

German firms demand action

An association of leading German companies has called on the Schroeder government to take "more decisive" steps on corporate pensions.

The Pensions Industry Circle, an association of 20 DAX companies including names such as Robert Bosch, says the government "must definitely take more decisive steps to promote corporate pensions" if it really means to embark in social and economic reforms for the future of Germany.

The PIC, whose members have more than 2m employees, says it is "pushing for more legal changes and openings" than those foreseen by the *Alterseinkünftegesetz* (AEG), law which would wipe off tax privileges for pensions from 2005.

Speaking on behalf of three-year old PIC, consultant Peter Scherkamp says:

"What we need is an external financing vehicle for pensions as a real, external twin to mirror the internal pension scheme, as the major financing vehicle for company pensions in Germany. [A market] of about €350bn."

The chief executive and chief financial officers of PIC companies, Scherkamp explains, wrote to Schroeder three years ago and asked for reforms that would allow the setting up of pension funds as an "external twin" to facilitate pensions provisions and give the second pillar "the necessary boost".

Such implementations, the managers think, would enable companies to provide pension schemes in the future, but "only very minor changes to develop the pensions funds have taken place so far despite the government's declarations," Scherkamp says.

"Meanwhile, more and more employ-

ers find corporate pension schemes too risky or too expensive and think about turning or keeping away from it because they feel they have no suitable financing vehicles available," Scherkamp adds.

Bernhard Wiesner, head of corporate pensions at Bosch and member of PIC says he wondered why out of 23 funded pension schemes only two, Bosch and Deutsche Telekom, were "true" corporate pension funds.

"Pension funds still are missing key ingredients to fit real corporate needs. This is not a minor issue, it is substantial for corporate competitiveness. The AEG is an excellent opportunity to correct deficits and [encourage] further development" he says.

Transfers of pension assets to an "external twin" could be promoted by "removing conflicting paragraphs dealing with contributions, adopting IAS-discount rates for transfers and better tax-harmonisation for pension payments" Scherkamp continues.

"It is unacceptable to force companies into regular inflation adjustments while the Government is keeping pensions unadjusted. Corporate pensions in Germany don't need half-hearted cosmetic changes – they need a pensions reform which deserves this name!" he says.

Cecilia Valente