that the bundling of capacity and administration, resulting in economies of scale, costs and professional governance (Ramakers, 2011). This advantage applies to all IORP cross-border funds, but in the sense of a pan-European pension fund for researchers it is an advantage for the knowledge institutions and researchers in particular because the administration of their employees' pensions are administrated centrally. Furthermore, when foreign researchers join

the knowledge institution and leave after a few years the knowledge institution itself does not have to intervene in their pensions because it is all administrated at one organisation. This means that the knowledge institution does not have to remind their researchers to sign up to the national pension funds' administration. The researcher can take care of his own pension and the supervision by the central organisation.

4. Dutch pension experience. This advantage specifically applies to a pan-European pension fund for researchers established in the Netherlands. The Netherlands has over 125 years of pension experience and its key characteristics are the immemorial knowledge, strict supervision on pension subcontractors, trust and the form of pension organisation (Shouten, 2009). Due to this strict supervision and experience, investment risks are lower and security for employees is higher. Moreover, the Netherlands has one of the largest pension funds in the world. Therefore, Goverse, Kastelein & Visser (2011) argue that the Netherlands could develop into an important place of business for cross-border pension funds, with its experience and professional manner. Ramakers (2011) also argues that it is possible for the Netherlands to be an attractive country for establishment because of its reputation of having an immemorial, stable, strong and long-term focussed pension sector. The Dutch reputation, experience and strict supervision make the Netherlands a suitable country for a pan-European researchers' pension fund. Unfortunately though, the international dimension in the Dutch pension system is lacking (Goverse, Kastelein & Visser, 2011). However, if the Netherlands can carry out its pension system at a more international level, pension money will flow into the country, leading to even more benefits for the entire nation.

3.2.2 Financial advantages

5. Development of new cross-border products by financial services providers. Due to the introduction of the IORP directive and cross-border pension funds, financial services providers will develop new products leading to more sales. This advantage is a general advantage of a cross-border pension fund and not directly visible for sponsors of the pension funds. However, it does boost the economy on the long term. EFR (2005, p. 14) states that if providers that are able to offer attractive products at competitive prices to a wider range of customers can be expected to prosper. Providers will therefore benefit from the diversified portfolio of business activity across the EU (EFR, 2005, p. 14). Furthermore, if broader business activity across the EU leads to benefits for the sponsors, it will also lead to benefits for customers of the pension fund, because returns on investments of pensions will be higher. Therefore does this general advantage automatically lead to advantages for the customers (i.e. researchers). The development of new products will not only lead to financial advantages for the sponsors but also for the users of the fund.

6. Synergy advantages within the EU. According to Alma & Stronkhorst (2003) pan-European pension funds bring financial benefits to all stakeholders at the same time, but to the sponsors in particular. They argue that setting up pan-European pension funds for financial reasons only, is not justified. Therefore, combining different pension capacities is a solution and a way to reduce investment costs (Alma & Stronkhorst, 2003). Many member states utilise strict quantitative rules for investments what leads to a limited percentage of investment capacity abroad. After all, they are obliged to invest in risk free investment categories. Through consolidation of different pension funds into one entity, investment benefits as well as synergy benefits are predicted (Alma & Stronkhorst, 2003, p. 21). Synergy leads to savings on the investment, administration, communication and responsibility costs. For example, less personnel is needed (one supervisor per member state), as well as just one software package and one training location for personnel. The synergy solution creates efficient, reliable and sustainable pension arrangements that reduce costs and administration with the benefit for all sponsors and users.

7. Pooling assets and liabilities. A main financial advantage of cross-border pension funds under the IORP directive is the freedom in every way. Pension funds under the IORP directive can for example pool possessions, but also obligations (Goverse, Kastelein & Visser, 2011). Asset and liability pooling, as well as combined purchase of services, can produce economies of scale, cost savings and better risk-spreading. Furthermore, EFR (2005, p. 13) states that pan-European pension funds may profit from the economies of scale and the flexibility compared to existing pension funds which are not mobile or cross border. Both pooling of assets and liabilities are interesting for a pan-European pension fund for researchers and thus for researchers themselves. The fact that pan-European pension funds can pool assets and liabilities leads to financial benefits for the sponsors, but more so for the researchers who make use of the fund; they get higher returns on their investments, the premiums paid.

[3.2.3 Social advantages](#)

8. Greater product choice for customers. The EFR (2005, p. 13) article describes that IORP pension funds are beneficial to European consumers, because they are increasingly considering themselves to be European consumers as opposed to consumers of one member state only. Furthermore, the competition between providers should have a positive impact on the premiums paid by consumers (EFR, 2005, p. 13). Consumers, and thus researchers, would not only benefit from a greater product choice of pan-European pension funds, but also from profitable premiums. Researchers can decide on an existing national not cross-border fund or a pan-European pension fund, enabling them to continue building their pension irrespective of where one happens to be working at any particular

time (EFR, 2005, p. 14). This means that they are able to save their pension money at one pension fund throughout their working life.

9. Increase of cross-border mobility. Researchers connected to a pan-European pension fund have the opportunity of full portability when they move cross-border. The main general social benefit is thus that pan-European pension funds will stimulate and facilitate cross-border mobility (EFR, 2005, p. 14). The harmonization of pension schemes will simplify pension communication towards employees, which stimulates mobility even more because there will be less hassle. Alma & Stronkhorst (2003, p. 22) argue that pan-European pension funds are one step closer to a more uniform European employee benefits policy. Therefore, the general social advantage of cross-border mobility in Europe leads to even more benefits for customers (i.e. researchers) of the fund.

10. A special treatment for researchers can be offered. Currently, 53% of the existing pension fund provisions cover all levels of employees in a country (and are therefore designed to cover all), whereas 10% of the existing pension fund provisions only cover senior R&D staff (Hewitt Associates, 2010, p. 3). By providing a pan-European pension fund for researchers, 'special' benefits can be given to researchers only. A specific researchers fund can offer researchers the best profitable premiums and returns adapted to their mobile characteristics. However, a pan-European researchers' pension fund will be able to contribute to the ERA in such a way that it will value the unique position of researchers. Hence, by introducing a pension fund specifically developed for researchers, the EU shows how important researchers are to the EU.

11. Researchers will become more responsible. Pan-European pension funds make it possible for employees to have one single pension plan until they retire (EFR, 2005, p. 14). Having one pension plan leads to an easier calculation and estimation of the pension gap, which means appropriate measures to address this issue can be taken early enough if necessary (EFR, 2005, p. 14). This is a specific social benefit of a pan-European pension fund for researchers. One of the main advantages for member states, as argued by EFR (2005), is a more vibrant market place, which encourages individuals (researchers) to make their own provision retirement and to think about their future. Especially the marketing which explodes by the introduction of pan-European pension funds creates awareness among consumers, possibly leading to a reduction of the level of state provision (EFR, 2005, p. 14). Hence, through a pan-European researchers' pension fund researchers will become more aware of their own saved pension money. Furthermore, researchers will gain more knowledge about the pension system and most likely become more enthusiastic about the financial aspect of pension funds, which might lead to more beneficial income for the researchers and less expenses for the government in the long-term.

12. Domestic products become more attractive. Another social benefit, which is related to the national economy, is that domestic products become more attractive for the residents of that country. As there will be more choice of pension products, competition between pension facilitators will increase, causing a decrease in the premiums to be paid. Consumers will benefit if this new competition between national and cross-border pension funds acts as a spur to make existing, domestic products more attractive and cheaper (EFR, 2005, p. 14). In the context of this thesis, it can be a main advantage for the Netherlands; if there will be a pan-European researchers' pension fund, researchers in the Netherlands will be able to choose between that pan-European researchers' pension fund and the ABP. A lot of researchers will choose the pan-European fund, what means that the Dutch pension funds have to make more interesting offers to attract customers. This applies to pension funds for researchers as well as the domestic pension market in total. In short, competition between domestic products and between domestic and European products will be more significant.

13. Pension benefits become more important in the future. According to the feasibility study of the Hewitt Associates (2010, p. 2) 76% of employers believe that complementary pension benefits for research and development (R&D) staff will be more important in the future to retain and attract key employees. A European cross-border pension fund is seen as valuable and relevant in this aspect, especially for countries where obsolescence plays a significant role. Therefore, a pan-European pension fund for researchers will be a major advantage in the Netherlands, because more and more people will utilise pension money by the time they retire. Furthermore, many people are currently already consuming their saved pension money because of the hard economic situation. This will be resisted by a pan-European pension fund for researchers as researchers will no longer be able to consume their pension money before retirement. Because there will be significantly more people retiring the coming years, the importance of good pensions for those people is even more important than before. A pan-European pension fund for researchers might therefore be a solution for the Dutch government for the coming years when many people retire.

3.3 Disadvantages of a pan-European pension fund

3.3.1 Technical and legal disadvantages

14. Reticence of sponsor organisations (condition). There is not much known yet about the working of IORPs for the research sector which is a disadvantage in general. 84 cross-border pension funds have already been established by multinationals, but these funds are cross-border within companies and not across different knowledge institutions as a pan-European researchers pension fund would be. However, the multinational funds are an example for a cross-border researchers' fund, but

obviously not all aspects described in chapter 2.3.2.3 will be the same for a pan-European researchers' pension fund in practice. Because there are no concrete examples of a cross-border researchers' pension fund yet, sponsors are reserved about setting up the first one. Even though pan-European pension funds already exist within multinationals, they do not know what a cross-border pension fund for researchers will yield (Ramakers, 2011). 30% of the respondents of Ramakers' study indicate that they want more information about the possibilities in the Netherlands concerning pan-European pension funds. According to Ramakers (2011) it is necessary to increase the number of interested people first and provide them with the correct information, before significant progress can be made. But in the current state sponsors are reticence in setting up a cross-border researchers' pension fund.

15. Teething problems. Many sponsors are reversed to be the first ones to participate in cross-border pension funds as explained in chapter 3.3.1. This is mainly because they do not know if a pan-European pension fund will be as successful as the pension funds that are available now. There will most likely be teething problems when starting-up the first pan-European pension funds. Most sponsors prefer to wait till the first cross-border funds are established and the initial problems are solved. Even if a pan-European pension fund for researchers is established, there will be teething problems (Goverse, Kastelein & Visser, 2011). This is a general disadvantage of a cross-border pension fund, but uncommon when initiating complex new concepts.

16. Solvency requirements are not yet harmonised in the EU. Solvency is the degree to which the current assets of a financial services provider exceed its current liabilities. Thus, solvency is the ability of the organisation to meet its long-term fixed expenses and to accomplish long-term expansion and growth. In order to make a pan-European pension fund work, and a pan-European pension fund for researchers specifically, harmonisation of the national solvency requirements is necessary. Schouten (2009) and Jacqueline Lommen, consultant at AON-Hewitt, both agree that that solvency requirements have to be harmonised, but with taken into account of the national differences. In the Netherlands, buffers are a key indicator. However, other countries will have alternative methods to warrant participants' security in the pension fund. The harmonisation of solvency requirements is an important aspect for the success of a pan-European pension fund in general.

17. Expensive to keep local legislation knowledge. A general disadvantage is that local legislation still needs to be sufficient, even though the pension fund has a European set-up and focuses on cross-border movement. The IORP directive describes the importance of local legislation which is still applicable. Goverse, Kastelein & Visser (2011) state that local fiscal and civil law of the member state in question, i.e. the country the employee works at, stays applicable what costs time and energy of

employees of the fund. A consequence of this is that expertise of local social law, labour law and fiscal law is still necessary. Moreover, it can be possible that, due to international fiscal differences, gross pension of two international colleagues is the same, while the net payments are not (Goverse, Kastelein & Visser, 2011). Because national legislation is still very diverse it is difficult to establish pan-European pension funds. However, the necessity of knowledge of local fiscal and labour law is a disadvantage in general as well as a specific disadvantage for a pan-European pension fund for researchers.

18. Dutch vehicle does not meet the requirements. As explained in chapter 2.3.2.1 some EU member states already introduced vehicles with attractive characteristics, such as containing biometric risks (Goverse, Kastelein & Visser, 2011). The Netherlands has the PPI (Premie Pensioen Instelling) vehicle, however this vehicle does not meet all requirements for a pan-European researchers' pension fund. It is important that the Netherlands does not wait too long to make this PPI more attractive for sponsors. If the Netherlands acts in the very short term, it could be the leading country in the EU for pan-European pension funds because of its experience, knowledge and skills in the pension area.

3.3.2 Financial disadvantages

19. Investment costs are high. The main financial general disadvantage of a pan-European pension fund is the initial costs. Not only investment costs, but also marketing will be expensive in the beginning. Alma & Stronkhorst (2003) state that according to a study on Dutch pension funds the implementation costs of a new pension fund will rise with a factor of 1.6 when the size of a pension fund doubles. Starting up a pension fund at European level will be a much more significant investment. The most obvious initial costs will be opportunity costs (i.e. starting up a cross-border pension fund requires efforts from employees and managers of the sponsor), consultancy fees (i.e. expertise will be necessary when setting up such a complex fund), costs of breaking existing contracts (i.e. contracts with for example insurance companies or administrators), costs of double administration (i.e. in the beginning administration of the old and the new system will be necessary) and the cost of discharge of personnel (i.e. some employees will be redundant by the decrease of administration). Even though these initial costs will be incurred only once, they are extensive.

20. Expensive and time consuming process to reach all EU researchers. A financial disadvantage for the sponsor regarding a pan-European pension fund for researchers is the extensive target group that needs to be reached. It is hard to reach all EU citizens, and specifically all EU researchers when providing information about pan-European pension funds (Alma & Stronkhorst, 2003, p. 22). Therefore communication and marketing of the concept of pan-European pension funds costs a lot of

money and time. However, it is highly important that potential customers of the fund are made enthusiastic about the idea. Otherwise they might not be willing to invest in cross-border pension funds.

3.3.3 Social disadvantages

21. Greater product choice as a threat to the Netherlands. Although there are more social advantages than disadvantages there is one main disadvantage that influences the implementation of pan-European pension funds. When pan-European pension funds are established, consumers will have a choice of pension funds. This is also applicable to researchers in the Netherlands. They would face a choice between the current ABP fund and the pan-European pension fund for researchers. According a KPMG study 14% of the company pension funds argue that they experience ‘the new choice option’ as a threat (Goverse, Kastelein & Visser, 2011), mainly because company pension funds think that foreign parties operate better cross-border pension funds than Dutch parties. Therefore, money can flow out of the Netherlands. This risk can be seen as a general social disadvantage.

3.4 Conclusion of advantages and disadvantages mentioned in literature

This chapter described the potential advantages and disadvantages of a pan-European researchers’ pension fund found in the literature. The two tables below give an schematic overview of the consequences divided by the technical/legal, financial and social aspects. The same distinction as in subchapters 3.2 and 3.3 is made between consequences for the Dutch government, the knowledge institutions, researchers and general consequences.

It is clear that there are various reasons to choose in favour of a pan-European pension fund. A financial director might choose for a cross-border pension fund because of the supervision of operational risks, efficiency benefits or costs reduction, while an employee might choose for a pan-European pension fund for other reasons (Schouten, 2009). It has to be noted that the found advantages and disadvantages are hard to weigh, because they may be positive or negative for the different stakeholders. What is an advantage for one stakeholder might be a disadvantage for the other. The bottom line, which is not the main question in this thesis, is that a pan-European researchers’ pension fund is likely to be a success, when the advantages outweigh the disadvantages. This thesis focus is on the advantages and disadvantages and leaves out the weighting of the various factors. As a summary, table 1 and 2 depict the advantages and disadvantages for the three stakeholders as the result of a literature scan.

Advantages			
	Technical & Legal	Financial	Social
Dutch government	4. Dutch pension experience		13. Domestic products become more attractive 14. Pension benefits become more important in future
Knowledge institutions	3. One central organisation		
Researchers	3. One central organisation 4. Dutch pension experience	7. Pooling assets & liabilities	13. Domestic products become more attractive 14. Pension benefits become more important in future
General (for all stakeholders)	1. Tax advantages because of free location choice 2. Free vehicle choice	6. Synergy advantages within the EU 5. Development of new cross-border products by financial services providers	10. Special treatment for researchers 9. Increase of cross-border mobility 11. Researchers will become more responsible 8. Greater product choice for customers

Table 1: Schematic overview of advantages from literature

Bold = can be an advantage and disadvantage for different stakeholders

Red = can be the same for more than one stakeholder

Disadvantages			
	Technical & Legal	Financial	Social
Dutch government	18. Dutch vehicle does not meet the requirements		21. Greater product choice as a threat to the Netherlands
Knowledge institutions	17. expensive to keep local legislation knowledge	19. Investment costs are high 20. Expensive & time consuming to reach all EU researchers	
Researchers	14. Reticence of sponsors by the introduction of a cross-border fund 15. Teething problems		
General (for all stakeholders)	14. Reticence of sponsors by the introduction of a cross-border fund 16. Solvency requirements are not yet harmonised in the EU 15. Teething problems		

Table 2: Schematic overview of disadvantages from literature

Bold = can be an advantage and disadvantage for different stakeholders

Red = can be the same for more than one stakeholder

4. Interviews

4.1 Introduction

As described in chapter 1, this explorative research is based on a literature review, interviews and a survey. This chapter presents the outcomes of the interviews and questionnaire. The interviews were based on a pan-European pension fund with a specific focus on researchers. Therefore consequences of a *general* pan-European pension fund are not included in this chapter (as they did in chapter 3). In other words, the consequences described in this chapter concern the advantages and disadvantages for the Dutch government, Dutch knowledge institutions and researchers in the Netherlands of a pan-European pension fund for researchers. Next to the consequences mentioned in the literature review, the interviews also aimed to find ‘new’ or other advantages and disadvantages.

This chapter uses the same division to present the outcomes as used in chapter 3: the Dutch government, knowledge institutions and researchers. Again the advantages and disadvantages are divided into three aspects: technical/legal, financial and social. For reasons of legibility of the chapter, there is no order in the division of technical/legal, financial and social aspects. However, the nature of the consequence, either technical/legal, financial or social, is explained per advantage or disadvantage. Furthermore, the last consequence of each subchapter is a condition. If the condition is satisfied, the certain aspect will be an advantage or disadvantage for the stakeholder mentioned.

A list of all interviewed experts can be found in appendix 1. The researchers’ questionnaire can be found in appendix 3.

4.2 The Dutch government

4.2.1 Advantages for the government

22. Knowledge institutions as facilitators, not the Dutch government. OCW asked the VSNU (as a representative body of the Dutch universities) if it was willing to negotiate on a pan-European researchers’ pension fund with the other collective labour agreement partners. The VSNU was willing to take the lead in the process and started negotiations with other knowledge institutions in the Netherlands. OCW restricted the VSNU’s playing field by setting up several boundary conditions for the pan-European researchers’ pension fund. The VSNU is the key player in the possible introduction of a pan-European researchers’ pension fund, while the Dutch government is an adviser to the VSNU. An advantage for the government is that they will finally benefit from an increasingly open market for researchers, while they are not the key actors in realising a cross-border pension fund. OCW

prefers more mobility for researchers, as well as most knowledge institutions, but the Dutch government is not the key player. It is a top down approach, because initially the EC adopted the IORP Directive which makes pan-European pension funds possible and then tried to mobilise member states to facilitate it. The EC cannot regulate a pan-European pension fund because it does not have the right. That is why the EC wants all member states to support the concept, as the member states have to organise it themselves. However, according to the Dutch government representative, the government is not going to facilitate a pan-European researchers' pension fund in the Netherlands. This makes the VSNU the most significant actor to take the first steps towards a pan-European pension fund for researchers. This means that the knowledge institutions, as facilitators and sponsors of the cross-border fund, can be seen as a technical/legal advantage for the Dutch government.

23. The Netherlands as an attractive research environment. For every member state it is important to attract the best researchers from Europe or outside Europe. It is important to the EC that the EU is seen as an attractive environment for researchers. Hence, the IORP Directive of the EC promotes researchers' mobility, making it is easier for member states, including the Netherlands, to attract foreign researchers. The most significant advantage to all Dutch ministries is that the Netherlands will be better able to attract and employ talented researchers from abroad. By offering appealing employment conditions foreign researchers will choose Europe instead of another continent. Pension arrangements may be not the key aspects of a researcher to choose where to work, but it does play a role in the choice. As emphasised by the OCW expert, science is a global employment sector, not just in the Netherlands. It is therefore important to have as few barriers as possible to attract foreign researchers. When a pan-European researchers' pension fund is established, it will be an advantage with a social aspect.

24. Better branding capability for the Netherlands. Besides the fact that the Netherlands will be a more attractive research environment when a pan-European researchers' pension fund is established, the Netherlands will also be able to market itself globally as such a research environment. The Netherlands will be able to profile itself better as attractive in this field when a pan-European researchers' pension fund is established in the Netherlands. If the cross-border fund is established in another member state however, it will still be possible for the Netherlands to market itself that way because to non-European researchers the Netherlands will still be more attractive than non-European countries without cross-border pension funds. However, the practical possibilities of a cross-border pension fund is especially interesting for the Netherlands, as it is a small country and has to be strong in the international competition in the research field. In a more

national context the branding capability of the Netherlands is as important as the European branding capability. The superior branding capability of the Netherlands is seen as a social advantage for the Dutch government by all interviewed experts.

25. Pension money will flow into the Netherlands. As explained in chapter 2.3.2.1 Belgium, Ireland and Luxembourg already set up vehicles for pan-European pension funds. However, in these countries progress is relatively slow and therefore a Dutch initiative for a vehicle is more than welcome according to the EC. As argued by the OCW expert, the Dutch *poldermodel* (the consensus model) is a suitable system and facilitates consultation structures. If the Netherlands is the first country in Europe to establish a pan-European pension fund for researchers, a lot of pension money will be located in the Netherlands, which is good for the Dutch economy and image. Pension money which will flow into the Netherlands is a financial advantage for the Dutch government.

26. Researchers' participation as a chain reaction. If a pan-European researchers' pension fund will be established, firstly a few researchers will join. According to the expert of OCW it is the task of the employer to decide if they want to join a pan-European researchers' pension fund. This means that initially probably only a few employers would connect their researchers to the cross-border fund. The OCW representative also argues that once a pan-European pension fund for researchers is established and employers are connected to that fund, other employers will then join as well. In the Netherlands the first participants might be the researchers working at universities, as they are connected to the collective labour agreement of Dutch universities. However, if other employers (and knowledge institutions) see that the pan-European researchers' pension fund is a success in the Netherlands, they will become interested and might connect their researchers to the fund as well. The participation of researchers can be seen as a chain reaction and is a financial benefit for the Dutch government, because with more and more participators in the fund, more pension money will flow into the Netherlands.

27. Foreign researchers will be kept in the EU. According to FOM's representative a pan-European pension fund will not only attract researchers, but it will also let researchers stay in the EU. FOM's representative argues that researchers in the physics field are obliged to do their post-doc abroad. If a researcher have worked in Italy and has to choose whether he would go for the next four years to the USA or to another country in the EU, he might choose for another country in the EU because he is still connected to the European cross-border pension fund. Hence, a pan-European researchers' pension fund can be a magnet to keep foreign researchers in Europe. This might lead to attractiveness of all EU countries what will benefit the ERA, because once a researcher has worked in the EU, it is more attractive for the researcher to stay because he is already connected to the cross-

border fund. This can be seen as a financial advantage for the government and researchers, because if more researchers are connected to the cross-border fund, the more returns researchers will see and therefore the more money will flow into the Netherlands.

28. Establishing the first pan-European researchers' pension fund (condition). During negotiations on the initial concept of a pan-European pension fund for researchers several Dutch Ministries showed interest. A colleague of the OCW expert representing VSO (Voluntary Services Overseas), was against developing a cross-border pension fund for researchers. He argued that "this time it is the research sector, but the next time it will be the transport sector and all other sectors will follow. The Netherlands does already have an excellent management system for pension funds, why do you want to change that?". The Ministry of Social Affairs (SZW) was more enthusiastic. "If there is an opportunity to set up a cross-border pension fund for the research sector, we should do that. Especially because the Netherlands is a country with many employee functions and therefore it should lead the process and form an example for other countries", according to the representative of the Dutch government. The most important aspect is that the Dutch developments regarding a pan-European researchers' fund have progressed further than any other European, according to the expert of the VSNU. He was the only person who could explain concrete action plans for establishing a pan-European researchers' pension fund in the Netherlands. Because the Netherlands is probably the country that has progressed the furthest in establishing a pan-European pension fund, other countries become interested in the actions the Netherlands has taken. If the Netherlands is the first country establishing a cross-border pension fund, the Dutch research environment will become more attractive and more pension money will flow into the country. There are many more financial advantages of being the first, however, the fact of being the first is a condition for getting the advantages.

4.2.2 Disadvantages for the government

29. Exclusions of the ABP fund for other target groups as well. If a pan-European pension fund for researchers establishes, it is obvious that other sectors also prefer another choice option and might set up pan-European pension funds. That means that if the ABP makes adjustments to its regulation and the target group researchers is excluded from the obligation to join the ABP, these exclusions should also be made for other groups or sectors who currently are obliged to join the ABP. The representative of the EP does not understand why there should be a special pension fund for European researchers, and not for doctors or other groups. She does not see the benefits of another pension fund, while EU countries have already that many national pension funds. Hence, if other target groups who join the ABP also establish pan-European pension funds and want the possibility to choose between funds, the solidarity principle will be affected. However, the violation of the

solidarity principle does not have to be a problem, but it probably will be a problem because solidarity is a characteristic of the Dutch pension system. The chain reaction of other groups who also want to be excluded from the obligation to join the ABP can be seen as a technical/legal disadvantage for the government.

30. Greater product choice as a threat to the Netherlands. A researcher can make a choice for a pension fund once in the beginning, according to OCW's representative. It is impossible to switch all the time, because that would lead to too much administration. The expert of the VSNU argues that researchers can decide whether they prefer a cross-border pension fund (if they have intentions to move) or the normal ABP. However, the Ministry of Finances argues that researchers should be obligatory connected to a pan-European pension fund, because the bigger the mass, the more profitable the pension will be. But this discussion comes from obscurity of the EC as the representative of OCW states, because initially the EC argued that a pan-European pension fund was needed for all researchers, but later on a pan-European pension fund was needed for those who were not yet covered by a pension fund. However, the extra choice option leads to the necessity of better informed researchers. The experts of OCW and the VSNU argue that for some researchers extra pension options might lead to stress and inconvenience by the potential participants of the fund. However, it is the task of the Dutch government to create a clear social security system. Therefore, the extra choice option for researchers can be seen as a social disadvantage for the Dutch government and for researchers. However, it can also be an advantage for researchers.

31. No hidden mobility in the EU. According to the representative of OCW, there is no hidden mobility in the EU. Hidden mobility means that there might be mobility which is nowadays not known. It can be for example that pension arrangements appear to be more important for a researcher to decide where to work than people always think. However, normally does attracting researchers not depend on the social security provision of a country, but on the branding capability of countries. Thus a pan-European researchers' pension fund might be a solution to a small barrier, but, according to all interviewed experts, it will not make an immense difference in the amount of foreign researchers in the Netherlands. This can be seen as a social disadvantage for the Dutch government, because there are probably no more potential participants of the fund than the already known researchers who might join.

32. Two adjustments have to be made (condition). According to the VSNU and OCW it is a significant disadvantage (or a condition at least) for the Dutch government that two adjustments have to be made (leading to work opportunities for the government and the ABP):

1. The collective labour agreement condition that states that researchers are obliged to have their pensions at ABP, has to be dissolved;
2. The condition in the ABP regulation that researchers are obliged to join the ABP as their pension fund has to be adjusted with an extra sentence (something in that sphere): “except the international researcher on the base of the Dutch collective labour agreement for universities..”.

The collective labour agreement for researchers needs a condition which says that researchers can choose which pension fund they prefer instead of being obliged to join the ABP system. In order to make the first adjustment possible is the second adjustment necessary. The ABP regulation needs to fit the collective labour agreement condition, what means that researchers are not obliged to join the ABP. The collective labour agreement is made by the Dutch government, but the ABP regulation not. Therefore, these necessary adjustments do only partially concern the Dutch government. However, that the ABP also changes its regulation is a necessity in order to make a pan-European pension fund for researchers a possibility. The adjustments which have to be made are a technical/legal disadvantage for the Dutch government.

4.3 Knowledge institutions

4.3.1 Advantages for knowledge institutions

33. A feasible solution to foreign researchers can be offered. An advantage for knowledge institutions is the freedom of offering something else to foreign researchers instead of the ABP fund. FOM’s expert argues that because of the Dutch solidarity foreign researchers also pay premiums to the ABP fund, however, they mostly never benefit from it because their addresses are not clear by the time they retire. A foreign researcher needs to check the administrated addresses of different pension funds, otherwise he will probably never receive his money. That means that foreign researchers often do not benefit from the solidarity premiums paid. FOM’s representative argues that foreign researchers will have more freedom if a pan-European pension fund for them establishes, because a cross-border fund creates a choice possibility for these foreign researchers. A solution, in the form of a cross-border pension fund, can be offered to foreign researchers, because they will benefit more from pan-European pension fund than a national pension fund. Maybe these foreign researchers later work in another European country, so they can keep their pan-European pension fund and do not have to switch again between national pension funds. Therefore, a pan-European researchers’ pension fund can be seen as a feasible solution for foreign researchers who work at Dutch knowledge institutions. Offering a new choice possibility to researchers is seen as a social advantage for the knowledge institutions by the representative of FOM.

34. A special treatment to researchers can be offered. NWO's expert explains that NWO wants to pay a higher salary to their foreign researchers in some cases instead of offering them a pension fund at the ABP, because those foreign researchers do not benefit from a pension fund at the ABP. FOM's expert agrees with this statement. They both prefer researchers, Dutch and foreign, not to oblige to join the ABP fund. And that is obvious, because all knowledge institutions want to attract the most intelligent and excellent researchers and the best magnet to do so is offering a higher salary. However, a pan-European pension fund can be compared with that, according to the VSNU. It is a special treatment for honoured researchers. Researchers feel special and are attracted to special individual arrangements. Therefore, a pan-European researchers' pension fund can be seen as a special treatment only for researchers. A pan-European researchers' pension fund is in the long term more interesting for foreign researchers than a higher salary because they will receive pension money by the time they retire, and they will not be able to consume all the money directly (what is the case if they receive a higher salary). A pan-European researchers' pension fund as a special treatment is a social advantage for knowledge institutions, because they can offer their employees a special treatment with the best conditions for their researchers.

35. A cross-border pension makes it easier to be mobile. OCW's representative states that there is currently debate about a pan-European researchers' pension fund. Not only the knowledge institutions encounter problems attracting researchers, but also researchers themselves experience problems by being mobile. According to all interviewed experts researchers' mobility will not totally depend on the saved pension money and they will also not be totally attracted by profitable pension schemes. However, pension funds are quite important boundary conditions what the employer has to arrange. TNO's expert argues that their researchers are attracted to the well-known professors and not specifically to the pension fund. However, he argues that pension funds do play a certain little role. NWO's expert argues that even though pensions are not the key aspect for researchers being mobile, it has to be organised well by the employer. Besides, a pan-European researchers' pension fund increases the attractiveness of knowledge institutions for foreign researchers. FOM's representative argues that such a cross-border pension fund becomes especially attractive when researchers turn 32. From that age they start thinking about the best place to settle. Pension arrangements are according to all experts not the key aspects for researchers to base a choice on, but it definitely plays a certain role. A pan-European researchers' pension fund does at least not hinder mobile researchers. This can be seen as a social advantage for knowledge institutions.

36. The critical mass of 10,000 can be reached (condition). The VSNU, which is part of the EC's consortium, argues that establishing a pan-European pension fund as independent 'organisation' is

attractive because at a certain point in time the size of the fund will be so big. The idea of pensions is paying premiums and the final amount is paid back after very long time. This long-term process creates the opportunity for the pension fund to invest in the most profitable way with the highest returns. VSNU's expert states that in the Netherlands a critical mass of 10,000 researchers is necessary to establish a pan-European pension fund. There are 52,000 researchers in the Netherlands. Almost 18,3% of the academic employees in the Netherlands is not Dutch, according to the VSNU's expert. Researchers comprise more or less the half (9,15%) of this percentage and 30% of these researchers is not Dutch. Almost 10,000 foreign researchers are employed in the Netherlands, and this is the mass which is needed for setting up a cross-border fund. Dutch researchers moving abroad are not included. Briefly, the potential mass for a pan-European researchers' pension fund is big enough to become a success. Even if only the foreign researchers employed in the Netherlands are interested the critical mass will be reached. NWO's and FOM's experts think that the biggest chance of success is if many researchers as possible are included in the fund. FOM's representative argues that it depends on the volume of the fund whether it is worth the investment. Because the critical mass is reachable, the amount of potential participants can be seen as a technical/legal advantage for knowledge institutions. It is an advantage for knowledge institutions because these are the potential facilitators and sponsors of the fund because of the EC's consortium. The VSNU is member of the consortium set up by the EC and has shown interest in facilitating such a cross-border pension fund in cooperation with a financial services provider.

4.3.2 Disadvantages for knowledge institution

37. Investment costs are high. According to the expert of the VSNU, costs are the biggest disadvantage in general, and specifically for the sponsor. Investment costs will be the main disadvantage, because sponsors have to invest in something what is unknown. The investment is quite big, because a totally new and independent cross-border pension fund has to be developed. Besides the investment costs, there are also the executive costs. A pan-European pension fund will not be as big as the ABP is, therefore executive costs will be higher than the executive costs of ABP. This can lead to lower returns compared to pensions at the ABP, but the representative of the VSNU is not sure about that, so maybe returns are the same as with an ABP pension fund. However, sponsors who invest in a pan-European researchers' pension fund cannot guarantee the researchers of the results of their investments. The investment costs will be the biggest disadvantage of financial aspect. Especially because people do not know what the returns of the cross-border fund will be, it is for the sponsor a risky investment.

38. Establishing a cross-border fund leads to a hustle for knowledge institutions. According to TNO's representative leads establishing a pan-European researchers' pension fund to expensive

investments and too much work. If the knowledge institutions are the potential facilitators it will be a hustle for them, but also if they only are able to join the fund it will give them more work to do. TNO has its own company pension fund and researchers working at TNO are therefore not connected to the ABP fund. TNO's expert argues that their pension fund is well organised for foreign researchers and they do not experience any difficulties with them. TNO's expert argues that in the ERA framework the EC can oblige every European employer to give his employees the possibility to choose between a pan-European pension fund or in the ABP fund (or in TNO's case: the TNO pension fund). For TNO this means that there will be two different funds within one organisation. Researchers will be split up into two groups which will cause more administration. And this results in an adjustment in the TNO regulation. Besides, he wonders where the employers premium will go to? TNO's expert argues that these aspects have to be organised well before knowledge institutions will get interested. However, TNO is automatically excluded from the group of potential participants of such a fund by the VSNU because they have their own pension fund (and are not connected to the ABP). FOM's representative argues that if first a pan-European researchers' pension fund will establish and second a global pension system for researchers, it will become a real hustle. Furthermore, the EP representative argues that a pan-European pension fund for researchers is not necessary. According to her it is too complex to register researchers in separate pension funds (because companies, knowledge institutions and universities have already their own pension funds). An extra pan-European researchers' pension fund is seen as a hustle for knowledge institutions, especially if knowledge institutions have their own pension funds instead of being connected to the ABP. Therefore it is a technical/legal disadvantage for knowledge institutions. However, for knowledge institutions who are connected to the ABP (universities) it is less of a problem, because currently the pensions of their employees are administrated at the ABP and otherwise the ABP will be switched with the pan-European researchers' pension fund administration.

39. Reticence of sponsor organisations (condition). Knowledge institutions (who are probably the ones who have to facilitate a cross-border fund if they want one) and researchers are reticent about establishing the first fund. Researchers nowadays are connected to the ABP pension fund (what works well), so why should they give that certainty away while they do not know what the working of a pan-European fund would be? According to the OCW's representative, researchers will always choose for the option with the most certainty and trust. On the one hand sponsors have to invest in a cross-border fund, and on the other hand they do not know what they will receive from the investment. This insecurity leads to obscurity about the decoration and conditions of the fund. But this threshold is important to get over, otherwise it is hard to establish a pan-European pension fund. Besides, establishing cross-border pension funds for researchers will only succeed if there are enough

participators and growth opportunities, according to OCW's expert. Once established, more and more employers will see the success of a cross-border fund and will also join the fund. The expert of OCW has experience with setting up European research infrastructures: ERIKS (European legal forms which member states can join) agree to build together certain infrastructures. These processes are terribly slow. And if such concrete plans are so slow, setting up a pan-European pension fund with a less concrete plan will take even longer. OCW's representative will be surprised if there will be a pan-European pension fund for researchers within 10 years. The reticence of potential sponsor organisations is a technical/legal condition, because without enthusiastic sponsor organisations a pan-European researchers' pension fund will never establish.

4.4. Researchers

4.4.1 Advantages for researchers

40. One central organisation. For researchers it is clarifying if pensions are organised and administrated in one central pan-European pension fund, instead of different national pension funds (if researchers work in different EU countries). A researcher does not have to request his pension at different funds by the time he retires, but he can just request it at the central pan-European pension fund. One central pension organisation is also a solution for the fact that researchers often forget where they have worked (and which pension funds they have joined). FOM's representative mentions that researchers have to take care that their contact details are known by the ABP when they become 70, otherwise is the ABP not able to pay the researchers. FOM employs 650 foreign researchers, out of the 1113 in total. If all those researchers do not check their contacts at the ABP by the time they retire, they probably never receive their pensions. NWO's expert agrees with that. With a pan-European pension fund pensions are administrated at one central organisation and can be requested anytime, anywhere. Besides, one central organisation gives researchers the opportunity to expand their knowledge in the pension field because they are bound to the cross-border fund their entire life (if they stay working in the research sector). If researchers have for a longer time the same fund they are probably more willing to learn about how they can get better returns from investments. EP's representative argues that a clear and easily understandable pension system is necessary for researchers, but that it is better to develop a draw system for that. Such a system administrates what researchers save in each country. However, an interviewed researcher states that it will be much easier by having all saved pension money at one central organisation. Besides, researchers have less of a hustle with going to different national systems. Almost 70% of the researchers agree that a cross-border pension fund gives a better overview of the saved pension what makes it a technical/legal advantage for them.

41. Greater product choice for customers. A pan-European researchers' pension fund gives researchers a supplementary saving possibility. There are EU member states which do not have any pension regulation at all, or a second pillar, according to VSNU's representative. Researchers, and other employees, in those countries do not save pension money for the time of retirement. Some eastern European countries are an example of that. In some countries is the first pillar too big to have a second pillar pension. For those researchers is a pan-European researchers' pension fund very attractive, because that gives them an extra opportunity to save money for retirement. Therefore, a pan-European researchers' pension fund gives researchers (in some countries) an extra supplementary saving possibility, through which all researchers in the EU become equal regarding to their pension arrangements. Besides, all respondents of the questionnaire (100%) agree that an extra choice option between funds is a good aspect. The supplementary saving possibility is a social advantage for researchers.

42. Enough pension money saved by retirement. NWO's expert argues that NWO wants to pay some foreign employees, of an organisation which is affiliated to NWO, two month salaries per year extra, as an employer's premium which is not put into a pension fund. These employees are able to decide whether they want to invest the money or not. If they decide to invest the money, they have to do that by themselves. Here, the collectivity idea is gone what leads to an individual investment with fewer returns and more risks. A pan-European researchers' pension fund gives researchers the opportunity to save a higher pension because of premiums of a big mass what leads to great investments with lower risks and higher returns. However, researchers who do not have any pension arrangement, are able to consume saved money nowadays. These researchers do not have money by the time they retire. It is attractive for knowledge institutions to offer more salary to foreign researchers instead of offering a pension fund, but for the researchers themselves it is less attractive because they do not have savings for retirement. Connection to a pan-European researchers' pension fund leads to enough savings by times of retirement. More than 60% of the researchers argue that a cross-border pension fund leads to better social security and almost 85% agree that it is easier to save money through a pension fund instead of receiving a higher salary. The pan-European researchers' pension fund, which enables researchers to save money for retirement is a financial benefit for researchers, because researchers will not have worse returns through individual investments, nor can they consume their received higher salary directly.

43. Higher pensions for researchers who are obliged to move abroad. Researchers in the physics, compared to researchers in the mathematics or natural sciences, are obliged to do their post-doc abroad, according to FOM's representative. After a promotion of four years they have to move

abroad instead of doing their post-doc at a Dutch university. Therefore, a pan-European researchers' pension fund is especially interesting for researchers in the physics field. They are obliged to move abroad what means that will not have such a high pension without a pan-European researchers' pension fund if they move abroad, compared to as they would have stayed in the Netherlands, according to the expert of FOM. An interviewed researcher argues that when researchers move through different national pension systems they lose some money compared to staying within one system. In fact, it is unfair to lose money because of labour mobility. With a pan-European researchers' pension fund pension savings do not stop when researchers move to another country. Researchers in the physics sector are thus an important potential target group which might be very interested in a cross-border pension fund, because they are obliged to move abroad. Therefore, the fact that researchers keep saving pension money with a cross-border fund, and that they do not get a cut in their saved pension money by moving abroad, is a great financial advantage for researchers.

44. Conditions of pan-European pension fund will be same as conditions of the ABP (condition).

NWO's expert argues that it can be hard to 'sell' a pan-European pension fund in the Netherlands, because pension funds are already organised very well. Pension charge is currently 22% or 23%, he argues. NWO pays 2/3 part of it, what is around 15% or 16%. If a pan-European pension fund will be the half of what researchers have now save the ABP fund, it will be hard to motivate researchers to choose the cross-border fund. However, VSNU's representative states that if a pan-European researchers' pension fund is an independent organisation, which is big enough, the conditions of a pan-European pension fund will be the same as the ABP fund. That is possible because the idea is the same, there are only a lot of people necessary to create a great mass for investment. According to the VSNU's expert it is not common to have a surviving dependents pension in a pan-European researchers' pension fund. However, because it is up to the sponsor, it might be possible for researchers to save surviving dependents pension, but this is not clear yet. However, researchers who currently join the ABP, also do not intrinsically have a surviving dependents pension because it can be bought off. Therefore, if a surviving dependents pension is possible in a pan-European pension fund, it does have the same conditions as the ABP, because such a surviving dependents pension can also be bought off at the ABP. That means that it is up to the researcher if he or she wishes a surviving dependents pension (if once a pan-European pension fund is established and a surviving dependents pension is possible). The pan-European researchers' pension fund which would have the same conditions as the ABP is a condition for the success of a cross-border fund. However, this condition needs to be met in order to create a technical/legal advantage for the participating researchers.

4.4.2 Disadvantages for researchers

45. Differences in net payments in EU countries. OCW's representative argues that the differences in net payment in EU countries is a disadvantage for researchers as well. A pan-European researchers' pension fund will not be on a collective base, but on individual base. This leads to a new problem: if the net payment of a researchers' pension in France is higher than in the Netherlands, then do the Dutch employers have to pay the difference? Besides, if a Dutch researcher has a great ABP pension fund and he moves to Spain, then what does he loose? Those questions will arise by setting up pan-European pension funds for researchers. The expert from OCW is interested in the opinions of trade unions in this situation. An interviewed researcher argues that she has doubts about EU countries with less developed economies, especially in time of crises. These countries might also influence the net payments and make differences between net payments bigger. Furthermore, the idea of a pension facility may not vanish by the action of setting up a pan-European researchers' pension fund. The collective security needs to be guaranteed for people who desire it. Hence, the difference in net payments between EU countries might lead to complex financial and technical rules by a pan-European researchers' pension fund. Therefore, this difference in net payments is a financial disadvantage for some researchers (depends on the country).

46. Expensive and time consuming to reach all EU researchers. Researchers need to be informed perfectly about the new pension fund according to the expert of OCW. He argues that information provision and researchers' knowledge of the fund is crucial for success. Besides, a pan-European pension fund has to be chosen by researchers on voluntary basis. If researchers are informed fully transparent they will be able to make considered decisions. In practice, researchers will benefit from a cross-border pension fund, but only if information provision is well organised. FOM's expert argues that researchers should not focus on and think of their pensions, it just have to be organised well. However, before that is possible, researchers need to make a considered decision about the connection to a pension fund. In order to make that decision knowledge of the funds is necessary. However, information provision will be harder on European level than on national level, because more researchers need to be reached in different languages and through different methods. The interviewed experts and respondents agree that it will be quite hard to get all EU researchers well informed about a potential pan-European researchers' pension fund. This condition needs to be satisfied to make a pan-European researchers' pension fund a success. If all researchers are well informed it leads to a technical/legal disadvantage for researchers.

4.5 Conclusion of the advantages and disadvantages from interviews

This chapter described the potential advantages and disadvantages of a pan-European researchers' pension fund mentioned in the interviews. The potential advantages and disadvantages mentioned did check whether the consequences were also found in the literature. Besides, the consequences found in the interviews add the consequences found in the literature.

In absolute numbers there are found more advantages than disadvantages in the interviews and questionnaire. Table 3 gives an schematic overview of the most significant findings from the questionnaire. Some advantages and disadvantages found in the interviews and questionnaire are the same for several stakeholders. However, there are also consequences which are seen as an advantage for one stakeholder and a disadvantage for another stakeholder. Besides, the experts mentioned some conditions (not italic in table) which have to be satisfied before it leads to an advantage or disadvantage for a certain (or more) stakeholder(s).

It have to be mentioned that some advantages can be seen as disadvantage from another perspective and the other way around (bold in table). However, this chapter described the biggest consequences for each stakeholder, but it is also possible that the consequence has a different effect to other stakeholders than mentioned in this thesis. Furthermore, it can be distinguished that the advantages and disadvantages mentioned in this chapter do not weigh the same, especially because all consequences are of different nature and affect specific stakeholders. However, this thesis focus is on the advantages and disadvantages and leaves out the weighting of the consequences. As a summary, table 4 and 5 depict the advantages and disadvantages for the three stakeholders as a result of the interviews and questionnaire.

The bottom line, which is not the main question in this thesis, is that a pan-European researchers' pension fund is likely to be a success, when the advantages outweigh the disadvantages. This thesis focus is on the advantages and disadvantages and leaves out the weighting of the various factors. As a summary, table 1 depicts the advantages and disadvantages for the three stakeholders as the result of a literature scan.

A pan-EU pension fund leads to ...	Agree	Don't know	Disagree
Increase of mobility	77%	15%	8%
Better social security	62%	30%	8%
Simplification of pension system	38%	24%	38%
Better overview of saved pension	69%	8%	23%
Better communication and transparency to researchers	62%	30%	8%
Easier to save during period of employment	85%	15%	-
Positive impact on EU integration	92%	8%	-

Table 3: Schematic overview of questionnaire results

Advantages			
	Technical & Legal	Financial	Social
Dutch government	22. Knowledge institutions as facilitators, not the Dutch government	<i>25. Pension money will flow into NL</i> 26. Researchers' participation as a chain reaction <i>27. foreign researchers will be kept in the EU</i> 28. Establishing the first pan-European researchers' pension fund <i>42. Enough pension money saved by retirement</i>	23. The NL as attractive research environment 24. Better branding capability for the NL
Knowledge institutions	36. The critical mass of 10,000 can be reached 40. One central organisation for pension information		<i>33. A feasible solution to foreign researchers can be offered</i> <i>34. A special treatment to researchers can be offered</i> <i>35. A cross-border pension makes it easier to be mobile</i>
Researchers	40. One central organisation for pension information 44. Conditions of pan-European pension fund will be the same as conditions of the ABP	<i>42. Enough pension money saved by retirement</i> 43. Higher pension for people who are obliged to move abroad <i>27. foreign researchers will be kept in the EU</i> <i>25. Pension money will flow into NL</i>	41. Greater product choice for customers <i>33. A feasible solution to foreign researchers can be offered</i> <i>34. A special treatment to researchers can be offered</i> 23. The NL as attractive research environment <i>35. A cross-border pension makes it easier to be mobile</i>

Table 4: Schematic overview of the advantages from interviews

Non italic = condition

Bold = can be advantage and disadvantage for different stakeholders

Red = can be the same for more than one stakeholder

Disadvantages			
	Technical & Legal	Financial	Social
Dutch government	<p>32. Two adjustments have to be made</p> <p>29. Exclusion of the ABP for other groups as well</p> <p>46. Expensive and time consuming to reach all EU researchers</p>		<p>30. Greater product choice as a threat to the NL</p> <p>31. No hidden mobility in the EU</p>
Knowledge institutions	<p>38. Establishing a cross-border fund leads to a hustle for knowledge institutions</p>	<p>39. Reticence of sponsor organisations</p> <p>37. Investment costs are high</p>	
Researchers	<p>46. Expensive and time consuming to reach all EU researchers</p>	<p>45. Differences in net payments in EU countries</p>	<p>30. Greater product choice as a threat to the NL</p>

Table 5: Schematic overview of the disadvantages from interviews

Non italic = condition

Bold = can be advantage and disadvantage for different stakeholders

Red = can be the same for more than one stakeholder

5. Analysis, conclusions and recommendations

5.1 Analysis

This thesis is based on a literature review (chapter 3), interviews and a questionnaire (chapter 4). In order to analyse the potential advantages and disadvantages of a pan-European researchers' pension fund a comparison needs to be made between the findings of the literature and the interviews. Some advantages or disadvantages are confirmed by the findings from the interviews and some experts mentioned 'new' or other consequences than were mentioned in the literature.

5.1.1 Similarities between consequences mentioned in literature and interviews

There were nine potential consequences of a pan-European pension fund for researchers which were mentioned in the literature and in the interviews (table 6). Of the eight potential consequences there were four advantages and four disadvantages.

The first advantage mentioned was a technical/legal one: one central organisation for pension information (advantage 3 and 40). The FOM and NWO experts, as well as the respondents from the questionnaire, stressed the efficiency of a central organised pension arrangement. Goverse, Kastelein & Visser (2011), Ramakers (2011) and the EFR (2005) article confirm that a pension fund which is useful in the EU and centrally organised, will be highly beneficial to European researchers. They argue that when pension arrangements are managed centrally, the opportunity of a professional organisation with expertise in the field of investments, pension policy and local and European legislation establishes. This will cut down expenses of sponsors and knowledge institutions, because there is only one central organisation where pensions need to be administrated. Hence, less personnel is needed. Besides, pension arrangements will become more clear for researchers, because they only need to contact the central organisation to get information about their pension, instead of contacting different national pension funds (if they have moved abroad).

The second is a social advantage for the knowledge institutions (advantage 10 and 34). Through a pan-European researchers' pension fund knowledge institutions will be able to offer researchers a special treatment. This special treatment for researchers shows the importance of the research sector in the EU. In their feasibility study, the Hewitt Associates (2010) emphasised the significance of showing how important research is to Europe and the ERA. Therefore, a pan-European pension fund, especially for researchers, is a worthy solution. NWO's representative argues that researchers appreciate a special treatment. If the conditions of that special researchers' treatment are good enough, the job of being a researcher will become more popular. This will lead to more researchers in the ERA and therefore to more useful research findings which benefit the EU. Besides, knowledge institutions can offer these 'foreign' researchers something more attractive than the current ABP

fund. Because, mostly the foreign researchers do not benefit from the ABP fund; they are already gone after a few years without their pension money. If they ever want to receive their pension money, these researchers need to record where they have worked their entire life to claim their pension money by the time of retirement.

The third one is a social advantage for the researchers. The greater product choice is seen as a main advantage for researchers by the interviewees and the literature (advantage 8 and 41). Schouten (2009), Ramakers (2011), Goverse, Kastelein & Visser (2011) and the EFR (2005) article point out that it is good to have an additional choice option for researchers. All respondents agreed that a pan-European researchers' pension fund as a supplementary saving possibility is a social advantage for researchers. The supplementary saving possibility gives researchers more freedom. Besides, it will benefit the competition between national pension funds what leads to cheaper premiums.

The fourth advantage is a social advantage for researchers. Higher mobility and full pension portability resulting from a pan-European pension fund for researchers is seen by many as an advantage (advantage 9 and 35). Alma & Stronkhorst (2003), Goverse, Kastelein & Visser (2011) and the EFR (2005) article state that a pan-European researchers' pension fund contributes to the mobility of researchers. Higher mobility of researchers, or making mobility easier, will lead to more knowledge mobility through the EU. Higher mobility of knowledge will lead to development of all individual member states. Besides, researchers gain experience by being mobile which is again good for the increase of knowledge in the EU. Furthermore, knowledge institutions will be able to attract the best researchers in Europe.

Besides the similarities in advantages, four similarities in disadvantages were found between the literature and the interviews. The first one is a social disadvantage for the government. The fact that through a pan-European researchers' pension fund researchers are able to make their own choice of pension fund means that the government will feel the effects (disadvantage 21 and 30). This disadvantage can also be seen as a positive: more choice of pension funds. However, the additional choice option can also make it harder for the government to control the pension sector and to inform all researchers properly. Goverse, Kastelein & Visser (2011) argue that the additional choice option may be experienced as a 'threat'. The representative of OCW points out that an extra choice option is great, but will be likely to lead to many difficulties. Initially it will lead to much more administrative hassle when researchers can choose and switch between funds. The VSNU agrees and argues that researchers have to be informed better by the government when they are given a choice of funds.

The second disadvantage is the costs of establishing a pan-European researchers' pension fund (disadvantage 19 and 37). This financial aspect is a disadvantage for the knowledge institutions stakeholder group, because the knowledge institutions are probably the ones who establish a pan-European researchers' pension fund as the government is not going to facilitate it. Alma & Stronkhorst (2003) state that implementation costs of a new pension fund will rise with a factor of 1.6 when the size of a pension fund doubles. This means that investment costs, as well as the executive costs will be substantial. The VSNU representative also emphasise that the investment costs will be very high. The fund has to start off on a small scale, which means that the executive costs will also be quite high. If later on more employers connect their researchers to the fund the executive costs will decrease. However, these high investment costs influence not only the sponsor, but also the researchers. If (investment) costs are higher, premiums are higher as well. However, on the long term the high investment costs may pay off. But if the investment costs are too high sponsors probably will not invest.

The third disadvantage is that it is difficult to reach all European researchers with information about the pan-European pension fund (disadvantage 20 and 46). This is a technical/legal disadvantage for the researchers themselves: if they are not well informed they cannot make a well-founded decision between funds. Moreover, if they do not have the right information they will never opt for a pan-European pension fund instead of the trusted ABP fund. Alma & Stronkhorst (2003) argue that communication and marketing of the new cross-border fund will be costly. Furthermore, the representative of FOM argues that perfect information provision is necessary for researchers in order to make a well-founded decision between funds. It will therefore be a difficult and expensive process to reach all researchers in the EU. If researchers are not well informed, they probably will not choose for a pan-European researchers' pension fund.

The fourth disadvantage is the reticence of sponsors (condition 14 and 39). However, the reticence of sponsors is not immediately a disadvantage, but a condition. According to Ramakers (2011) it is necessary to make a higher amount of people interested in the concept by better information provision. According to Ramakers (2011) sponsors want more information about the possibilities in the Netherlands. OCW's expert confirms that and argues that insecurity about the concept leads to obscurity about the decoration and conditions of the fund. He argues that people will always choose for the option with the most certainty and trust, therefore better information provision is needed. If the information provision lacks, sponsors will again never invest in the fund. Besides, if information lacks, researchers will never choose for the cross-border fund.

Advantages	Similarities
Dutch government	
Knowledge institutions	10 & 34: A special treatment for researchers can be offered 9 & 35: A cross-border pension makes it easier to be mobile
Researchers	3 & 40: one central organisation 8 & 41: Greater product choice for customers
Disadvantages	
Dutch government	21 & 30: Greater product choice as a threat to the Netherlands
Knowledge institutions	19 & 37: Investment costs are high 14 & 39: Reticence of sponsor organisations (condition)
Researchers	20 & 46: Expensive and time consuming to reach all EU researchers

Table 6: Schematic overview of the similarities found in the literature and interviews

5.1.2 Differences between consequences mentioned in literature and interviews

Not all advantages and disadvantages were both mentioned in the literature and interviews. This subchapter analyses the advantages and disadvantages which were only found in the interviews and therefore add the consequences mentioned in the literature.

However, there are also consequences found in the literature, which are not mentioned in the interviews. The reason why experts did not mention all consequences which are found in the literature is not clear. However, the long introduction of the concept of a pan-European researchers' pension fund, because most experts did not exactly know what it is, might have influenced the answers. Experts had to know some basic facts about the concept, otherwise they were unable to answer the questions. However, some important aspects of the fund might be accidentally given away in the introduction. Because most experts did not know the exact details of the pan-European researchers' pension fund concept, they probably only answered the questions based on the introduction. In short; important aspects might be given away in the introduction of the interviews which influenced the answers of the experts. Furthermore, the way of questioning might be of influence to the answers given. Experts can for example be directed through the interview with a limited view. It is possible that experts were focussed on a few specific questions through which other consequences were overlooked. Besides, the interviews focussed on a pan-European researchers' pension fund for the Netherlands, while most literature focussed on the cross-border fund in general. Finally, it is also possible that through the economic crisis experts have changed their opinion about pan-European pension funds. Most literature dates before the economic crisis and does not include the feeling of financial scarcity.

Besides the consequences which are only mentioned in the literature, there are also 17 consequences only mentioned in the interviews. Table 7 gives a schematic overview of the ‘new’ advantages and disadvantages.

Advantages	Differences
Dutch government	22. Knowledge institutions as facilitators, not the government 23. The NL as an attractive research environment 24. Better branding capability for the NL 25. Pension money will flow into the NL 26. Researchers’ participation as a chain reaction 27. Foreign researchers will be kept in the EU 28. Establishing the first pan-European Researchers’ pension fund (condition)
Knowledge institutions	33. A feasible solution to foreign researchers can be offered 36. The critical mass of 10,000 can be reached (condition)
Researchers	42. Enough pension money saved by retirement 43. Higher pensions for researchers who are obliged to move abroad 44. Conditions of a pan-European pension fund will be the same as the ABP (condition)
Disadvantages	
Dutch government	29. Exclusion of the ABP for other groups as well 31. No hidden mobility in the EU 32. Two adjustments have to be made (condition)
Knowledge institutions	38. Establishing a cross-border pension fund leads to a hustle for knowledge institutions
Researchers	45. Differences in net payments in EU countries

Table 7: Schematic overview of the ‘new’ consequences from the interviews

Most of the ‘new’ consequences regard the Dutch government. This significant finding can be explained. The reason why so many consequences are mentioned only in the interviews, and especially for the Dutch government, is probably because the interviews focussed especially on the Netherlands, while the literature focussed on the EU in general. If the interviews focus on a specific country, it is obvious that experts mention consequences specific for the Netherlands (and not for a pan-European researchers’ pension fund in general). This is one reason why experts mentioned ‘new’ and ‘unique’ advantages of a cross-border fund. The Netherlands has for example experience with pensions what makes it an ideal country for establishing a first pan-European researchers’ pension fund. Establishing the first fund leads to an attractive research environment and money flows into the country. Furthermore, researchers will be kept within the Netherlands or the EU, what leads to a better branding capability for the Netherlands. Most literature did not particularly focus on one

country but analysed the cross-border fund in general. However, this thesis is only based on the Netherlands as case.

The knowledge institutions as facilitators and not the government (22) is an advantage for the government. However, will it also be an advantage for the knowledge institutions? This depends because the investment costs are high, but maybe the benefits are even higher. Because the detailed aspects of a pan-European researchers' pension fund are not yet clear, it is impossible to say whether it is an advantage or disadvantage for the knowledge institutions. For researchers there is probably no difference whether the government or the knowledge institutions facilitate it. However, who might be affected, if the knowledge institutions become the facilitators, is the ABP. It is possible that the knowledge institutions will facilitate a cross-border fund with a new system and not with the help of a financial services provider. However, probably the help of a financial services provider is needed, otherwise the investment costs will be too high.

The Netherlands as an attractive research environment (23) is an advantage for the government, knowledge institutions and researchers specifically and on the long term also for Dutch people in general. If the research environment is attractive, more researchers will settle in the Netherlands what leads to more research and extension of knowledge. Foreign researchers will also settle in the Netherlands because it is known as a perfect research country with great social security. The same applies to the better branding capability for the Netherlands (24). Finally more (foreign) researchers will settle in the Netherlands and the EU (27) through which knowledge in the EU extends.

Researchers' participation as a chain reaction (26) and the pension money which will flow into the Netherlands (25) go hand in hand. If the Netherlands is the first country establishing a pan-European researchers' pension fund money will flow into the country. If more researchers join the fund, more pension money will flow into the Netherlands. Both consequences have a positive effect on all Dutch citizens because of the boost to economy. If the condition of establishing the first pan-European researchers' pension fund in the Netherlands (28) is satisfied, all above mentioned advantages lead to an even bigger success for the Dutch community because she is the first country offering a cross-border fund.

A cross-border pension fund is an advantage for the knowledge institutions because they are able to offer foreign researchers a feasible solution (33). This is also a direct advantage for foreign researchers in the Netherlands. This leads to an attractive Dutch research environment for foreign researchers (23) which is again an advantage for the Dutch government. Offering a feasible solution to foreign researchers will not influence foreign researchers or the knowledge institutions negatively.

The condition that a mass of 10,000 can be reached (36) needs to be satisfied before it is an advantage. However, if 10,000 people join the fund more premiums are paid and researchers will have saved more money by the time of retirement (42). If researchers have saved their own pension money they will not become a burden to the government. Furthermore, researchers will still be able to choose whether they prefer the ABP or the cross-border fund. Therefore it will not influence researchers negatively.

Researchers who are obliged to move abroad save more pension money through a pan-European researchers' pension fund (43). If they move abroad with the ABP they will not save pension money during the period abroad. However, with a cross-border fund researchers will always save pension money when they are in the EU. This again leads to a benefit for the government and the Dutch community, because these researchers' will not become a burden to society later. They will have saved enough money by time of retirement.

The expectation is, that if conditions of a pan-European researchers' pension fund are the same as the ABP conditions (44), many researchers will join the cross-border fund because it has more options than the ABP. If the Netherlands is the first country with a pan-European researchers' pension fund, these researchers will join the fund and pension money will flow into the Netherlands. However, if another country is the first one, Dutch researchers will join that fund as well, what means that pension money will flow out of the Netherlands. Therefore, the Netherlands has to be the first one establishing it. However, if researchers are excluded from an obliged connection to the ABP, other groups probably want that exclusion as well (29). This leads to more hustle for the ABP and the government, because two adjustments need to be made (32). Though, these two adjustments are only conditions and no hard disadvantages for specific stakeholders. The adjustments only lead to a bit more administration. However, if lots of people benefit from these adjustments, it might be negligible.

Furthermore, experts argued that there is no hidden mobility in the EU (31). Even if there is a pan-European researchers' pension fund, there will be no significantly more mobility. If this is true, a pan-European researchers' pension fund will not add to the mobility problem in the EU. Besides, if sponsors invest in the fund and there is no hidden mobility, the investments will be useless. This expectation of the experts might not be true because they do not know another situation than the current one. However, it is important to get clear if there is hidden mobility or not, otherwise sponsors will probably not invest.

The knowledge institutions argue that establishing a pan-European researchers' pension fund leads to a hustle (38). They need to adjust their administration because researchers can choose one of the two funds, instead of only the ABP. However, the ABP and the pan-European fund will administrate their customers, what means that knowledge institutions will have no hustle. Although, the knowledge institutions who's researchers are connected to the ABP. Knowledge institutions who have their own fund will probably have more hustle, because those researchers can choose whether they want the company's fund, or the pan-European fund. The knowledge institutions than have to record which employees are connected to the pan-European fund and which are not. But the question is whether this less extra administration is more important than the free choice possibility of researchers.

The final disadvantage is the difference in net payments within EU countries (45). If a pan-European researchers' pension fund is established, it is possible that researchers' receive different pension in different countries. This is a disadvantage for researchers, but also for the Dutch government (because the Netherlands has a good pension system with high pensions). However, the difference in net payments can be seen as an aspect of harmonisation of EU finances. If finances in the EU are harmonised, the differences in net payments will be gone. However, this is not yet happened and is therefore a disadvantage for the practical working of a cross-border fund.

The 'new' consequences add the existing literature on the specific Dutch case and show advantages and disadvantages in the light of the current economic crisis. The consequences mentioned in the literature were based on a pan-European researchers' pension fund in general. These consequences were not detailed, because the concept of a pan-European researchers' pension fund is also not yet detailed. However, the experts answered in detail how a pan-European researchers' pension fund in the Netherlands would affect them. The consequences found in the interviews are more recent and are based on the current economic state of the Netherlands and the EU.

To summarise, table 8 shows all the consequences of a pan-European researchers' pension fund for stakeholders in the Netherlands, found in the literature and interviews.

Advantages	Technical & Legal	Financial	Social
Dutch government	22. Knowledge institutions as facilitators, not the Dutch government	25. Pension money will flow into NL 26. Researchers' participation as a chain reaction 27. foreign researchers will be kept in the EU 28. Establishing the first pan-European researchers' pension fund 42. Enough pension money saved by retirement	23. The NL as attractive research environment 24. Better branding capability for the NL
Knowledge institutions	36. The critical mass of 10,000 can be reached <u>40. One central organisation for pension information</u>		33. A feasible solution to foreign researchers can be offered <u>34. A special treatment to researchers can be offered</u> <u>35. A cross-border pension makes it easier to be mobile</u>
Researchers	<u>40. One central organisation for pension information</u> 44. Conditions of pan-European pension fund will be the same as conditions of the ABP	42. Enough pension money saved by retirement 43. Higher pension for people who are obliged to move abroad 27. foreign researchers will be kept in the EU 25. Pension money will flow into NL	41. Greater product choice for customers 33. A feasible solution to foreign researchers can be offered <u>34. A special treatment to researchers can be offered</u> 23. The NL as attractive research environment <u>35. A cross-border pension makes it easier to be mobile</u>
Disadvantages	Technical & legal	Financial	Social
Dutch government	32. Two adjustments have to be made 29. Exclusion of the ABP for other groups as well <u>46. Expensive and time consuming to reach all EU researchers</u>		<u>30. Greater product choice as a threat to the NL</u> 31. No hidden mobility in the EU
Knowledge institutions	38. Establishing a cross-border fund leads to a hustle for knowledge institutions	39. Reticence of sponsor organisations 37. Investment costs are high	
Researchers	<u>46. Expensive and time consuming to reach all EU researchers</u>	45. Differences in net payments in EU countries	<u>30. Greater product choice as a threat to the NL</u>

Table 8: Schematic overview of the consequences found in the literature and interviews

Non italic = condition

Bold = can be advantage and disadvantage for different stakeholders

Red = can be the same for more than one stakeholder

Underlined = found in the literature and interviews

5.2 Conclusions

The EC aims to increase researchers' mobility within the EU to let the ERA grow. However, in order to make researchers more mobile, the EC focussed on a pan-European researchers' pension fund. Such a cross-border fund is part of social security and would take away barriers that restrain mobility of researchers, according to the EC. This thesis described the potential consequences of a pan-European pension fund and analysed whether it can be a success in the Netherlands.

The feasibility study of the EC described the rough concept of a pan-European researchers' pension fund and the conditions under which a success is possible (Hewitt Associates, 2010). This description of the pan-European researchers' pension fund was general and vague. However, according to the EC, a cross-border pension fund would be a success if the concept would be made more detailed by sponsors. Goverse, Kastelein & Visser (2011) and Ramakers (2011) questioned the feasibility study of the EC. However, they agreed on the general aims of the cross-border fund and that it would create a greater product choice for customers, as well as it would make mobility easier.

This study found that all advantages and disadvantages do not carry the same weight for each stakeholder. The consequences will have different effects on stakeholders involved. The centrally organised pension arrangement is seen as a positive in both the literature and the interviews. Furthermore, the increase in mobility of researchers is highlighted in the literature as well as in the interviews. The argument of increased product choice, high initial costs and the fact that it is hard to reach all EU researchers might way not the same as other consequences which are not mentioned in both the literature and the interviews. However, whether the similar consequences in the literature and in the interviews do outweigh the other consequences is not clear. Pension arrangements are an emotional aspect and a pan-European pension fund for researchers will have positive and negative impacts on all stakeholders involved. However, if a statement has to be made on the findings, a pan-European researchers' pension fund would probably affect the Dutch government the most (table 7). Most consequences are positive for the Dutch government directly and indirectly for all Dutch citizens (also the knowledge institutions and researchers). However, the advantages of such a cross-border fund are long term advantages, while the disadvantages are of short term and of practical nature.

The main result of the interviews is that a pan-European researchers' pension fund would not influence a researcher's choice to be mobile. This shows that the researchers themselves see the practical side of a cross-border pension fund, while other stakeholders - knowledge institutions and the government - who not directly benefit from a pan-European researchers' pension fund might be less enthusiastic. The most significant difference between researchers, the knowledge institutions

and the government is that researchers are probably less informed about the pan-European researchers' pension fund than the government and knowledge institutions are. However, the government and the knowledge institutions do think more about the practical implementation of such a cross-border pension fund, while researchers only think about their benefit of such a fund. The reason for this is that they are also not the ones who have to facilitate such a fund. The knowledge institutions are more reticent because they do not know the concrete aspects and practical working of such a fund.

The interviews also indicated that representatives of the stakeholder institutions are badly informed about a pan-European researchers' pension fund. Experts stated that they are not informed well enough about the idea and implementation. It will be unlikely for them to be informed any better, because there are no concrete action plans. It is up to the members of the consortium to make stakeholders in their country more enthusiastic in order to implement such a cross-border pension fund. Since the VSNU is the Dutch member of the consortium, they would be the right candidate to inform other Dutch stakeholders in order to get them involved.

However, if there are no concrete action plans yet and nobody exactly knows what such a pan-European researchers' pension fund should look like, it is difficult to make potential sponsors interested. Especially at times of economic crisis it might be hard to make the plans more concrete. Furthermore, people are not concerned with a cross-border pension fund (Ramakers, 2011). They feel that it is not relevant to their situation. Therefore, it might be that policy makers in the European sector are interested in a pan-European pension fund for researchers, while other stakeholders, for whom the fund in fact would be relevant and who would have to work with it directly, are not at all interested. The EC initiated the idea of a pan-European researchers' pension fund and started a consortium with interested people, while the representative of the EP does not support the idea because she feels the system is far too complex to implement into each national pension system.

The general finding is that the literature and interviews confirm the fact that the idea of a pan-European researchers' pension fund is still too vague to become a success. Most of the advantages found concern the Dutch government. These advantages apply in the long term for all Dutch citizens because they benefit the Dutch economy. However, almost all disadvantages are of practical nature and short term. According to the findings of this thesis, a pan-European researchers' pension fund is feasible. The conditions found in the interviews can be satisfied with not too much adjustments or efforts. However, it seems that for a success the concept is still too vague and the barriers for practical implementation are too high. Besides, based on the advantages, disadvantages and conditions found in this thesis – and if the estimation is right – a pan-European researchers' pension

fund would not immediately effect the mobility of researchers. Pension funds are probably not a key aspect for researchers to base their choice on. Furthermore, there are still too much aspects which need to be arranged yet, such as the harmonisation of national financial systems. In short; it seems that there is, on short term, no basis for a pan-European researchers' pension fund in the Netherlands. The disadvantages, which are mainly short term and practical based, seem to be an obstacle for the implementation.

Considering that a pan-European researchers' pension fund can become a success if the advantages are bigger than the disadvantages, it is not obvious that a cross-border fund will establish in the Netherlands on short term. There are more advantages on the long term, but the disadvantages on the short term seem to be too big to outweigh the advantages. The Dutch government, knowledge institutions and researchers see, besides the long term advantages, many practical barriers for implementation. Besides, it seems to become a problem that the idea of a pan-European researchers' pension fund started at the EC policy makers in Brussels. Because stakeholders feel no pressure to establish a cross-border pension fund there is no basis for the idea which started in Brussels.

If there is no basis for a pan-European researchers' pension fund, the concept is still too vague and the practical implementation is too complex, sponsors probably will not invest in the fund. Sponsors probably not take that many risks, especially not during the economic crisis. Finally, a cross-border pension fund would not directly increase mobility, according to these findings. Therefore, it would not be a significant impulse for the knowledge and innovation flagship of the EU. That means that there will be no immediate increase and grow of the ERA.

Considering that a pan-European pension fund does not become a success on short term, the barrier of social security also not removes. Researchers' mobility does not increase because they still experience the social security barriers by being mobile. This means that the free movement of people and the circulation of researchers through the EU does not increase. Therefore, the ERA, which is part of the 'Innovation Union' flagship, does not grow. Hence, if the EC wants to increase researchers' mobility on short term, she has to take other measures or she has to take a different role.

5.2.1 Reflection

The findings in this thesis are based on a literature review, interviews and a questionnaire. However, the study has several shortcomings. Firstly, there was no general theory – because the concept is that new - which could be linked to the consequences of a pan-European pension fund. Therefore, concepts as researchers' mobility, ERA and social security are used. Secondly, experts represented

their organisations. It is possible that the expert has a different view than the organisation in general because of the emotional aspect of pensions. They might relate a pan-European pension fund to their own future or their own feelings, instead of relating it to, for example, a knowledge institution or the government. Pensions are of emotional nature and therefore the answers of experts might be biased. Thirdly, it is possible that stakeholders are forgotten to mention something. Or maybe they did not want to tell something because they knew it was for research goals. Fourthly, respondents from the questionnaire might already be mobile, which biased the results of the questionnaire. If all respondents were not mobile it might be the case that the results would be less positive. Fifthly, trade unions play an important role in the Netherlands but were not part of the stakeholder group. Therefore, some consequences, of a trade union view, might be missing. Finally, it is clear that all experts, except from the representative of the VSNU, had too less background knowledge to answer the questions in detail. They all needed an introduction which was clear as plain day-light.

This thesis adds value to the existing literature in several ways. The interviews and questionnaire shed light on the specific Dutch case, while the existing literature only sheds light on a pan-European researchers' pension fund in general. Consequences found in the literature were based on three Dutch stakeholders and divided into technical/legal, financial and social aspects. Therefore, this thesis gives insight in the nature of consequences. Existing literature focuses only on the EU in general, while this case study gives an in-depth inside in the practical sides and consequences of a pan-European researchers' pension fund in the Netherlands.

5.3 Recommendations

The findings of this thesis consist of many advantages and disadvantages of a cross-border fund. Because all stakeholders have different interests, it is hard to precisely weigh the consequences. However, considering the process it is clear that a pan-European researchers' pension fund will not be implemented on short term. It can only become a success if all conditions are satisfied, what will not be the case on short term. In future a pan-European researchers' pension fund can become a success. However, in order to make it a success, the concept needs to be made more concrete, conditions should be satisfied and people need to be informed and become interested.

Having said that, a few recommendations need to be done to several parties. If further research will be done, it might be considered that the EC adjusts its role in the process. Currently every member state is free to implement a pan-European researchers' pension fund or not. However, there is probably more pressure needed in order to let member states establish one. Besides, the concept needs to be made more concrete with details for each member state, so that citizens know what will happen when the cross-border fund will be introduced. The concept, as it is now, seems to be an

idea of policy makers in Brussels, instead of a realistic solution for researchers' mobility. Furthermore, if the concept is elaborated in more detail, a promotion campaign should be held in order to raise interest.

The VSNU should raise interest by sponsors in the Netherlands in order to make the implementation a success. If more detailed information is provided, with the consequences for each stakeholder, sponsors will become more interested, or not. However, it gives at least a clear view on the status of the establishment of the first pan-European researchers' pension fund.

There are several interesting problematic cases for further research. The idea of a pan-European researchers' pension fund as it is now, is only a broad concept instead of a 'ready to be implemented' plan. Therefore, a follow up study on the interested parties and their motives would be useful. Besides, it might be interesting to research what is needed to satisfy the conditions and to make sponsors interested about the concept. Furthermore, how to deal with the promotion is interesting as well. How can people get informed about the concept? In order to realise the implementation case studies of EU countries need to be done about the national consequences.

It might be useful to wait with further research until the economic crisis has ended and pension sectors are more stable. A pan-European researchers' pension fund crosses different national systems and requires more harmonisation between the pension systems in these countries. But the way to more harmonisation is long. Therefore, the draw system mentioned by the EP representative might be interesting as well, instead of a pan-European researchers' pension fund (p. 39). Such a system manages the savings of researchers in each country and is much easier to implement in the national systems than a totally new pan-European pension fund. It also opens up the possibility to compare the pension money saved in various countries. And what might be important as well is that the draw system maps all the pension funds the researcher have had, making it easier to leave the research sector.

Another solution for the mobility of researchers, instead of a pan-European researchers' pension fund, might be the portability directive. The idea of such a directive was rejected by the Council in 2005 and 2007. However, currently new negotiations have started in the Council regarding such a directive. Negotiations on this new directive concern the preservation of supplementary pensions in foreign countries and the treatment of these supplementary pensions in the same way supplementary pensions of non-mobile researchers are treated.

This explorative study can be seen as a starting point for further research. It gives insight in the national consequences of a general concept. However, follow up study is hardly recommended in order to make future implementation of a pan-European researchers' pension fund to a success.

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6.1 Appendix 1

Complete list of interviewed persons

Stakeholder	Name	Organisation	Function	Date interview
Government	Richard Derksen	Ministry of Education, Culture and Sport (OCW)	Coordinator/Specialised Advisor	17-12-2012
Knowledge institutions	Jos Lensen	NWO	Head Policy Group HR	19-11-2012
	Laurens Hoedemaker	TNO	Director European Affairs	13-11-2012
	Renée-Andrée Koornstra	FOM	Head Central Personnel	14-12-2012
	Johan Huysse	VSNU	Policy Advisor Labour Relations	23-11-2012
Researchers	Jürgen Enders	University of Twente	Professor in the field of Higher Education	15-01-2013
	Marre Lammers	Netherlands Institute for the Study of Crime and Law Enforcement	PhD student at NSCR	31-01-2013
Remaining	Alwin Oerlemans	APG (actor of ABP)	Director Institutional Business Development	14-12-2012
	Anna Kadar	EC	Policy Officer	07-11-2012
	Ria Oomen-Ruijten	Member of European Parliament (CDA)	Member at European Parliament	23-01-2013

Table 1: interviewed persons

6.2 Appendix 2

Complete list of interview questions

1. Why is a pan-European pension fund for researchers currently interesting while the IORP Directive already is implemented in 2003?
2. What is the role of the European Union regarding to the development of a pan-European pension fund for researchers?
3. What is the role of the Dutch government regarding to the development of a pan-European pension fund for researchers?

4. What is your opinion about a pan-European researchers' pension fund?
5. Do you (for your organisation) foresee potential advantages of a pan-European pension fund for researchers?
6. Do you (for your organisation) foresee potential disadvantages of a pan-European pension fund for researchers?
7. Do you think that the advantages will be bigger than the disadvantages for you(r) (organisation)?
8. Do you foresee any other advantages of a pan-European researchers' pension fund for other stakeholders?
9. Do you foresee any other disadvantages of a pan-European researchers' pension fund for other stakeholders?
10. In what way will a pan-European pension fund for researchers develop in the coming years?
11. What does the development of a pan-European pension fund for researchers mean for European future concerning integration and mobility?

6.3 Appendix 3

Complete questionnaire

1. Have you worked at a foreign institution in the last 5 years?

Yes No

2. If your answer on the first question was yes, go to question 4. If your answer was no; Have you considered working at a foreign institution in the last 5 years?

Yes No

3. If your answer on the second question was no, go to question 4. If your answer was yes; to what extent did social security conditions influence your decision?

Extremely Don't know Not really

Explanation: a pan-European pension fund for researchers

Since a few years it is possible to establish pan-European pension funds for researchers in Europe. The cross-border pension fund will be established by one organisation which is able to choose a home country as location. The headquarter of a pan-European researchers' pension fund will be centrally located at that country with information offices located in other countries. Researchers in the Netherlands will be able to choose once between the current ABP pension fund or the pan-European pension fund. Researchers who are connected to the ABP are not able to save pension when they are abroad. Researchers who are connected to the pan-European researchers' pension fund are able to save pension wherever they work in Europe. Researchers connected to the pan-European researchers' pension fund are able to request information about their acquired pensions in any European country. Different pan-European pension funds will compete with each other in future.

4. What consequences do you expect from a pan-European pension fund for researchers?

Increase of mobility: agree don't know disagree

A mobile pension?

Decrease of mobility:	agree	don't know	disagree
More bureaucratic hassle:	agree	don't know	disagree
Less bureaucratic hassle:	agree	don't know	disagree
Better social security:	agree	don't know	disagree
Worse social security:	agree	don't know	disagree
Simplification of pension system:	agree	don't know	disagree
Complication of pension system:	agree	don't know	disagree
Better overview of saved pension:	agree	don't know	disagree
Worse overview of saved pension:	agree	don't know	disagree
Better communication and transparency to researchers:	agree	don't know	disagree
Worse communication and transparency to researchers:	agree	don't know	disagree
Easier to save during period of employment:	agree	don't know	disagree
Harder to save during period of employment:	agree	don't know	disagree
Positive impact on premiums paid by researchers:	agree	don't know	disagree

A mobile pension?

Negative impact on premiums paid by researchers:	agree	don't know	disagree
Increase of solidarity in the Dutch pension system:	agree	don't know	disagree
Decrease of solidarity in the Dutch pension system:	agree	don't know	disagree
Good to have an option to choose between funds:	agree	don't know	disagree
Bad that you have an option to choose between funds:	agree	don't know	disagree
Positive impact on European integration:	agree	don't know	disagree
Negative impact on European integration:	agree	don't know	disagree

6.3 Appendix 4

List of countries with supplementary pensions (second pillar pensions)

	BE	ES	FR	DE	IR	IT	NL	PL	SE	UK
Flexibility in benefit design	Green	Yellow	Yellow	Green	Green	Green	Green	Yellow	Green	Green
Flexibility in investment options	Red	Yellow	Green	Yellow	Green	Red	Green	Green	Green	Green
Flexibility to make extra contributions	Red	Green	Yellow	Green	Green	Green	Green	Yellow	Green	Green
Representation issues	Yellow	Yellow	Green	Yellow	Green	Green	Green	Green	Green	Green
Reporting requirements	Green	Green	Green	Yellow	Green	Yellow	Yellow	Yellow	Yellow	Green
Private Sector access	Yellow	Red	Red	Yellow	Green	Yellow	Red	Red	Red	Green
Public Sector access	Red	Green	Red	Red	Yellow	Green	Red	Red	Red	Yellow
Tax/social charge issues	Yellow	Green	Green	Green	Green	Yellow	Green	Green	Yellow	Green
Portability issues	Green	Green	Green	Yellow	Green	Green	Green	Green	Green	Green

	BG	CZ	DK	EE	EL	CY	LV	LT	LU	HU	MT	AT	RO	PT	SL	SK	FI
PR	Yellow	Yellow	Yellow	Green	Green	Green	Green	Yellow	Green	Green	Green	Green	Yellow	Yellow	Yellow	Green	Green
PB	Yellow	Yellow	Green	Green	Green	Yellow	Green	Yellow	Yellow	Yellow	Green	Green	Yellow	Yellow	Yellow	Green	Green

Legend:

Green: second pillar participation is possible

Orange: second pillar participation is possible if certain conditions are being met

Red: second pillar participation is not possible

PR: private sector (where researcher can be employed)

PB: public sector (where researcher can be employed)

Source: retrieved from the expert of the European Commission

Table 2: countries with supplementary pensions