REGINA Staatliche Regulierung der privaten und betrieblichen Alterssicherung DFG

Ein Forschungsprojekt der Deutschen Forschungsgemeinschaft
Projektleitung: Prof. Lutz Leisering PhD, Prof. Dr. Ulrike Davy

Thorsten Hippe

Vanishing Variety?

The Regulation of Funded Pension Schemes in Comparative Perspective

REGINA – Arbeitspapier Nr. 24

(2007)

Universität Bielefeld
Institut für Weltgesellschaft
Fakultät für Soziologie
Fakultät für Rechtswissenschaft

Vanishing Variety ?

The Regulation of Funded Pension Schemes in Comparative Perspective

Thorsten Hippe
Doctoral Student
University of Bielefeld
Faculty of Sociology
PO Box 100131
33501 Bielefeld
Germany
thorsten.hippe@uni-bielefeld.de

(2007)

1. The Regulation of Funded Pensions – Towards Neo-liberalism or Hybridisation?

Since the 1990s, pay-as-you-go (PAYGO) pension systems have been under increasing political pressure. In particular, so-called Bismarckian countries with hitherto extensive PAYGO schemes (Austria, Belgium, France, Germany, and Sweden) embodying high collective responsibility for status maintenance in old age have considerably reduced PAYGO benefit levels. As a result, the function of unfunded pensions is increasingly restricted to preventing poverty in old age. Individuals are encouraged to take out funded pensions in order to achieve status maintenance. Thus the difference between Bismarckian and Beveredgian countries – which have always restricted the benefit levels of unfunded pensions to poverty prevention (Australia, the Netherlands, New Zealand, Switzerland and the UK) – seems to be eroding. Consequently, the cross-national mean level of state intervention seems to be falling while the spread of national pension policies seems to be narrowing. Pension systems in OECD countries seem to converge on a subsided state intervention plateau, Box 9 (Rothgang & Dingeldey, figure 2, this volume).

However, theories of pension policy change that focus solely on the financial dimension neglect the regulatory aspect of funded pension provision (Leisering 2006). Regulation is important because funded pension provision can be embedded in different institutional governance structures. These structures may exhibit a high degree of *collective* responsibility for status maintenance in old age (cf. Modigliani & Muralidhar 2004) or a high degree of *individual* responsibility for status maintenance (cf. Littlewood 1998). Other authors propose various regulatory measures that balance collective and individual responsibility (Sunstein & Thaler 2003; James 2005; Le Grand 2003, 139). Hence, the shift from PAYGO towards funding does not necessarily indicate a process of neo-liberal convergence towards unfettered markets.

Instead, some authors (Leisering 2006; Nullmeier 2001) suggest that the regulation of funded pension schemes will be based on a mixture of governance elements, as is the case with health policy (see Rothgang, this volume), thereby producing intermediate levels of collective intervention. This ‘hybridisation hypothesis’ suggests that social policy structures and market mechanisms will become increasingly intertwined. The hierarchical structures of the old provider welfare state are likely to be replaced by market mechanisms because of cultural individualisation, but public pressure on political actors to ensure financial security for pensioners will encourage the establishment of *socially* regulated markets.

In order to examine the hybridisation hypothesis, I propose a theoretical concept of funded pension regulation and differentiate between three ideal types of regulatory governance (section 2). In sections 3-6, the development of the regulation of funded pensions in three groups of Western countries that had structurally different pension systems in the 1980s is investigated empirically. The developments will be analyzed with reference to the ideal typology in order to enable genuine comparisons. Section 7 concludes the chapter with an analysis of the extent to which funded pension regulations converged towards hybridization or a particular ideal type between 1980 and 2005.

2. An Ideal Typology of Funded Pension Regulation

Following Leisering (2006), the regulation of funded pension provision is conceptualised here as encompassing all responses to the (anticipated) failure of financial markets by normative, legal, organisational and financial means institutionalised by collective actors (state/social partners). The following four central potential market failures jeopardising the security, efficiency and equity of funded pension provision are particularly intensively debated in the current literature:

a) *Myopia*. Individuals may undervalue future needs in old age compared to present desires (hyperbolic discounting) (Mitchell & Utkus 2003). This raises the question of whether saving in funded schemes should be collectively enforced, promoted by state subsidies, etc.

b) *Volatility risk*. Financial markets are quite volatile, not only in the short term but even over retirement saving periods of 40 years (Burtless 2000). Such volatility can undermine the security of retirement planning and produce artificial inequalities between different birth cohorts. Legal minimum guarantees or forms of intergenerational solidarity can be instituted to give savers more security (Modigliani & Muralidhar 2004).

c) *Choice risk*. The average pension consumer is overwhelmed by choice overload (Iyengar et al. 2003), and often chooses investment products that are inappropriate (Cronqvist 2003; James 2005; Kahneman et al. 2005). As financial education hardly helps (Erturk et al. 2005; Mitchell & Utkus 2003), this raises the question of whether individual freedom of choice should be collectively guided or even abolished in favour of collective asset pooling in a common investment portfolio.

d) *Administration charges*. Administration costs in decentralised funded pension schemes with individual accounts are considerably higher than in PAYGO and centralised funded pension schemes (Döring 2002, 115), thereby reducing accumulated pension savings

considerably (Furman 2005; Murthi et al. 2001). This raises the question of whether provider charges should be legally capped or whether the accumulation process should be centralised in order to exploit economies of scale (Kotlikoff 1999, 20 f.), etc.

Examination of the different theoretical recommendations for best practice in the economic literature reveals three ideal-type regulatory strategies for funded pension provision:

a) The neo-liberal governance strategy, which emphasises competition and exit, relegates responsibility for status maintenance primarily to the individual, implying a low level of collective intervention (e.g. Littlewood 1998). This approach relies on consumer sovereignty to overcome myopia. Trusting the market's 'invisible hand' (Smith) as a masterful 'discovery device' (Hayek), it regards the enforcement of unfettered provider competition and market transparency as sufficient to provide protection against financial market downturns, high charges and inappropriate providers/products.

b) In the social-liberal governance strategy, which balances hierarchy and competition, responsibility for securing status maintenance is to be shared between individuals and society, which implies an intermediate level of collective intervention. In order to prevent myopia without falling into the trap of paternalism, automatic enrolment with the possibility of opting out is proposed (Sunstein & Thaler 2003). This automatic enrolment may or may not be accompanied by direct state subsidies (matching contributions) (Le Grand 2003, 139). Volatility risk should be cushioned by moderate minimum return guarantees or by automatic enrolment in life-cycle funds (Munnell & Sunden 2004, 175), with the asset mix being gradually shifted from stocks toward less volatile bonds with increasing customer age. As far as choice risk is concerned, this governance strategy proposes the establishment of a so-called institutional market (James 2005) in which individual choice is restricted to a handful of appropriate, i.e. broadly diversified index funds, which charge low fees because they just replicate the asset compilations of financial market indices. The providers of these funds are to be chosen by a public regulator. As the institutional market reaps economies of scale via centralised contribution collection, yearly administration charges should be legally capped clearly below 1% of assets per account.

c) The social-democratic governance strategy, which stresses hierarchy and voice, relegates responsibility for status maintenance to the state and/or the social partners, which implies a high degree of collective intervention. This approach stipulates participation in funded schemes, with a collective actor paying contributions for the unemployed and those

caring for children. A defined benefit level, stipulated as a certain percentage of the average net wage, is determined and guaranteed via intergenerational sharing of financial market risks (Bovenberg 2002; Modigliani & Muralidhar 2004). The scheme is established on a centralised (nation or industry-wide) level and members' assets are pooled in a single collective portfolio and managed by monopolist actors, i.e. corporatist or public agencies (legally independent from the government), so as to reduce administration costs by exploiting economies of scale. Members can express their concerns by collective voice, i.e. via elected representatives on member councils.

Table 1: Three Ideal Types of Funded Pension Regulation

IDEAL TYPE / Issue/problem	SOCIAL-DEMOCRATIC GOVERNANCE STRATEGY	SOCIAL-LIBERAL GOVERNANCE STRATEGY	NEO-LIBERAL GOVERNANCE STRATEGY
Responsibility for status maintenance	Collective actors (state and/or social partners)	Individual citizen and the state (shared responsibility)	Individual citizen
Myopia	Mandatory participation	Automatic enrolment (with possibility of opting out) and/or state subsidies	Voluntary participation (individual must opt in)
Volatility risk	Defined benefit via intergenerational risk-sharing	Moderate minimum return guarantees or automatic enrolment in life-cycle funds	Defined contribution
Choice risk	Pooling of members' assets in a collective portfolio; no provider competition; collective voice via member councils instead of individual choice	Individual choice in the institutional market is restricted to a handful of broadly diversified index funds chosen by a public regulator	Unrestricted provider competition; unrestricted individual choice
Administration charges	Reaping economies of scale by collective pooling of assets in monopolist corporatist funds or a public fund	Legal cap on charges clearly below 1% of assets in an account - facilitated by centralised contribution collection in the institutional market	Fostering competition

3. Three Ways of Achieving Status Maintenance in Old Age in the 1980s

In the 1980s, the pension systems in OECD countries could be divided into three groups depending on their policy toward status maintenance in old age.

The first group comprised the 'Anglo-American early funders' (Australia, Canada, Ireland, New Zealand, the UK and the US). Here, average earners had always been dependent on funded pension schemes for securing status maintenance, because the replacement rate of the unfunded pillar(s) was too low to achieve status maintenance. In accordance with the economically liberal culture in these countries, funded schemes were rather loosely regulated (participation was not collectively enforced; no collectively standardised replacement target levels were set, etc.).

The second group was made up of the 'European early funders' (Finland, the Netherlands and Switzerland). Here, (partially[1]) funded schemes with mandatory participation explicitly designed to ensure the status maintenance of average earners were established by the state and/or the social partner much earlier than in other European countries, i.e. in 1985 at the latest. These schemes were quite strictly regulated (participation was (quasi)mandatory; collectively standardised replacement target levels were established, etc.).

The third group consists of the 'European late funders' (Austria, Belgium, France, Germany and Sweden). Here, until the year 2000, average earners were able to rely on mandatory PAYGO schemes for achieving status maintenance.

Have these three country groups, located at different points of the pension policy field in the 1980s, now converged towards a common policy path with regard not only to the financial dimension (funded pensions are indispensable for status maintenance in all these countries nowadays) but also with regard to the regulation of these funded pensions? Or are there different varieties of funded pension regulation? The next three sections examine these questions by investigating one country in each group (the US, the Netherlands, and Sweden). I also examine briefly the extent to which the developments outlined in each case study are representative of the group as a whole.

4. Regulatory Developments in Anglo-American Early Funder Countries (1980-2005)

4.1. The US: Reinforcing the Neo-Liberal Features of Regulation

The US pension system comprises 1) a mandatory PAYGO pillar (Social Security), 2) a means-tested programme for poor pensioners (Supplementary Security Income) and 3) funded pension plans, especially in the occupational sector. Social security provides average earners

[1] Finland's second pillar combines PAYGO (roughly 75%) and funding (roughly 25%).

with a full career with a prospective net replacement rate of a mere 51% (VDR 2005, 155), which is insufficient for status maintenance.

4.1.1. Myopia Regulation in the US

Employers have never been obliged to offer occupational pension plans. Until the early 1980s, employers who voluntarily offered plans usually enrolled their employees automatically in what were predominantly defined benefit (DB) plans with prescribed contribution rates. In contrast, only 14% (2002) of the now dominant defined contributions (DC) plans have adopted automatic enrolment and employees choose their personal contribution rate. Thus the prevention of myopia is now more than ever an individual issue. Although the coverage rate for the private workforce did not decline, it remained at a rather low level of about 40% between 1980 and 2000 (Munnell & Sunden 2004, 7). Empirical evidence for myopia is strong: 60% of employees have not calculated how much they have to save for retirement, 40% appear unlikely to achieve status maintenance by age 65 and many experience an unexpected decline in their living standard after retirement (Mitchell & Utkus 2003, 3). Whereas high earners benefit strongly from tax exemptions offered under regressive EET[2] taxation, there are no direct state subsidies for low or moderate income earners with negligible or zero income tax liabilities.

Clearly, myopia regulation in the US reflects a reinforced neo-liberal governance strategy.

4.1.2. Volatility Risk Regulation in the US

Volatility risk has been shifted from employers to employees since 1980. In the 1970s, the majority of occupational pension schemes were DB plans. However, some workers lost a huge part of their promised benefits when their company went insolvent. For example, the automobile factory Studebaker went bankrupt in 1963 when its DB pension plan was 80% in deficit. The US legislature eventually reacted to those problems with the passing of the Employees' Retirement Income Security Act (ERISA) in 1974. This act introduced mandatory minimum vesting standards, minimum funding requirements and insolvency insurance.

[2] EET means that saving contributions are deducted from taxable income (E = exempt), investment yields are not taxed (E = exempt) while pension benefits are taxed (T = taxed).

However, ERISA not only increased the security of employees' pensions but also raised employers' costs (e.g. bankruptcy insurance premiums) and their investment risk. Between 1981 and 1996, these costs tripled as a percentage of the payroll (Munnell & Sunden 2004, 27). As a result, new companies have increasingly resorted to DC plans, which were granted tax advantages under Section 401(k) of the Internal Revenue Code, passed into law in 1980. These 401(k) plans are not subject to ERISA regulation and employers bear no investment risk. Whereas only 30% of all contributions to funded pensions went into DC plans in 1975, these plans received over 80% of all contributions in 1998 (Munnell & Sunden 2004, 19).

The shift from DB to DC shows that volatility risk regulation in the US reflects a reinforced neo-liberal governance strategy.

4.1.3. Choice Risk Regulation in the US

In contrast to DB plans, which are dwindling in number, the increasing number of 401(k) plans offers employees a wide range of investment choice options, which is not statutorily restricted. In 1995, 50% of 401(k) participants had a choice between at least 16 alternatives (Munnell & Sunden 2004, 70). However, many savers lack the skills required to make sensible investment choices (Mitchell & Utkus 2003, 21). Moreover, a representative investigation by Elton et al. (2004) showed that the investment options offered by employers were inadequate in 62% of cases.

Furthermore, 401(k) plan members are exposed to the risk of under-diversification that heavy investment in employer stock entails. Whereas DB plan participants are sheltered by ERISA, which stipulates that not more than 10% of plan assets may be invested in the employer's company, 401(k) plan legislation contains no such restriction. Approximately 20% of 401(k) plan participants hold over 20% of their portfolio in employer stock. The share of employer stock in 401(k) plan assets can reach staggering heights, ranging between 66% (Gillette) and 96% (Proctor & Gamble) (Kaplan 2004, 72 f.). One reason is that employers are allowed to make their matching contributions in the form of company stock. Age-related selling restrictions regarding employer stock are also permitted. Enron employees could not sell their Enron equities in their 401(k) account until they reached the age of 50 or left the company.

Legislative initiatives before and in the wake of the Enron crisis to put caps on employer stock in 401(k) plans have failed. Employer organisations threatened that

employers' matching contributions – an important savings incentive for employees – would decrease:

'If employers are prohibited from requiring their contributions to defined contribution plans to be invested in employer stock, they are likely to curtail their contributions, thereby reducing employees' retirement saving.' (ERIC 2002)

Moreover, such caps are not popular among US employees. Many of them like having a high slice of their pension portfolio invested in their company, because a familiarity bias ('invest in what you know') makes them believe (falsely) that investment in employer stock is safer than diversified funds (Kaplan 2004, 75). Even the meltdown of 401(k) plan assets at Enron, WorldCom and Global Crossing – all heavily invested in employer stock – did not affect the popularity of employer stock among US employees (Choi et al. 2005).

Clearly, choice risk regulation in the US reflects a reinforced neo-liberal governance strategy.

4.1.4. Administration Charge Regulation in the US

The charges levied on 401(k) plans are not statutorily regulated and – despite fierce provider competition – are very high. Annual average fees amount to 1.44% of assets (Thompson 2002, 30), reducing total pension capital at retirement by roughly 30%.

Administration charge regulation in the US exemplifies the neo-liberal governance strategy.

4.2. Funded Pension Regulation in Other Anglo-American Early Funder Countries

The other English-speaking countries can be divided into three groups with regard to the development of funded pension regulation: North America, where neo-liberal governance has persisted, Australia, Ireland and New Zealand, where governance takes a hybrid form, and the UK, where there is the prospect of a switch to social-liberal governance. Hence, the average level of state intervention in the Anglo-American group has increased somewhat.

As in the US, the regulation of Canadian occupational registered pension plans (RPPs) and private registered retirement savings plans' (RRSPs) still follows a neo-liberal governance strategy.

In Australia, New Zealand and, especially, in Ireland, the regulation of funded pensions has become more mixed. In 1992, Australia introduced the mandatory superannuation scheme. While charges in these DC plans remain unregulated and individual investment choice options have been extended, the Australian state has inaugurated subsidies (superannuation co-contribution) for additional voluntary retirement savings by low wage earners in 2002. The amount of these subsidies was expanded in 2005.

New Zealand has opted to go down the social-liberal route by automatically enrolling employees in the Kiwi Saver scheme established by act of parliament in 2005, coupled with universal start-up subsidies. Moreover, the government subsidizes and negotiates downwards the charges levied by default providers.

Ireland established personal retirement savings accounts (PRSAs) in 2002. Saving in these DC schemes is voluntary, but those who participate are automatically enrolled in a life-cycle fund. Moreover, annual charges have been statutorily capped – albeit at the fairly high level of >1% of assets. Furthermore, the public regulator of funded pension schemes, the Irish Pensions Board (on which sit representatives from all relevant ministries and interest groups), has recently unanimously suggested replacing regressive indirect tax relief for contributions (EET taxation) by direct, equal matching contributions of € 1 for each € 1 invested by individuals (Pensions Board 2005, 15).

The British government has recently released a white paper (DWP 2006) suggesting the establishment of a national pension savings scheme (NPSS) as proposed by the Pensions Commission (2005). This scheme features automatic enrolment, a life-cycle fund as the default fund and centralised collection of contributions by a public agency with the aim of reducing annual charges to 0.3% of assets. Moreover, tempering its former stance on financial education and information, the government has explicitly conceded (DWP 2006, 56) that many Britons suffer from cognitive choice overload when it comes to financial investments. Thus the commission’s recommendation that the number of investment choices in the NPSS should be limited to 6-10 suitable funds (Pensions Commission 2005, 376) is acknowledged. (DWP 2006, 56). Of course, final legislation is still awaited.

Table 2: The Regulation of Funded Pensions in Anglo-American Countries: the Current Situation

ISSUE / COUNTRY	Governance strategy Myopia	Governance strategy Volatility risk	Governance strategy Choice risk	Governance strategy Administration charges	Overall governance strategy
Australia (Superannuation)	Social-Democratic + Social-Liberal	Neo-liberal	Neo-liberal	Neo-liberal	Predominantly neo-liberal
Canada (RPP & RRSP)	Neo-liberal	Neo-liberal	Neo-liberal	Neo-liberal	Neo-liberal
Ireland (PRSA)	Neo-liberal (but social-liberal reform suggested)	Social-liberal	Neo-liberal	Social-liberal	Hybrid
New Zealand (Kiwi Saver)	Social-liberal	Neo-liberal	Neo-liberal	Social-liberal	Hybrid
United Kingdom (NPSS – as currently planned)	Social-liberal	Social-liberal	Social-liberal	Social-liberal	Social-liberal
United States (401k plans)	Neo-liberal	Neo-liberal	Neo-liberal	Neo-liberal	Neo-liberal

5. Regulatory Developments in European Early Funder Countries (1980-2005)

5.1. The Netherlands: Defying Neo-Liberalism, but Nibbling at Intergenerational Solidarity

Besides its first pillar, a residence based, flat-rate citizens' pension (AOW), the Dutch pension landscape is dominated by a funded occupational pillar. These monopolist pension funds – predominantly organized on an industry-wide basis – are managed by the social partners. The two pillars provide average earners with a full career with a comparatively generous prospective net replacement rate of 84.1% (VDR 2005, 123).

5.1.1. Myopia Regulation in the Netherlands

Myopia is prevented in a collective, neo-corporatist manner. The social partners in an industry can apply to the Ministry of Social Affairs and Employment to issue a declaration that

employer (and employee) participation in an industry-wide fund is mandatory. Such applications are usually successful. Whereas the significance of the third, private pillar is very limited (Bieber & Schmitt 2004), the coverage rate for occupational pensions has steadily risen to 94% of the workforce (Lutjens 2005). Contribution rates are set by the social partners with a total minimum net replacement rate of 70% in mind (VDR 2005, 122). Since 1990, coverage gaps have been systematically reduced. Employers have been forbidden to discriminate between part-time and full-time employees. A mandatory pension fund for employees of temporary employment agencies has been established. A special fund managed by the social partners pays contributions on behalf of unemployed people aged 40 years and over, provided they are in receipt of unemployment insurance benefits. Discrimination against workers with fixed-term jobs has also been legally prohibited (Bieber & Schmitt 2004). The social partners aim to reduce the coverage gap to 3.5% by 2006. Otherwise, the government has threatened to introduce appropriate legislation (EU Social Protection Committee 2005, 27).

Clearly, Dutch myopia regulation reflects a reinforced social-democratic governance strategy.

5.1.2. Volatility risk regulation in the Netherlands

Volatility risk in the Netherlands has traditionally been prevented on a collective basis. Although legal regulations are missing, almost all occupational pension funds (95%) follow the DB principle (Bieber & Schmitt 2005), with intergenerational sharing of financial market risks. In average salary schemes, yearly accrual rights are usually fixed at 2.25% of the nominal individual wage (VDR 2005, 122). Although not legally mandated, accrued pension rights and current pensions were usually indexed to wage growth (Dutch Ministry of Social Affairs and Employment 2002, 15).

In its National Strategy Report on Pensions of 2002, the ministry praised the solidarity and efficiency of intergenerational risk-sharing in the Dutch funded DB system:

'In such a system, younger generations partially compensate [the retiring generations, T.H.] for lower returns when investment results are disappointing by paying higher contributions. When returns are healthier, surpluses can be passed on to the next generation. (…) The solidarity in the second pillar also delivers efficiency gains. In its report entitled 'Generationally-aware Policy', the Advisory Council on Government Policy (WRR) compared DB plans with intergenerational solidarity to DC plans without this form of solidarity. The

WRR calculated that in the latter schemes people have to pay 25% more contributions to cover the same risk of a decline in the pension result. The WRR concluded that pension accrual on the basis of solidarity is more efficient than individual accrual. (…) This solidarity makes it possible to achieve good investment returns at a relatively low risk for the participants because the risks can be borne collectively.' (ibidem, 19 & 32)

The efficiency advantages of intergenerational solidarity have also been stressed by Dutch economists (Bovenberg 2002, 311). However, the stock market slump after 2000 revealed how badly regulated intergenerational risk-sharing had in fact been. During the 1990s, Dutch occupational pension plans accumulated large book surpluses because calculations of liabilities were based on a capital yield of 4%, whereas actual asset yields were much higher at that time. However, instead of building up reserves to provide a cushion against future market slumps, a large part of the surpluses was consumed by granting contributions holidays and transferring money from pension funds to companies:

'…the social partners themselves are responsible for the current problems because they set the contribution levels too low in the preceding years. These low contributions – in some cases culminating in exemptions from paying contributions for employers and employees, or even pay-outs from the pension funds – often served to lubricate collective bargaining". (Van Het Kaar 2004)

Dutch governments – keen on reining in non-wage labour costs and tax-exempt pension contributions – reinforced this myopic behaviour:

'This distorted image helped to create the opportunity, in 1989, for a draft act to be sent to parliament, a draft act that was withdrawn only last year, which intended to counter the creation and maintenance of structural solvency surpluses by pension funds. Those were the days! Yet it put pension funds under pressure to avoid the creation of (substantial) solvency surpluses and to reduce pension contributions. Apart from impending government measures to skim off pension funds' solvency surpluses, contribution policies also came under pressure from agreements between the government and the social partners. (…) They might now have many billions of euros at their disposal if contribution discounts had been limited." (Witteveen 2005)

Thus the buffers required to cushion the market slump after 2000 were often not available. Consequently, the average contribution rate had to be increased from 8.2% (1997) to 14% (2004) (EU Social Protection Committee 2005, 20). Pension indexation was sharply reduced

(Bieber & Schmitt 2004). Employers, employees and pensioners became embroiled in protracted distributional conflicts:

'The construction company HBG is one of a number of companies against which retired employees have instituted legal proceedings in the hope of forcing the company to redeposit into its pension fund money previously transferred for other purposes. Over the past few years, HBG has reportedly taken surplus profits from the fund, but now finds itself facing a shortfall of dramatically lower share prices. The former employees are demanding a supplementary deposit of no less than € 76 million over and above the extra 14 million the company has already paid into the fund. For the time being, HBG is refusing to do so. (…) Pensioners now claim that the company's transfer out of the fund of positive investment results has left insufficient leeway for the creation of much needed reserves. (…) Sharply declining capital reserves have made it impossible to pay out annual pension adjustments in line with price increases.' (Grünell 2002)

Nevertheless, industry-wide occupational funds in the Netherlands have preserved intergenerational solidarity. The strong increase in the average contribution rate in response to the slump shows that losses have been shared between active and retired generations instead of the burden being borne solely by retirees, which is typical of DC systems.
However, some observers (Noorman 2004) argue that the introduction of the International Financial Reporting Standards (IFRS) for publicly listed EU companies will lead large Dutch companies listed on the stock market to switch to DC pension plans. While the latter do not have to be included in companies' balance sheets as they imply no liabilities, IFRS prescribe that the market value of the assets and liabilities of DB company pension funds must be included in companies' balance sheets, thereby making company results more volatile. Listed companies want to avoid this. A shift to DC is indeed what is happening currently in some Dutch company schemes, but not in industry-wide schemes:

'At a number of companies pension risk is being shifted towards the employees. Akzo Nobel (chemicals) has reached agreement with trade unions to switch completely to a DC occupational pension scheme. The desire has been amplified as a consequence of the recent introduction of International Financial Reporting Standards (IFRS), obliging companies to offer more insight into their financial risks, including potential pension obligations. Similar schemes have been introduced at SNS Reaalgroep (banking/insurance) and Philips (electronics). (…) It is noteworthy that this appears to be the case only with company-level pension funds for the time being." (Van Het Kaar 2004)

The most likely future development regarding volatility risk regulation is a polarisation between Dutch company and industry-wide funds (with more than 75% of Dutch employees belonging to the latter):

'Rabobank anticipates a shift from DB to DC schemes, but this may not sit too easily with the pension culture in the Netherlands. (…) In general, there is a lot of consensus about the idea that DB is superior to DC as it allows having a longer-term investment horizon, translating into higher returns. (…) Mr van den Brink foresees a shift to DC, but only for company, not for industry-wide, pension funds."[3]

Thus the mode of volatility risk regulation in the Netherlands has shifted from being exclusively social-democratic in nature to being merely predominantly social-democratic today.

5.1.3. Choice Risk Regulation in the Netherlands

Members of Dutch pension funds cannot choose between different investment providers/products. Instead, contributions are invested in a common portfolio by expert advisers employed by the social partners on behalf of fund members. Contrary to 401(k) plans in the US, investments in companies affiliated with an occupational plan are legally restricted to 10% of assets (Lutjens 2005). Members cannot quit the pension fund of the industry or company in which they are employed. Hence there is no provider competition for members. Instead, members can express their concerns via their representatives on members' councils, which have the right to take legal action if the plan's board does not follow its recommendations (Bieber & Schmitt 2004). Seventy-five per cent of the Dutch population prefer the current DB system without individual choice to a competitive DC system with individual choice (Van Rooij et al. 2004, 15). Provider competition is rejected:

There is in the Netherlands no competition between pension funds. And there is also no need for competition. (…) The social partners in these branches or companies decide on the premium schemes, they pay the premiums and administer the pension fund. Because they pay the premiums themselves, they have the best incentive for effective and efficiently governed pension funds.' (Peter Stein, Pension Expert in the Dutch Ministry of Social Affairs and Employment) (Stein 2004, 202)

[3] See FT Mandate: "Dutch legislation shake-up", http://www.ftmandate.com/news/fullstory.php/aid/751/Dutch_legislation_shake-up.html.

Thus choice risk regulation in the Netherlands has maintained the social-democratic governance strategy, which favours collective voice over individual choice.

5.1.4. Administration Charge Regulation in the Netherlands

Administration charges are minimised in the Dutch pension system by an emphasis on centralised, non-profit-making schemes. These schemes are organised on an industry-wide basis in the form of mutually owned financial conglomerates providing all services to member companies in-house. This mode of organisation is preferred to decentralised, profit-making schemes. Administrative costs in industry-wide occupational funds are considerably lower than in commercial schemes (Döring 2002, 115). Dutch governments have not been keen on promoting individualised pension saving in the third pillar; the second pillar has no upper ceiling on the wage from which contributions are deducted and in 2001 legislation was passed that restricted tax exemptions to those contributions aimed at reaching a total net replacement rate of not more than 70% (Lutjens 2005) – the social partners' official target (Bieber & Schmitt 2004).

Clearly, administration charge regulation in the Netherlands adheres to the social-democratic governance strategy.

5.2. Funded Pension Regulation in Other European Early Funder Countries

As in the Netherlands, the regulation of funded pension schemes in other European Early Funder countries remains dominated by social-democratic governance strategies. Participation in (partially) funded second pillars in both Finland and Switzerland remains mandatory. Neither offers any investment choice for employees but both feature provider competition for *employers*, who negotiate collective contracts on behalf of their workforces. Assets are still pooled at (multi-)company level in order to keep administration costs down.

The Swiss and Finnish systems have evolved differently as far as volatility risk is concerned. In the wake of the global financial market slump after 2000, the Swiss occupational pillar has been transformed from a de facto DB system into a DC system with a minimum interest guarantee that varies with financial market developments. In contrast, the Finnish statutory earnings-related pillar adheres to the DB principle. To be sure, the Finnish pension reform in 2005 introduced a life expectancy coefficient so that the future benefit level of a retirement cohort will be dependent on its life expectancy. However, the Finnish Government does not

promote private pensions to compensate for the expected benefit reductions resulting from the life-expectancy factor. Instead, it is encouraging workers to remain in employment for longer and has strongly increased the financial incentives to delay retirement. The Finnish state has retained its responsibility for status maintenance:

'The earnings-related pension scheme provides earnings-adjusted, insurance-based pensions, which ensure to a reasonable degree that all wage and salary earners and self-employed persons retain their level of consumption after retirement.' (Finland's National Pensions Strategy Report 2005, 5)

However, because intergenerational risk-sharing has been abolished in Swiss occupational plans and its coverage has been reduced in the Netherlands, the average level of collective intervention in this group has decreased somewhat.

Table 3: The Regulation of Funded Pensions in European Early Funder Countries: the Current Situation

ISSUE / COUNTRY	Governance strategy Myopia	Governance strategy Volatility risk	Governance strategy Choice risk	Governance strategy Administration charges	Overall governance strategy
Finland (TEL)	Social-democratic	Social-democratic	Social-democratic	Social-democratic	Social-democratic
Netherlands (Pensioen Polder)	Social-democratic	Social-democratic (Industry-wide schemes) Neo-liberal (company schemes)	Social-democratic	Social-democratic	Predominantly social-democratic
Switzerland (BVG)	Social-democratic	Social-liberal	Social-democratic	Social-democratic	Predominantly social-democratic

6. Regulatory Developments in European Late Funder Countries (1980-2005)

6.1. Sweden: Mixing Individual and Collective Responsibility

Until the mid-1990s, the Swedish pension system comprised a universal flat-rate citizens' pension, an earnings-related PAYGO system (ATP) and quasi-mandatory, funded occupational DB schemes administered by the social partners. The pension reform of 1998

transformed the first pillar into a means-tested one, converted the ATP into a notional defined contribution system and added a new funded pillar named 'Premium Pension' (PP).

6.1.1. Myopia Regulation in Sweden

Despite the reform, myopia is still largely prevented at the collective level. The mandatory ATP, the mandatory PP (with a statutory contribution rate of 2.5%) and the quasi-mandatory occupational pension schemes provide average earners with a full working career with a total prospective net replacement rate of 68.2% (VDR 2005, 135). Furthermore, the state pays contributions into the PP on behalf of those caring for children and individuals receiving unemployment benefits (Sunden 2004, 5).

Swedish myopia regulation adheres to the social-democratic mode of governance.

6.1.2. Volatility Risk Regulation in Sweden

The new PP scheme is a DC system without minimum benefit guarantees with regard to the investment accumulation process. However, when account balances are converted into annuities at retirement, retirees do benefit from a minimum interest guarantee:

'In order to reduce interest rate risk, the Swedish government guarantees a minimum rate of return of 2.7% for converting account balances to annuities.' (Turner 2005, 2)

In 1998, the STP, the occupational pension scheme for blue-collar employees, was replaced by the SAF-LO, a DC system. Very recently, the occupational pension scheme for white-collar employees (ITP) was also changed into a DC system, although employees have to invest half of their contributions into funds with guaranteed minimum returns (SSA 2006).

Thus as far as volatility risk is concerned, Sweden has shifted from a social-democratic governance strategy (DB) to a mixture of neo-liberal and social-liberal governance (DC with partial minimum return guarantees).

6.1.3. Choice Risk Regulation in Sweden

The Premium Pension offers 705 funds managed by 82 providers (Premium Pension Committee 2005, 45). A representative survey revealed that 52% of participants complained about having insufficient knowledge and expertise to choose appropriate funds (ibid. 38). This

critical self-estimation was confirmed by a detailed empirical investigation of PP savers' investment behaviour:

'The Swedish experience shows that many individual investors (indeed, many more than expected) paid attention to non-informative fund advertising, made an active choice, and chose portfolios with the opposite characteristics of those most economists would find attractive.' (Cronqvist 2003, 31)

Moreover, despite the fact that their investments have often performed very badly, most participants have not restructured their portfolios: by the spring of 2005, only 12% of premium pension savers had switched once or more (Premium Pension Committee 2005, 36). However, without sophisticated investors, provider competition cannot function well.

The Swedish government recognized that average citizens have considerable difficulties in making appropriate choices in the face of such a proliferation of investment offers and commissioned an academic evaluation:

'The Swedish National Audit Office notes that in many cases pension savers have found it difficult to cope with their role as managers. The sheer variety of funds to choose between is felt by some pension savers to be a problem.'[4]

However, the evaluation report broadly approved the wide array of choices:

„The committee's basic stand is that a fund category or type of fund cannot in itself be considered unnecessary or impractical in a well compiled portfolio for pension investments. To reduce the risk of systematically poor outcomes one solution might be to develop a better decision-making support to help pension savers evaluate their choices instead of excluding certain categories of funds. (…) Pension savers that elect to be guided throughout the process should be presented with a limited selection of broad, cost-effective funds, which means they are guided to a highly diversified fund portfolio managed at low fees." (Premium Pension Committee 2005, 46 ff.)

However, the choice problem has been partially solved by scheme participants themselves, as many of them (90% of new entrants) nowadays renounce active investment choice so that they are automatically enrolled in a high-quality default fund (Cronqvist & Thaler 2004) managed by the Premium Pension Authority. The importance of the central

[4] 'Evaluation of the premium pension system', Swedish Finance Ministry press release of June 23, 2004. See www.sweden.gov.se/sb/d/586/a/26809/m/wai.

default fund can be seen when the Swedish system is compared with the Australian superannuation scheme, where employers usually determine default funds, which are of varying and often questionable quality (Gallery et al. 2004).

Thus, Swedish choice risk regulation mixes elements of neo-liberal (high number of products and providers) and social-liberal governance (a central default fund of high quality).

6.1.4. Administration Charge Regulation in Sweden

The institutional structure of the new PP scheme shows its creators were especially concerned to keep administration charges down through administrative centralisation. Individual accounts are not administered on a decentralised basis by commercial providers, but by a public authority, the Premium Pension Authority (PPM). After Swedish citizens have notified the PPM of their preferred fund(s), the PPM collects the contributions and distributes them on an aggregated, anonymous basis to commercial providers. This reduces administration costs by centralising paperwork, enabling the bulk trading of fund switches and eliminating commissions to sales agents.

Providers have to pass these efficiency gains on to their customers. A statutory formula determines the permitted maximum level of charges. Funds attracting a small amount of mandatory PP contributions may charge up to 0.85% of assets (annually), whereas large funds may charge not more than 0.15% (Whitehouse 2000). Switching charges are prohibited (Weaver 2005). The current average fee amounts to 0.43% (Sunden 2004) to which must be added a levy of 0.27% for the PPM’s administrative work, making a total average charge of 0.7% – half of the US level. Moreover, this is expected to fall to 0.25% in the future as the system matures (Weaver 2005).

Administration charge regulation in Swedish occupational pension funds resembles that in the PP scheme. Here, equivalent organisations (Fora in the SAF-LO scheme, SPP in the ITP scheme) established by the social partners fulfil functions similar to those of the PPM.

Administration charge regulation in Sweden is consistent with a social-liberal governance strategy, i.e. an institutional market with a charge cap.

6.2. Funded Pension Regulation in Other European Late Funder Countries

Like Sweden, other European late funder countries mix neo-liberal, social-liberal and social-democratic governance strategies, though in different ways.

Germany and Austria combine elements of neo-liberal governance (no charge caps) with elements of social-liberal governance. Both have introduced matching contributions paid by the government into their private schemes (named Riester Rente (Germany) / Prämienbegünstigte Zukunftsvorsorge (Austria)), and both guarantee non-negative returns. One element of social-democratic governance is that, in both countries, the investment fund provider in the *new* occupational pension schemes is chosen by the social partners at company (Austria) or industry level (Germany).

Belgium also combines elements of neo-liberal (voluntary participation), social-liberal (minimum interest rate guarantee, statutory charge cap) and social-democratic governance (promoting occupational plans with collective investment at industry/company level and granting its members collective voice facilities for expressing discontent).

Only France pursues a purely neo-liberal governance strategy with regard to its individual 'plan d'épargne retraite populaire' (PERP) and its occupational 'plan d'épargne pour la retraite collectif' (PERCO) established by the Fillon Act in 2003. Participation in these DC plans is voluntary, the state grants no matching contributions and neither individual investment options nor charges are regulated.

Table 4: Funded Pension Regulation in European Late Funder Countries: the Current Situation

ISSUE / COUNTRY	**Governance strategy** **Myopia**	**Governance strategy** **Volatility risk**	**Governance strategy** **Choice risk**	**Governance strategy** **Administration charges**	**Overall governance strategy**
Austria (Prämienbegünstigte Zukunftsvorsorge)	Social-liberal	Social-liberal	Neo-liberal New occupational pensions (Abfertigung Neu): Social-democratic	Neo-liberal	Hybrid
Belgium (Vandenbroucke Act of 2003: Social Pension Schemes)	Neo-liberal	Social-liberal	Social-democratic	Social-liberal	Hybrid
France	Neo-liberal	Neo-liberal	Neo-liberal	Neo-liberal	Neo-liberal

(PERP + PERCO)					
Germany (Riester-Rente)	Social-liberal	Social-liberal	Neo-liberal New occupational pensions: social-democratic	Neo-liberal	Hybrid
Sweden (Premium Pension)	Social-democratic	Neo-liberal & social-liberal	Neo-liberal & social-liberal	Social-liberal	Hybrid

7. Conclusion

Firstly, taking all national developments together, the average level of collective responsibility for status maintenance has decreased.

(A) European late funder countries have considerably reduced the degree of collective responsibility by shifting the task of status maintenance from PAYGO systems with high degrees of collective responsibility to funded systems with either intermediate levels of collective responsibility, as in Sweden in particular, but also in Belgium, Germany and Austria or even, as in France, a very low level of collective responsibility.

(B) Four out of the six Anglo-American countries have increased, or plan to increase, the degree of collective responsibility by shifting from funded systems with low degrees of collective responsibility to systems with low-to-intermediate or intermediate degrees of collective responsibility. This applies particularly to Ireland and, prospectively, the UK and to a lesser extent to Australia and New Zealand

(C) Two out of the three European early funder countries (Switzerland and the Netherlands) have slightly decreased the degree of collective intervention by (partially) abolishing the intergenerational sharing of financial market risks.

If we assume that the opposed trends in (B) and (C) roughly offset each other, only the decrease in collective responsibility in group (A) remains.

Secondly, the comparison shows that the absolute spread of regulatory regimes has remained constant. The US, which has with the lowest degree of collective responsibility for status maintenance, shows no signs of increasing intervention, while Finland, which has the highest degree of collective responsibility, has not lessened the social-democratic character of its regulatory system. At the same time, however, the average level of state intervention in the Anglo-American group has increased slightly, while the average extent of collective intervention in the European Early Funder group has decreased slightly. Thus the average

variance of regulatory regimes has declined somewhat: the variety has not disappeared but it has been reduced to some degree.

Taken together, the reduced total average level of collective intervention and the reduced total average variance of regulation show that, even if both the financial dimension and the regulatory dimension of pension policy are taken into account, we indeed end up in Box 9 (i.e. convergence towards a reduced level of intervention), (see Rothgang & Dingeldey, figure 2, this volume).

Nevertheless, it would be inappropriate to speak of a neo-liberal race to the regulatory bottom. To be sure, neo-liberal recommendations have found their way into the regulation of funded pensions in European late funder countries, despite their doubtful adequacy. Neo-liberal beliefs about superior regulation and concomitant, overly simplistic notions of self-responsibility propagated by societal elites have often been influential. Thus the regulatory frameworks for the new funded systems that have been put in place in European late funder countries do not have the same high degree of collective responsibility that was characteristic of both their previous PAYGO systems and the mature funded systems in Finland, Switzerland and the Netherlands.

However, the new funded pension systems in European late funder countries have not adopted the neo-liberal governance strategy in toto. Rather, Sweden in particular and most of the other countries except for France have chosen a hybrid mix of neo-liberal, social-liberal and social-democratic governance elements, thereby opting for intermediate degrees of collective responsibility for status maintenance. Moreover, Australia, Ireland, New Zealand and the UK have begun to depart from the purely neo-liberal governance path and are now – to a greater or lesser extent – adopting elements of social-liberal governance. At the same time, the Netherlands and especially Switzerland have somewhat reduced their high level of collective responsibility for status maintenance by (partially) abolishing the intergenerational sharing of financial market risks.

Thus a certain cross-national, albeit not ubiquitous, trend towards intermediate degrees of collective responsibility for status maintenance can be discerned. This finding shows that the hybridisation hypothesis, which predicts convergence towards mixed regulatory frameworks based on market mechanisms that stress individual responsibility as well as on social policy structures that promote collective responsibility, is indeed supported by recent developments to some extent. However, this is not the case in all countries. It does not apply to Canada, Finland, France or the US and in some countries, including Australia, the Netherlands and Switzerland, hybridisation remains quite limited. Moreover, a distinction has

to be made between different kinds of mixed frameworks that entwine markets and social policy structures. They can be established either by adopting a social-liberal governance strategy, as currently proposed in the UK, which is a governance type in its own right, or by mixing governance elements from all three governance strategies, as in Sweden.

Acknowledgements:

Thanks to Prof. Lutz Leisering and my other colleagues Frank Berner, Petra Buhr, Christian Marschallek, and Uwe Schwarze for helpful discussions within the research project "The Regulatory Welfare State – State Regulation of Private and Occupational Pensions in Europe" (REGINA) at the University of Bielefeld (Germany). Funding was provided by the German Research Foundation (DFG) and is gratefully acknowledged. All remaining errors are mine.

References:

Bieber, Ulrich; Schmitt, Volker (2004): 'De Pensioenpolder'– Einführung in die betriebliche Altersversorgung in den Niederlanden. In: Deutsche Rentenversicherung 59, 486-511.

Bovenberg, Lans (2002): Comment. In: Feldstein, Martin & Siebert, Horst (Ed.): Social Security Pension Reform in Europe. University of Chicago Press, 307-314.

Burtless, Gary (2000): Social Security Privatization and Financial Market Risk. Lessons from U.S. Financial History. Center on Social and Economic Dynamics, Working Paper No. 10.

Choi, James; Laibson, David; Madrian, Brigitte (2005): Are Empowerment and Education Enough? Under-Diversification in 401(k) plans. In: Brookings Paper on Economic Activity 2, 151-213.

Cronqvist, Henrik (2003): Advertising and Portfolio Choice, University of Chicago, Graduate School of Business. See http://lcb.uoregon.edu/finance/conference/papers/cronqvist.pdf

Cronqvist, Henrik; Thaler, Richard (2004): Design Choices in Privatized Social-Security Systems: Learning from the Swedish Experience. In: American Economic Review 94 (2), 424-428.

Döring, Dietmar (2002): Die Zukunft der Alterssicherung. Frankfurt: Suhrkamp.

Dutch Ministry of Social Affairs and Employment (2002): National Strategy Report on Pensions, The Netherlands.

DWP (Department for Work and Pensions) (2006), Security in Retirement, Norwich: The Stationery Office.

Elton, Edwin; Gruber, Martin; Blake, Christopher (2003): The Adequacy of Investment Choices Offered by 401(k) Plans. See http://www.reish.com/publications/pdf/401kchoices.pdf

ERIC (ERISA Industry Committee) (2002): Statement on Investments in Employer Stock. Submitted to the Committee on Health, Education, Labor, Pension, US Senate on February 7.

Erturk, Ismail; Froud, Julie; Johal, Sukhdev; Leaver, Adam; Williams, Karel (2005): The Democratisation of Finance? Centre for Research on Socio-Cultural Change, University of Manchester. Working Paper No.9.

EU Social Protection Committee (2005): Report on Privately Managed Pension Provision. See http://www.eu.int/comm/employment_social/social_protection/docs/private_pensions_en.pdf

Finland's National Pensions Strategy Report (2005).
See http://ec.europa.eu/employment_social/social_protection/docs/2005/fi_en.pdf

Furman, Jason (2005): The Financial Costs of Individual Accounts. Testimony Before the Subcommittee on Securities and Investment of the U.S. Senate Committee on Banking, Housing and Urban Affairs. See http://www.cbpp.org/6-14-05socsec-test.pdf

Gallery, Gerry; Gallery, Natalie; Brown, Kerry (2004): Superannuation Choice: The Pivotal Role of the Default Option. In: Journal of Australian Political Economy 53, 44-66.

Grünell, Marianne (2002): Supervisory Body for Occupational Pension Funds Offers More Stringent Rules. See: www.eiro.eurofound.eu.int.feature/nl0210102f.html.

Iyengar, Sheena; Jiang, Wei; Huberman, Gur (2003): How much choice is too much? Pension Research Council, The Wharton School, University of Pennsylvania. Working Paper 2003-10.

James, Estelle (2005): Reforming Social Security: Lessons from Thirty Countries. Dallas: National Center for Policy Analysis, Policy Report No.277.
See http://www.estellejames.com/downloads/30Countries.pdf

Kahneman, Daniel; Odean, Terrance; Barber, Brad (2005): Privatized pensions: an irrational choice.
See www.globalagendamagazine.com/2005/danielkahnemanterranceodeanbradbarber.asp

Kaplan, Richard (2004): Enron, Pension Policy, and Social Security Privatization. University of Illinois. College of Law. Law and Economics Working Paper No. 16.

Kotlikoff, Laurence (1999): The World Bank's Approach and the Right Approach to Pension Reform. Working Paper, Boston University. See http://people.bu.edu/kotlikof/adb.pdf

Le Grand, Julian (2003): Motivation, Agency, and Public Policy. Oxford University Press.

Leisering, Lutz (2006): From Redistribution to Regulation. Regulating Private Old-Age Pensions as a New Challenge in Ageing Societies. In: Sigg, Roland and Cantillon, Bea (eds.): Social Security in a Life-Long Society. International Social Security Association: Transaction Publishers (forthcoming).

Littlewood, Michael (1998): How to Create a Competitive Market in Pensions: The International Lessons. IEA Health and Welfare Unit London. St Edmundsbury Press.

Lutjens, Erik (2005): Die kapitalgedeckte zusätzliche Altersversorgung in den Niederlanden. In: Schlachter, Monika; Becker, Ulrich; Igl, Gerhard (Hg.): Funktion und rechtliche Ausgestaltung zusätzlicher Alterssicherung. Nomos: Baden-Baden, 23-34.

Mitchell, Olivia; Utkus, Stephen (2003): Lessons from Behavioral Finance for Retirement Planning Design. University of Pennsylvania, Wharton School, Pension Research Council Working Paper 2003-20.

Modigliani, Franco; Muralidhar, Arun (2004): Rethinking Pension Reform. Cambridge University Press.

Munnell, Alicia; Sundén, Annika (2004): Coming Up Short. The Challenge of 401(k) Plans. Washington D.C.: Brookings Institution Press.

Murthi, Mamta; Orszag, Michael; Orszag, Peter (2001): Administrative Costs under a Decentralized Approach to Individual Accounts. In: Holzmann, Robert & Stiglitz, Joseph (Ed.): New Ideas about Old Age Security. Washington, D.C.: The World Bank, 308-335.

Noorman, Jitzes (2004): FTK and IFRS to shake-up Dutch pension funds. Financial Markets Research, Rabobank International.
See http://corporates-public.rabobank.nl/research/specials/ftk_ifrs_shake_up_dutch_pension_funds.pdf

Nullmeier, Frank (2001): Sozialpolitik als marktregulative Politik, Zeitschrift für Sozialreform 47, 645-668.

Pensions Board (2005): National Pensions Review.
See http://www.pensionsboard.ie/index.asp?locID=61&docID=-1

Pensions Commission (2005), A New Pension Settlement for the 21st Century. See: http://www.pensionscommission.org.uk/publications/2005/annrep/main-report.pdf

Premium Pension Committee (2005): Difficult Waters? Premium Pension Savings On Course. See http://www.sweden.gov.se/sb/d/574/a/52265

SSA (US Social Security Administration): International Update: Recent Developments in Foreign Public and Private Pensions, July 2006.
See http://www.ssa.gov/policy/docs/progdesc/intl_update/2006-07/2006-07.html#sweden

Stein, Peter (2004): The Dutch Pension System: Risks and Reform. In: OECD (Ed.): Reforming Public Pensions. Paris, 199-205.

Sunden, Annika (2004): The Future of Retirement in Sweden. Pension Research Council, University of Pennsylvania, Working Paper 2004-16.

Sunstein, Cass and Thaler, Richard (2003): Libertarian Paternalism is Not an Oxymoron, The University of Chicago Law Review 70, 1159-1202.

Thompson, Lawrence (2002): Policy Approaches to Promote Private and Occupational Old-age Provision in the United States. Bertelsmann Vorsorgestudien 9.

Turner, John (2005): Private Accounts in Sweden. AARP Public Policy Institute, Fact Sheet No. 109. See www.aarp.org/ppi

Van Het Kaar, Robbert (2004): Occupational Pensions Issues Place Increasing Pressure on Industrial Relations. See: www.eiro.eurofound.eu.int/2004/09/feature/nl0409104f.html.

Van Rooij, Marten; Kool, Clemens; Prast, Henriette (2004): Risk-return preferences in the pension domain: are people able to choose? De Nederlandsche Bank, Working Paper No. 025/2004.

VDR (Verband Deutscher Rentenversicherungsträger) (2005): Renten auf einen Blick: Staatliche Politik im OECD-Ländervergleich. Bad Homburg. (German Edition of OECD (2005): Pensions at a Glance.)

Weaver, Kent (2005): Design and Implementation Issues in Swedish Individual Pension Accounts. Center for Retirement Research at Boston College, Working Paper 2005-05.

Whitehouse, Edward (2000): Administrative Charges for Funded Pensions: An International Comparison and Assessment. The World Bank, Social Protection Discussion Paper No. 0016.

Witteveen, D.E. (2005): Towards a Healthy Pension Sector. Speech at the Congrescentrum Orpheus in Apeldoorn on September 12, 2005.
See http://www.dnb.nl/dnb/detail.jsp?lang=en&pid=tcm:13-61463-64