

# EIOPA IORPS IN FOCUS REPORT 2024

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## EXECUTIVE SUMMARY

This report describes the latest market developments in the occupational pensions sector, focusing on IORPs and their cross-border arrangements.

By the end of 2023, the number of IORPs in the European sector had decreased by around 1.7% compared to the previous year. This reduction is primarily attributed to the ongoing trend of consolidation, particularly among smaller pension funds, as larger IORPs continue to merge with these smaller schemes.

The total number of members and beneficiaries reached 71.6 million, corresponding to a 30 percent increase over the past three years, largely driven by growth in France.

In terms of assets, the IORP sector has shown a recovery, with a noticeable growth in assets under management (AuM) totalling EUR 2,720 billion by the end of 2023. While the proportion of assets held by DB schemes remains substantial, there is a clear movement towards DC schemes, which have steadily gained ground in recent years. This shift is expected to continue, particularly in countries like the Netherlands, where the pension system is in the process of transitioning away from DB schemes towards, predominantly collective, DC schemes.

Investment strategies of IORPs continue to rely on investment funds, especially those focused on equities and debt, thereby avoiding alternative funds. However, there is a significant variation in the investment approaches adopted across the different Member States. This reflects the diverse regulatory and market environments across Europe, highlighting how local factors play a key role in shaping investment decisions in addition to the scheme specificities such as IORP size.

Although the IORP II Directive aims for a better integrated internal market for occupational pension funds, progress has been mixed, with cross-border IORPs established only in eight Member States. The Directive allows IORPs to operate cross-border, with these IORPs having to adhere to a dual regulatory system consisting of the host country's social and labour laws and the home country's prudential regulations. However, in 2023, the number of cross-border IORPs declined to 28, following stagnation in the growth of the number of IORPs since 2010.

Finally, the increasing number of multi-employer IORPs, which now makes up the majority in most Member States, signals a shift toward further consolidation and improved efficiency. As companies seek economies of scale and other benefits, the trend towards joining established multi-employer IORPs both domestically and abroad - rather than creating new single-employer schemes - appears likely to continue, shaping the occupational pensions landscape in the years to come.

# 1. INTRODUCTION

This report describes the latest market developments in the occupational pensions sector, focusing on IORPs and their cross-border arrangements. Notably, it is the first report to analyse both domestic and cross-border IORPs following two years of reporting on cross-border IORPs solely. It serves as a continuation of the annex to EIOPA's response to the Call for Advice on the review of the IORP II Directive<sup>1</sup>.

The report is based on quantitative data collected in accordance with the EIOPA Decision of the Board of Supervisors, which requires regular information requests to National Competent Authorities (NCAs)<sup>2</sup>. The graphs and totals in the report exclude information from Cyprus, Greece, and Ireland, as these countries did not comply with the EIOPA Decision by the end of 2023. However, where data from these countries was available via an alternative survey methodology, it has been included in the footnotes. The report excludes information on occupational pension arrangements provided by entities not subject to the IORP II Directive<sup>3</sup>, for example, those covered by the Solvency II Directive and provided by insurance undertakings, which make up the bulk of occupational pensions in some jurisdictions.

The report primarily relies on pension data as of 31 December 2023. However, it is important to note that the financial year-end for IORPs does not always align with this date. As a result, some figures in the report may relate to different reporting periods and may not fully reflect the true totals on 31 December 2023.

Furthermore, due to differences in objectives, scope, coverage, reporting periods, and the timing of the data received by EIOPA, the information presented may differ from other publications.

The data presented in the graphs is aggregated by country, with financial and membership information included only when there are at least three reporting entities per country. If this threshold is not met, the data is classified under 'Other countries'. Additionally, if the data for a specific characteristic is available only two or less entities within a country, it will be marked as 'no split is possible'. Please also consider that the graphs included in this report are for illustrative purposes only. Due to the diverse nature of the European IORP market, capturing all necessary information in a single, readable graph that accommodates both the largest and smallest countries

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<sup>1</sup> [Technical advice for the review of the IORP II Directive - EIOPA](#)

<sup>2</sup> [Decision on EIOPA's regular information requests towards NCAs regarding the provision of occupational pensions information | Eiopa \(europa.eu\)](#)

<sup>3</sup> [Directive - 2016/2341 - EN - EUR-Lex](#)

is challenging. Therefore, for detailed market-specific data, we recommend consulting the statistical tables available on our website<sup>4</sup>.

Definitions of the terms used throughout this report are included in Annex I.

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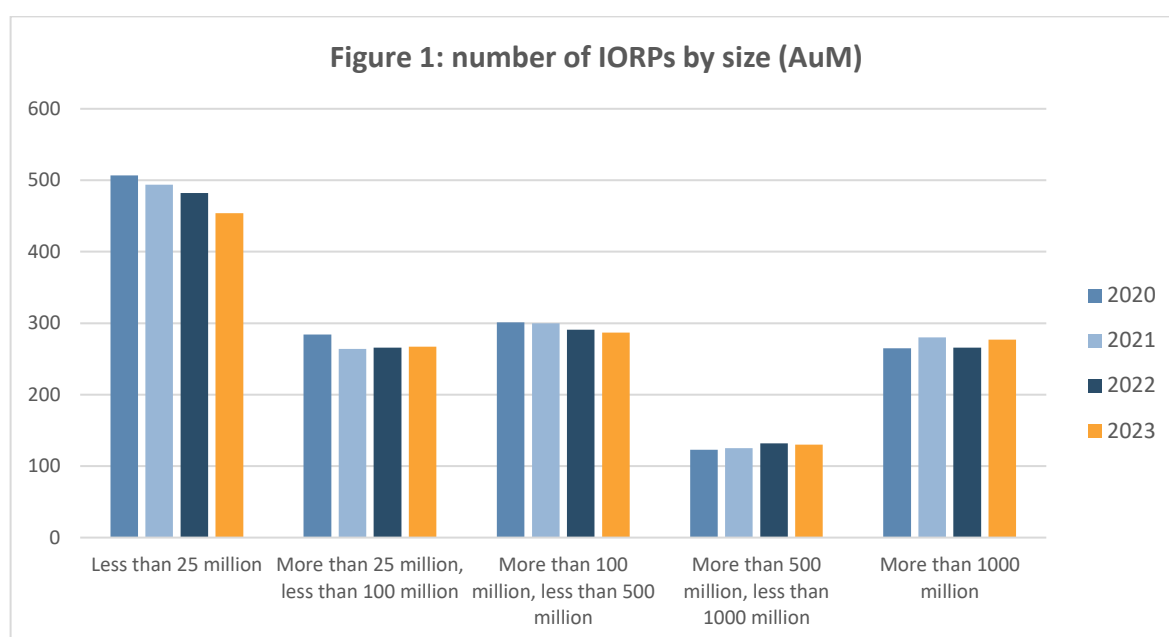
<sup>4</sup> The data used in the report can be found here: [Occupational pensions statistics - EIOPA](#)

## 2. IORPS

### 2.1. NUMBER OF IORPS

Pension funds operating under the IORP II Directive are present in nearly all EEA countries, with the exceptions of Czechia, Estonia, Iceland, Lithuania, and Romania, where no IORPs are established. By the end of 2023, there were 1,419 IORPs across the EEA<sup>5</sup>. A decline of 1.7% compared to the previous year, and 5% compared to the figures from three years ago.

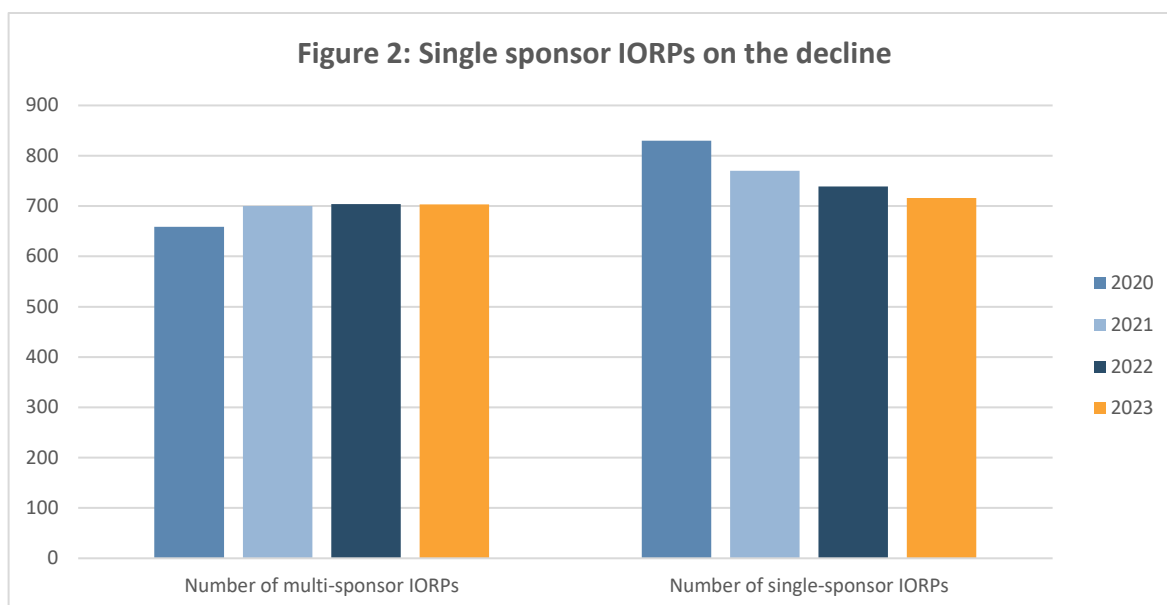
The number of IORPs is declining annually due to consolidation, a trend clearly illustrated in Figure 1. The figure shows a decrease in the number of IORPs with assets under management (AuM) below EUR 500 million, particularly those with less than EUR 25 million, alongside a corresponding increase in the number of IORPs holding more than EUR 1 billion AuM<sup>6</sup>.



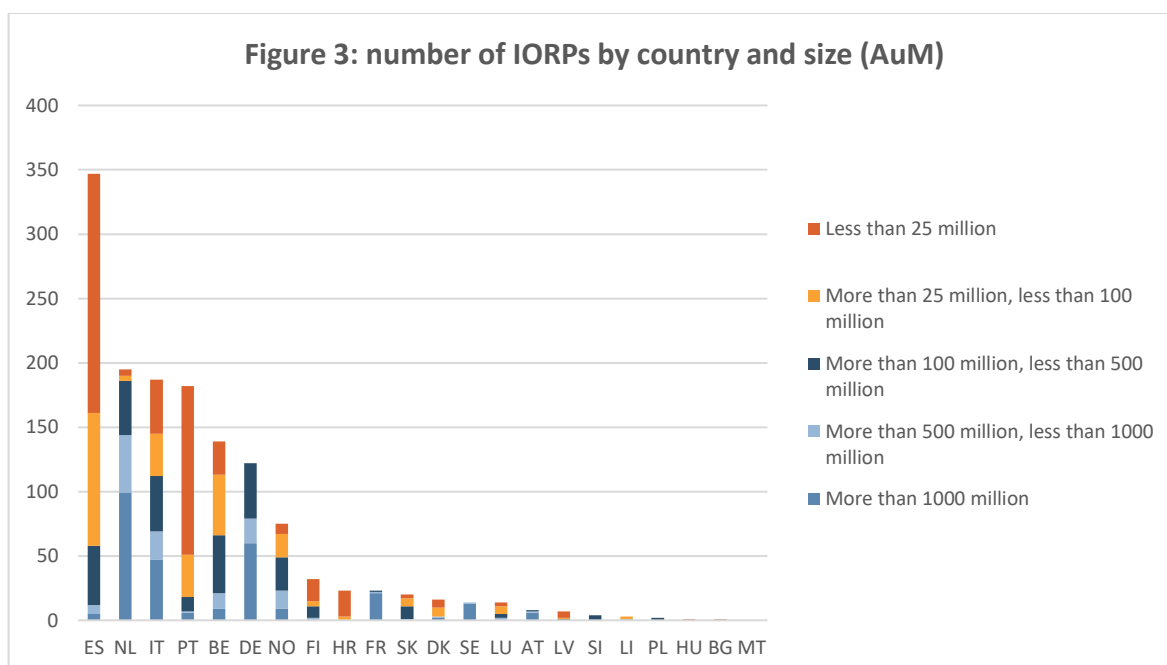
This decline is particularly pronounced among single-sponsor IORPs (see Figure 2). By the end of 2023, single-sponsor IORPs still represented a slight overall majority but multi-sponsor IORPs now form the majority in most Member States totaling 703 IORPs.

<sup>5</sup> Ireland and Cyprus were not included in these statistics. As of the end of 2022, Ireland reported 132,184 IORPs, while Cyprus accounted for 801 IORPs. At the end of 2023, the number of IORPs dropped respectively to 106,938 and 728 IORPs.

<sup>6</sup> This decline is also evident in Cyprus and Ireland, where the total number of small IORPs have consistently decreased between the end of 2021 and the end of 2023.



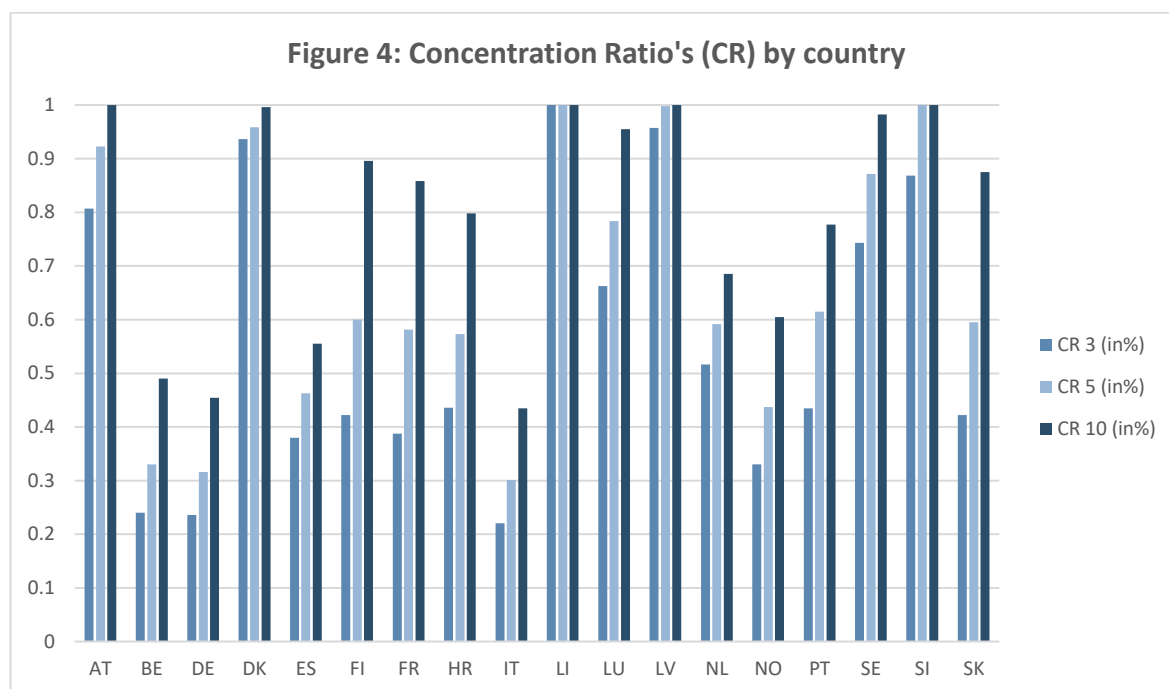
Geographically, the majority of IORPs are concentrated in Ireland, followed by Cyprus, primarily due to the substantial number of smaller IORPs in these countries. Additionally, a significant number of IORPs are found in Spain, the Netherlands, and Italy (see Figure 3). Notably, the Netherlands, Germany, and Italy have larger IORPS, showing a higher number of those with assets exceeding EUR 1 billion.



To further illustrate market dynamics, Figure 4 offers a detailed overview of concentration ratios by country. It shows the proportion of assets held by the three, five, and ten largest IORPs relative to

the total AuM within each Member State. The data indicates that in Belgium, Germany, and Italy, the ten largest IORPs collectively hold less than half of the market's AuM<sup>7</sup>.

In contrast, in eight of the 18 Member States covered by the statistics, the three largest IORPs hold more than half of the total AuM. This highlights the varying levels of market concentration in the pension fund sector across the EEA.



An IORP, including those serving a single employer, can manage a variety of pension schemes. This means that an IORP may offer multiple distinct contracts or arrangements, each detailing the specific occupational retirement benefits and associated terms. Currently, the 1,419 IORPs administer more than 831,000 unique pension schemes<sup>8</sup>.

IORPs offer either defined benefit (DB) or defined contribution (DC) schemes. Those that provide both types are classified as mixed IORPs according to the EIOPA taxonomy. Within the EEA, around 46% of IORPs offer only DB schemes, while 32% offer only DC schemes<sup>9</sup>. These proportions have remained stable since 2020, with a slight 2% decrease in the number of IORPs exclusively offering DB schemes over the past four years.

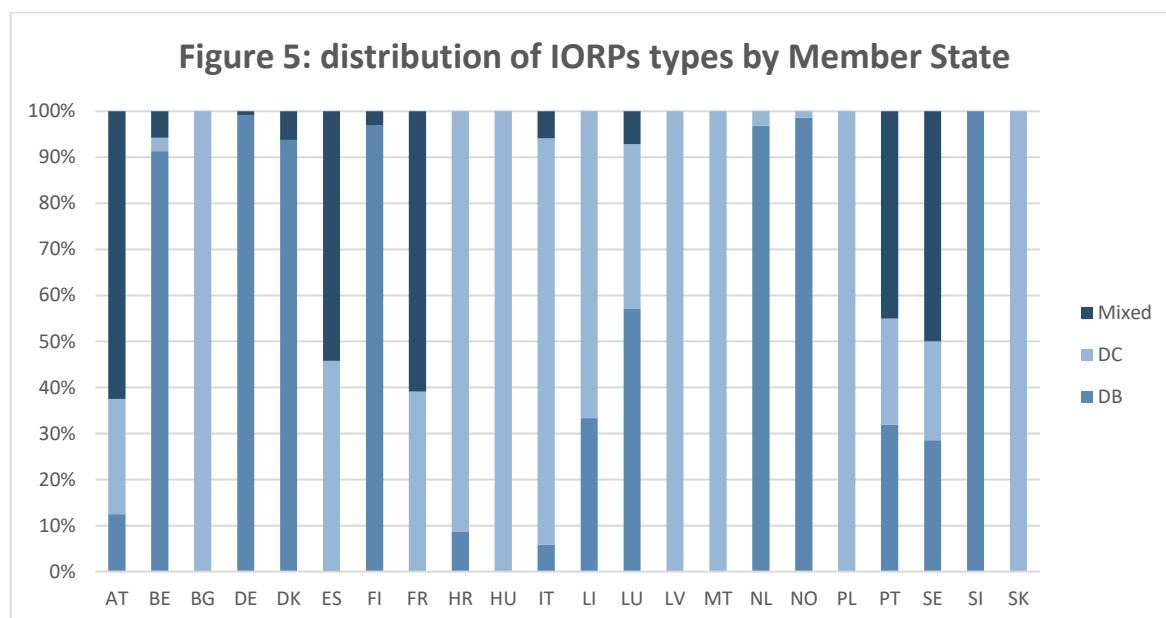
<sup>7</sup> By the end of 2022 and 2023, Ireland also fell into this category.

<sup>8</sup> By the end of 2022, IORPs in Ireland and Cyprus reported one scheme per IORP. This was also the case for Ireland in 2023.

<sup>9</sup> At the end of 2022, Ireland and Cyprus reported that respectively 99% and 98% of their IORPs exclusively provided defined contribution (DC) schemes. At the end of 2023, Ireland showed similar results.



As shown in Figure 5, there are more Member States that have most IORPs offering DC schemes (9 MS) than those providing DB schemes (8 MS) or a combination of both (4 MS).



Finally, Article 15(1) of the IORP II Directive requires that IORPs hold additional assets when the IORP, rather than the sponsoring undertaking, underwrites biometric risk, guarantees specific investment performance, or provides a certain level of benefits. These assets must be held above the technical provisions to serve as a buffer. Such IORPs exist in Austria, Croatia, Denmark, Finland, France, Germany, Italy, Liechtenstein, the Netherlands, Norway, Portugal, Slovenia, and Sweden.

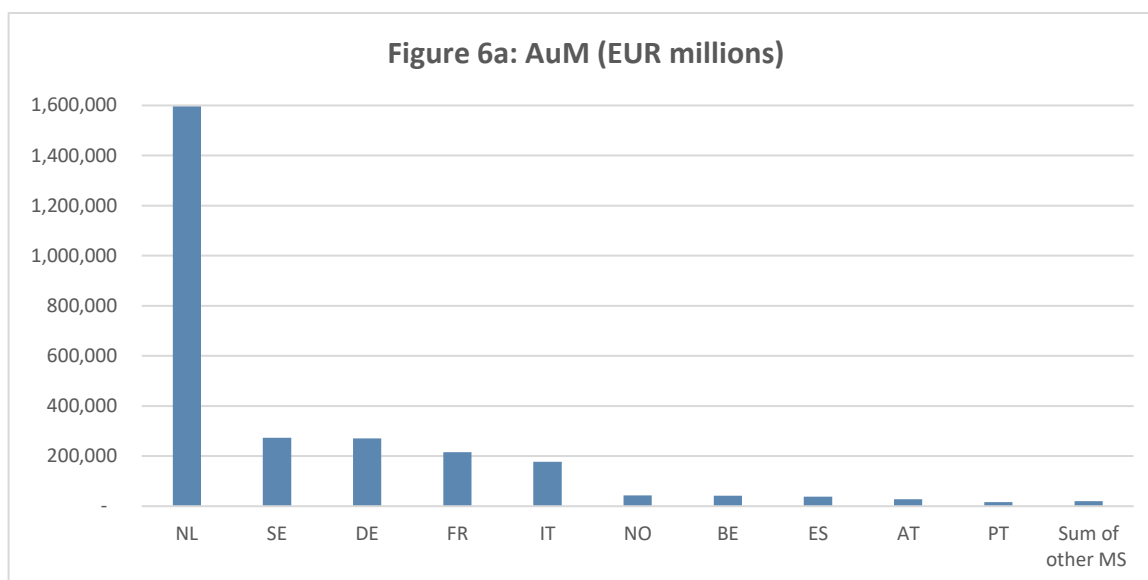
## 2.2. ASSETS AND ASSET EXPOSURES

### 2.2.1. MARKET SIZE

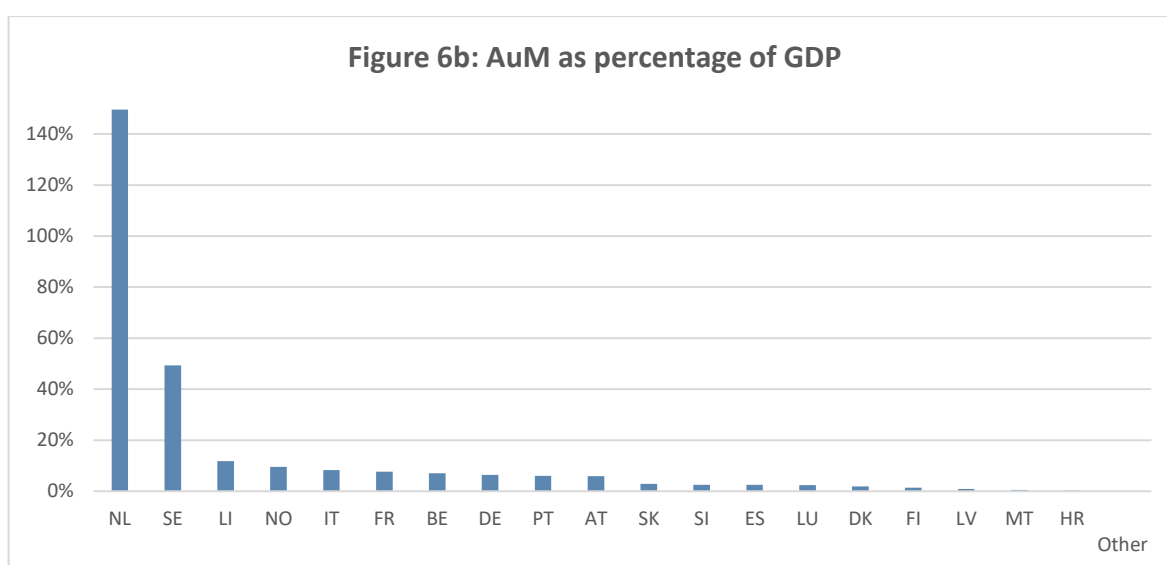
By the end of 2023, the AuM of IORPs totaled EUR 2,720 billion<sup>10</sup>, representing an 8% increase compared to the end of 2022. This growth indicates a rebound from the decline in total assets experienced two years ago.

The Netherlands accounted for as much as 59% of the total AuM within the EEA. However, this percentage has been gradually decreasing in recent years, indicating a relative decline in the Netherlands' asset growth compared to other countries. The combined contributions of the five largest Member States—the Netherlands, Sweden, Germany, France, and Italy—make up over 93% of the total AuM (see figure 6a).

<sup>10</sup> At the end of 2022, the AuM in Ireland and Cyprus amounted to EUR 119 billion and EUR 3.7 billion, respectively. At the end of 2023, Irish AuM increased to EUR 121 billion.

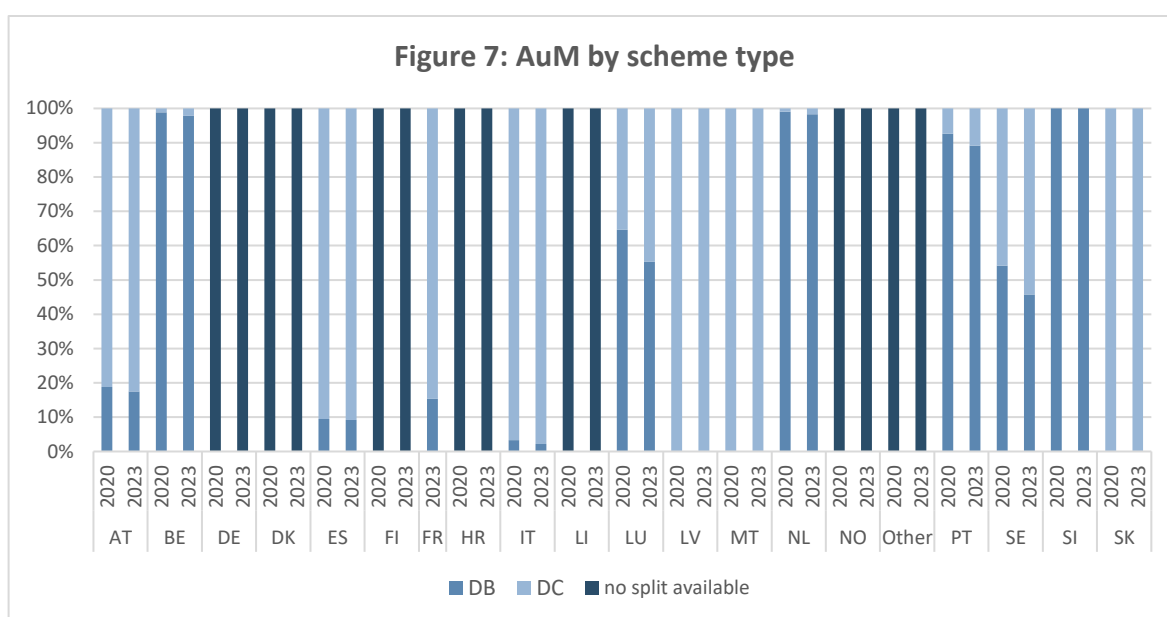


Also, when considering AuM as a percentage of GDP, the Netherlands has a much larger IORP sector than any other country. Figure 6b illustrates the economic importance of the IORP sector across Europe.



About 66% of the assets are associated with DB schemes<sup>11</sup>. This is a slight increase compared to 2022, but a 7% decrease compared to three years ago. Figure 7 shows that the distribution of DB and DC schemes varies significantly across Member States. However, in every country that offers DC schemes, there has been an increase in the proportion of DC schemes over the past three years.

<sup>11</sup> In Ireland, 56% of assets are allocated to DB schemes as of the end of 2022, while in Cyprus, the figure is 37%. At the end of 2023, the allocation to DB schemes dropped to 54%.



## 2.2.2. INVESTMENTS

The data indicates that direct investments within the EEA represent 68% of the total investments made by IORPs. However, when accounting for indirect investments, this share decreases to 55%. This reduction highlights that a significant portion of IORPs' investment is channeled through funds that allocate their underlying assets to issuers located outside the EEA.

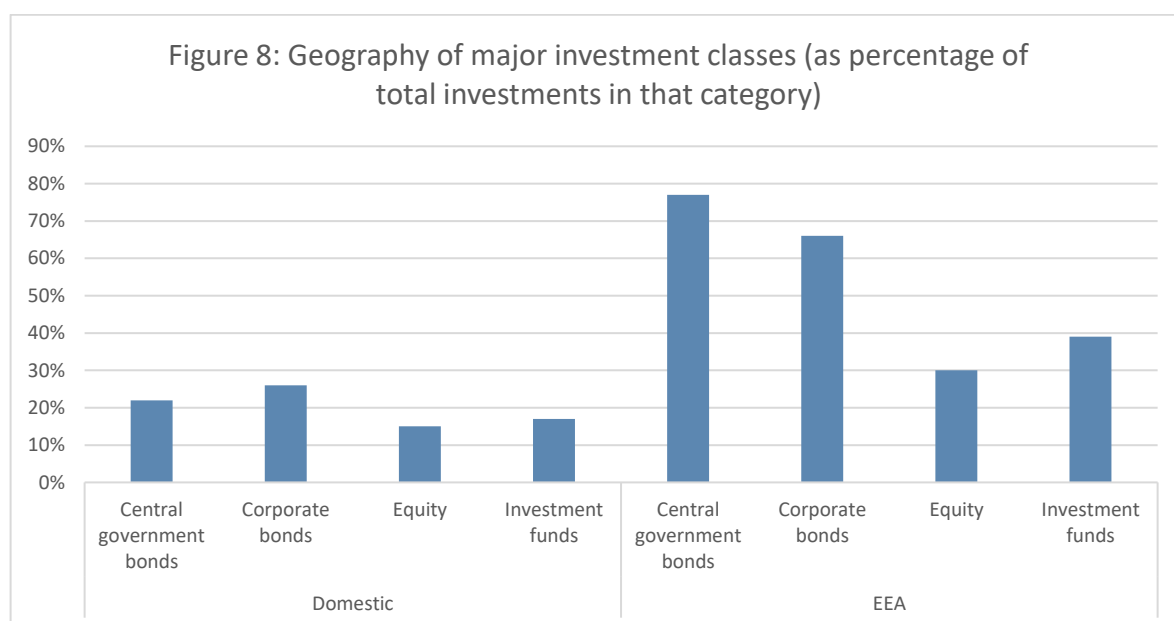
Indeed, IORPs across Europe allocate nearly 40% of their assets to investment funds. Of this allocation, approximately 33% is directed towards funds primarily focused on equity investments, while 25% goes to debt-focused funds. Real estate funds account for 14%, and alternative investments make up 4% of assets allocated to investment funds. The remaining funds are allocated to mixed funds or funds that cannot be categorized into one of the above-mentioned categories. 17% of the underlying investments in the investment funds are allocated to the home market and 39% to the EEA (see Figure 8), though allocations vary significantly between markets. Approximately 30% of the investments of investment funds are in the Netherlands, France, Luxembourg and Germany. An additional 30% of IORPs' investment funds are allocated to U.S. assets. Notably, after the U.S. and the UK, the Cayman Islands attract the third-largest share of non-European IORPs' indirect investments. 10% of these indirect investments cannot be allocated to a particular issuer country.

Bonds represent the second most sizable part of IORPs' investments, accounting for 34% of the total assets. Within this category, allocations to government bonds are nearly twice as big as to corporate bonds. Most government bond investments consist of central government bonds, with around 22% allocated to the home market. Again, the proportion of home market investments varies widely among Member States, ranging from 70% in Croatia to just 3% in Portugal. Overall, 77% of central

government bond investments are invested in bonds issued in the EEA, while 9% are allocated to U.S. government bonds.

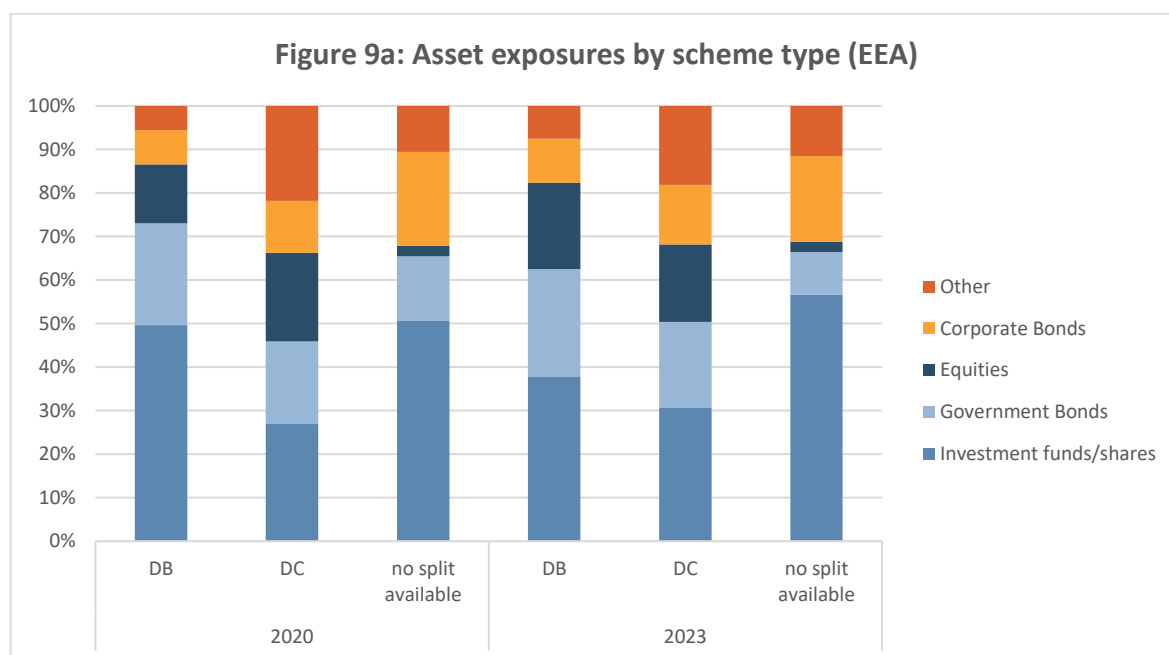
Regarding corporate bonds, a larger proportion of 26% is issued by companies in the home Member State. However, investments in corporate bonds issued in the EEA are lower than those in government bonds, accounting for only 66% of the total. The U.S. attracts 22% of total investments of IORPs in corporate bonds. Interestingly, there is no correlation between domestic investments in government and corporate bonds at the Member State level: IORPs with substantial investments in domestic government bonds do not automatically have similarly high investments in domestic corporate bonds.

The third largest category of investments for IORPs is direct investments in equities, which account for 17% of total investments. 93% consist of holdings in listed equity securities. Domestic equity investments represent only 15% of the total. Despite this relatively low figure, IORPs in half of the Member States allocate more than half of their equity investments to the home market, a percentage significantly higher than that for bonds. Additionally, only 30% of total equity investments remain within the EEA (including the domestic investments), while investments in the U.S. are notably higher, accounting for 46% of the total.



### 2.2.3. INVESTMENTS BY SCHEME TYPE

IORPs that provide DB schemes tend to allocate a significantly larger portion of their assets to investment funds compared to those offering DC schemes (see Figure 9a). However, considering the assets over the past three years, the difference is declining.

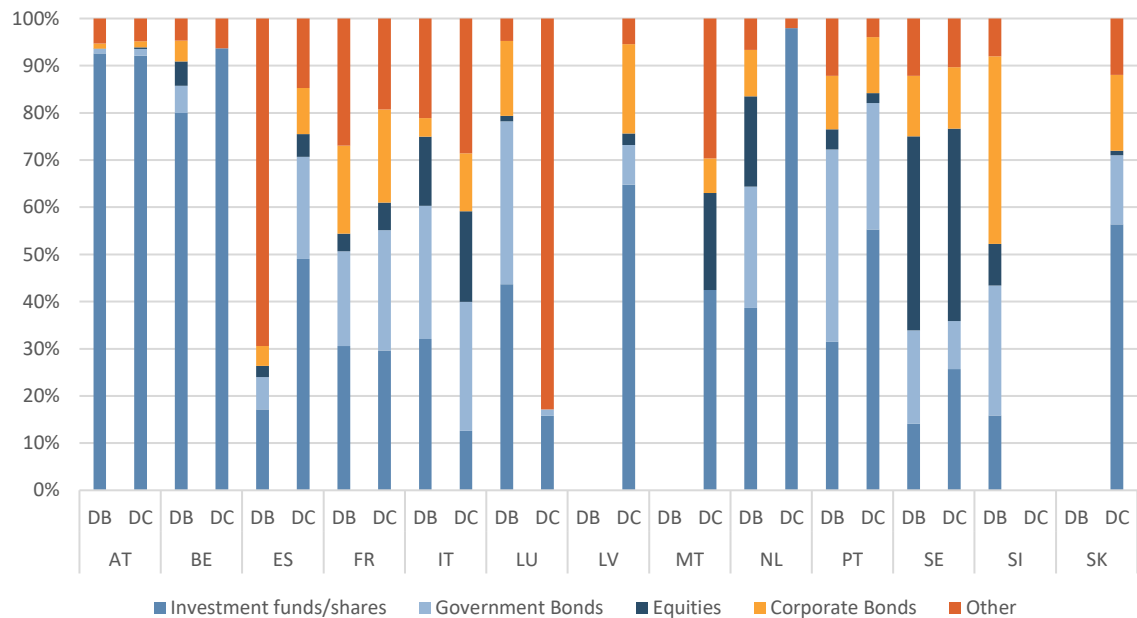


However, as shown in Figures 9b and 9c<sup>12</sup>, it is important to consider that the investment allocation figures are influenced by the dominant IORP markets, such as the Netherlands for DB schemes and Italy for DC schemes. Moreover, investment strategies vary significantly across Member States. This variation underscores the crucial role that national circumstances and regulations play in shaping the investment strategies of IORPs. These factors may become a more significant determinant of the investment approaches than the scheme types. Additionally, differences in portability and decumulation options, particularly for DC schemes, along with the voluntary nature of participation and contributions in some jurisdictions, may influence investment approaches. These factors may explain why IORPs have not consistently adopted a long-term investment horizon with greater diversification into illiquid and riskier assets and have focused on managing liquidity risk.

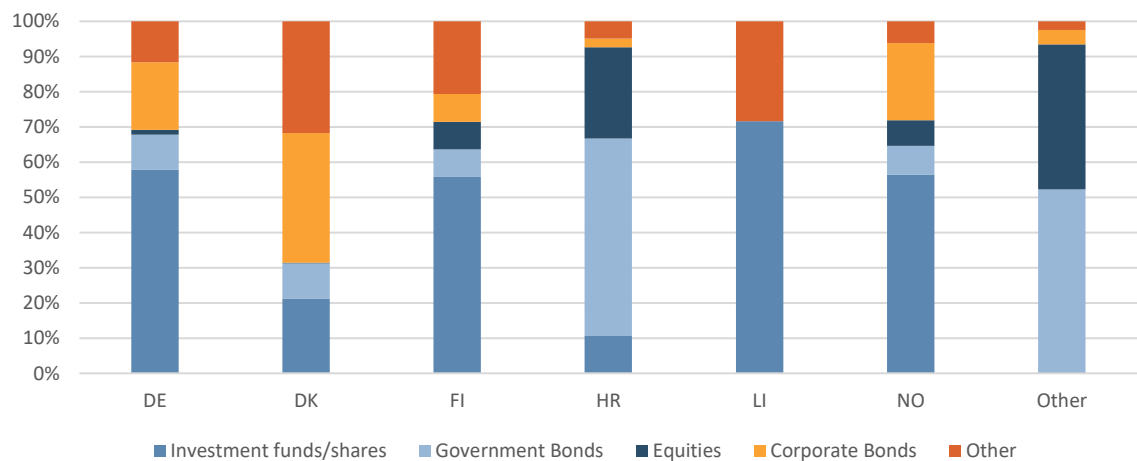
Interestingly, the choice between domestic and foreign investments does not seem to depend on the scheme type, as no significant correlation between both can be found at the Member State level.

<sup>12</sup> 9c applies to the member states for which a breakdown by scheme type is not available

**Figure 9b:**  
**Asset exposures split by scheme type and MS**



**Figure 9c:**  
**Asset exposures split when no split is available by MS**

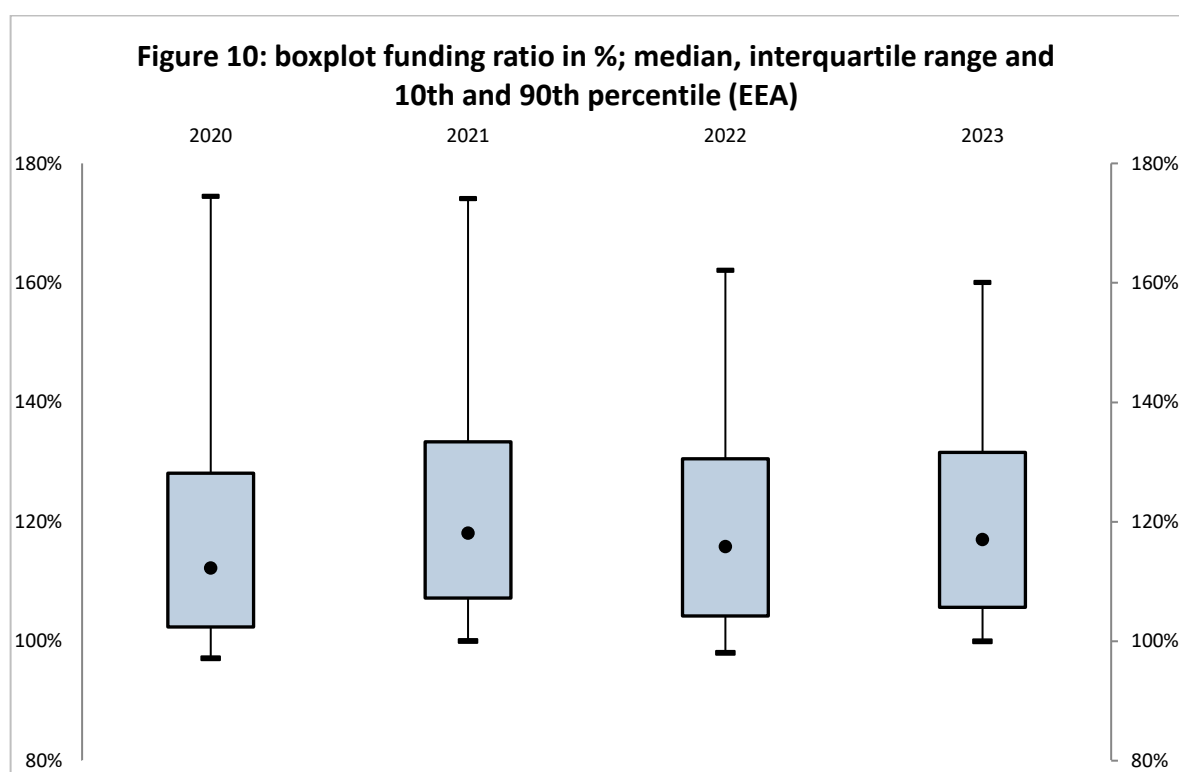


## 2.3. FUNDING POSITION

At the end of 2023, IORPs providing DB schemes had in aggregate positive funding ratios in all EEA countries, calculated as the ratio of total assets over total liabilities. The average weighted funding ratio by country was 117%<sup>13</sup>.

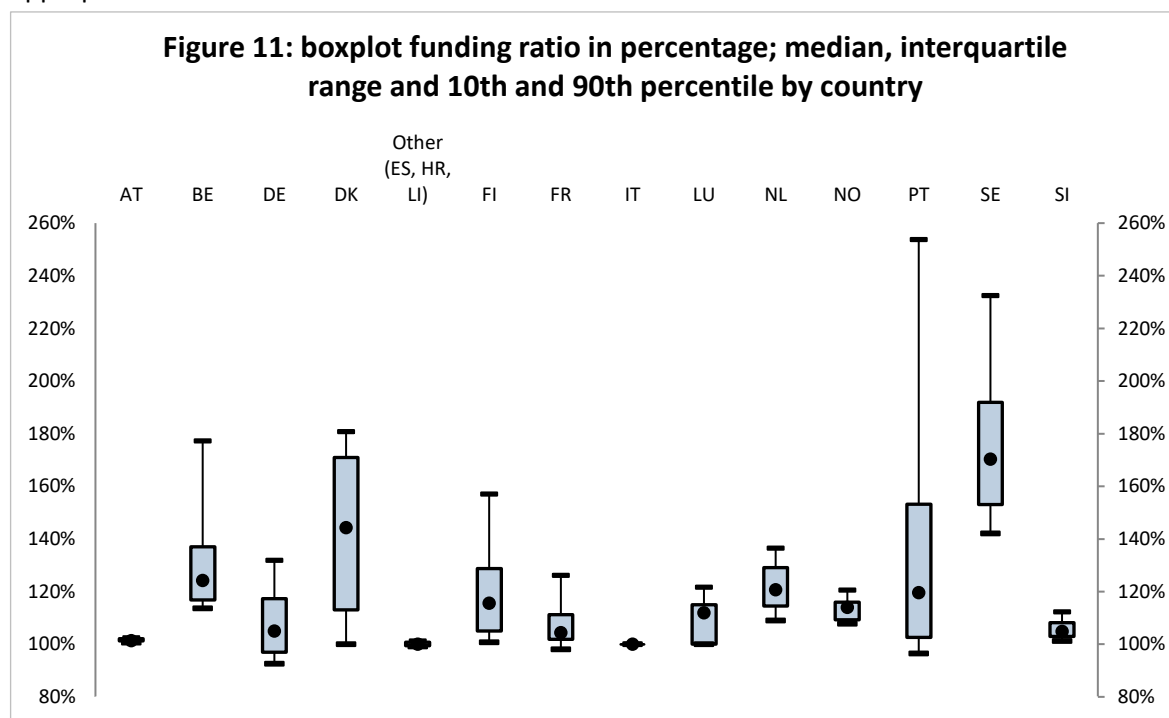
When analysing funding ratios by IORP, the results were similar. The average weighted ratio stood at 116%, a slight decrease of 1 percentage point from the levels observed in 2021 and 2022. However, as many as 48 out of 506 IORPs offering DB schemes were underfunded. Still, this reflects a significant improvement from the previous year, when 71 out of 512 IORPs were in an underfunded position. Most of the remaining underfunded IORPs are concentrated in Germany and Portugal.

Figure 10 shows the distribution of IORPs' funding ratios over the past four years. It confirms that median funding ratios remained stable following the rise in 2021. IORPs in the 25th to 75th percentile showed little change, indicating that most schemes maintained their funding levels. Meanwhile, other IORPs have gradually moved closer to these mid-range levels, suggesting an overall positive movement.



<sup>13</sup> Also, for Ireland we note that the aggregated funding ratio was positive at the end of 2023.

However, Figure 11 highlights notable variations in reported funding ratios across the EEA. These disparities can be attributed to differing assumptions and methods used for calculating assets and liabilities. Therefore, direct comparisons of funding ratios between countries would not be appropriate.



## 2.4. MEMBERS AND BENEFICIARIES

By the end of 2023, the total number of members and beneficiaries of IORPs reached 71.6 million<sup>14</sup>. Although this is an increase of less than one percent compared to the end of 2022, it marks a growth of as much as 30% over the past three years. A substantial part of this growth can be attributed to France, where insurance undertakings have established IORPs and transferred many policyholders into these schemes. Additionally, significant increases in membership were seen in Sweden and Italy. In contrast, IORPs in Finland, Luxembourg, and Latvia, and, to a lesser extent the Netherlands<sup>15</sup> have experienced a decline in the number of members and beneficiaries.

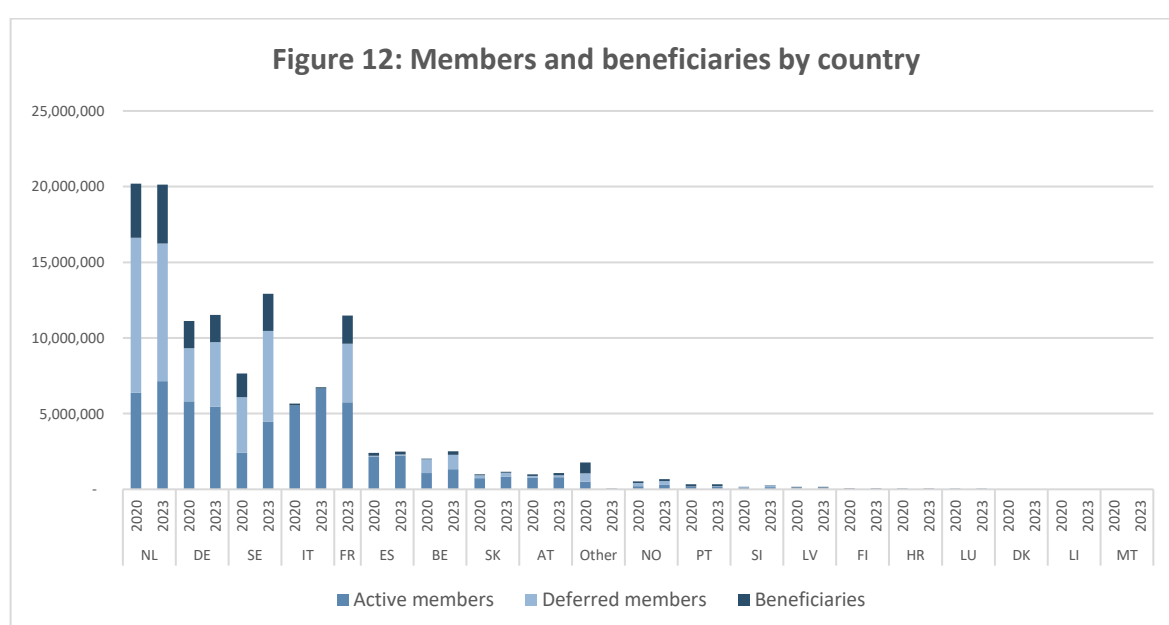
<sup>14</sup> Please remark that some people might have more than one contract. Equally, some contracts might have the same beneficiary.

<sup>15</sup> A possible explanation might be that deferred members transferred their accrued pensions from their former pension fund to their current pension funds. This may not have been possible previously, because transfers are only possible if the funding ratio is above 100%. Another explanation is the automatic transfer of small pensions to a new pension provider since 1 August 2019.



Nearly half of the members and beneficiaries are active members. The growth of active members mirrors the overall movement, showing a slight increase in 2023 but a significant rise over the past three years. The number of active members declined in four Member States: Germany, Denmark, Finland, and Luxembourg. Interestingly, despite the overall drop in membership, the Netherlands has seen a notable increase in active members. Italy and Sweden also experienced substantial growth in active members joining the IORP sector over the past three years. In Sweden the increase can be explained by the transformation of insurance companies offering occupational pensions into IORPs.

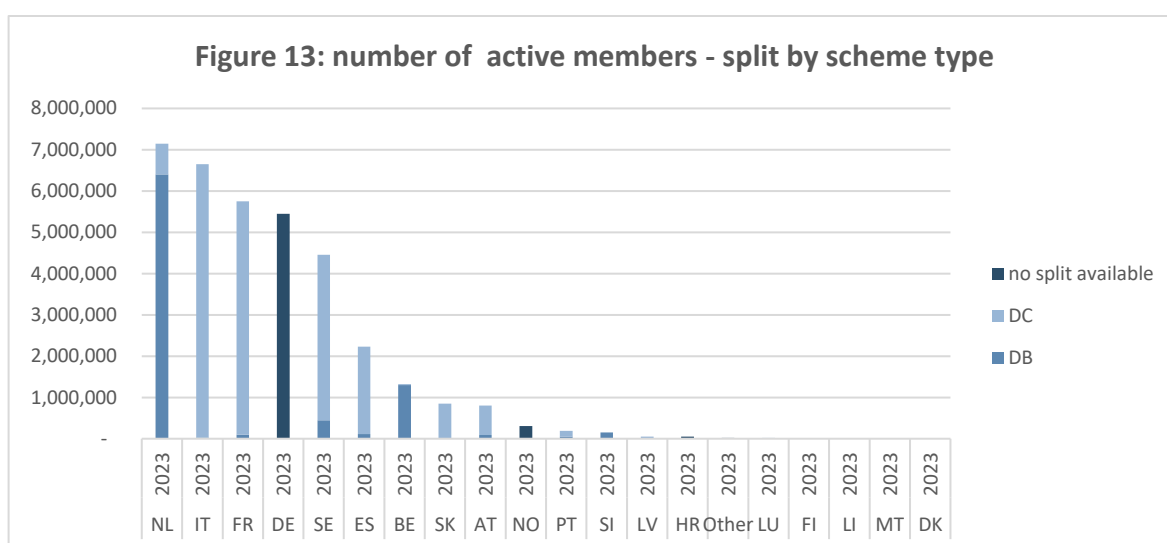
Figure 12 illustrates that, while the Netherlands is still the largest country in terms of total members and beneficiaries, the number of active members in Italy is nearly equivalent.



Most active members are part of DC schemes<sup>16</sup>. However, when considering deferred members and beneficiaries, the difference between DC and other schemes becomes less pronounced. Nonetheless, focusing on active members provides a clearer picture of current trends, reflecting the present situation without the influence of legacy schemes or past contributions.

Figure 13 highlights significant differences in the number of active members across various Member States. It also shows that DB schemes mainly exist in the Netherlands and Belgium. Importantly, within the EIOPA taxonomy, some schemes may be classified as DB schemes, even though they might be considered DC schemes at the national level (e.g., DC schemes with a guaranteed investment return).

<sup>16</sup> At the end of 2022, a similar conclusion could be made for the IORPs in Cyprus and Ireland. This also hold for Ireland in 2023.



The Dutch pension system is currently in the process of transitioning from DB schemes towards, predominantly collective, DC schemes. Once this transition is completed by 1 January 2028, the composition of the European IORP sector will have changed markedly with DC schemes being the predominant type of pension arrangement<sup>17</sup>. Projections suggest that, after the transition, approximately 93% of active members are expected to participate in a DC scheme, accounting for 95% of AuM<sup>18</sup>. This shift marks a substantial change in the landscape.

## 2.5. CONTRIBUTIONS RECEIVED, AND BENEFITS PAID

In 2023, IORPs received a total of EUR 102 billion in contributions<sup>19</sup>. Of this amount, approximately one-third came from members, while two-thirds were paid by sponsors. The total corresponds to a two percent increase compared to the total in 2022 and a substantial 22% increase compared to three years ago. Notably, 45% of the contributions were made to IORPs in the Netherlands. Together with Italy, France, and Sweden, IORPs in these four Member States received 80% of the total contributions.

<sup>17</sup> Note that in practice the transition in NL is not one from a “pure DB” to a “pure DC” system. In the present system (defined generally as DB) both the build-up of pensions as well as the payment of pensions and indexation of these pensions, are legal promises and not rights. As there are no sponsor obligations beyond the payment of premiums, both pensions and pension payments can be reduced if there is a need. The new Dutch pension system is defined as DC, but the system will remain compulsory, collective, and will contain several new solidarity mechanisms. Moreover, with premiums remaining largely at the same level as today (while pension accrual being made actuarially fair), there is no further shift from investment risks to the collective of participants and beneficiaries. The choice for individual options will remain very limited under the solidarity scheme and quite limited under the flexible scheme. This means that the Dutch pension system will shift but still remain in a hybrid state, somewhere in between pure DB and pure DC

<sup>18</sup> This excludes Member States for which no data split was available.

<sup>19</sup> At the end of 2022, Cypriot IORPs collected contributions totaling EUR 303 million.

At the same time, EUR 65 billion was disbursed through benefit payments<sup>20</sup>. This marks an 8% increase compared to the previous year and a 30% increase from three years ago. 75% of the total benefits were allocated to retirement payments, while the remaining amount was used for other benefits, such as death or disability payments. 54% of total benefit payments were made by Dutch IORPs. Together with their German and Italian counterparts, they accounted for 80% of all benefit payments.

When examining contributions and benefits by scheme type, DB schemes accounted for approximately 50% of total contributions. This is a 2% decline compared to the previous year and a 5% decrease from three years ago. Additionally, 62% of the benefits paid out can be attributed to DB schemes, a figure that has remained relatively constant over the past three years.

It is important to note that this distribution does not imply that DC schemes pay out lesser amounts to beneficiaries compared to DB schemes. The variation arises from the timing differences between the collection of contributions and the payment of benefits. Additionally, DC schemes are currently on the rise and are less mature compared to DB schemes. Consequently, while more contributions are being collected in DC schemes, benefits often have not reached the moment of disbursement, as many members have not yet reached the retirement age.

Furthermore, the rise in contributions and membership over the past three years highlights the growth of IORPs. However, this increase does not necessarily signify expansion across the entire occupational pension sector.

The role of IORPs in providing retirement benefits varies widely across Member States. In some, they play a dominant and growing role, while in others, IORPs are either absent, represent only a small minority, or are in decline, potentially disappearing altogether. Generally, it is difficult to determine the extent to which other forms of pension provision or providers might substitute IORPs, particularly in the shift toward other pillars of pension provision. Additionally, the impact of any such substitution on future income adequacy remains unmeasured. This gap could be addressed through the creation of European and national pension dashboards<sup>21</sup>.

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<sup>20</sup> At the end of 2022, Cypriot IORPs distributed EUR 212 million in benefit payments.

<sup>21</sup> [https://www.eiopa.europa.eu/publications/technical-advice-pensions-dashboard\\_en](https://www.eiopa.europa.eu/publications/technical-advice-pensions-dashboard_en)

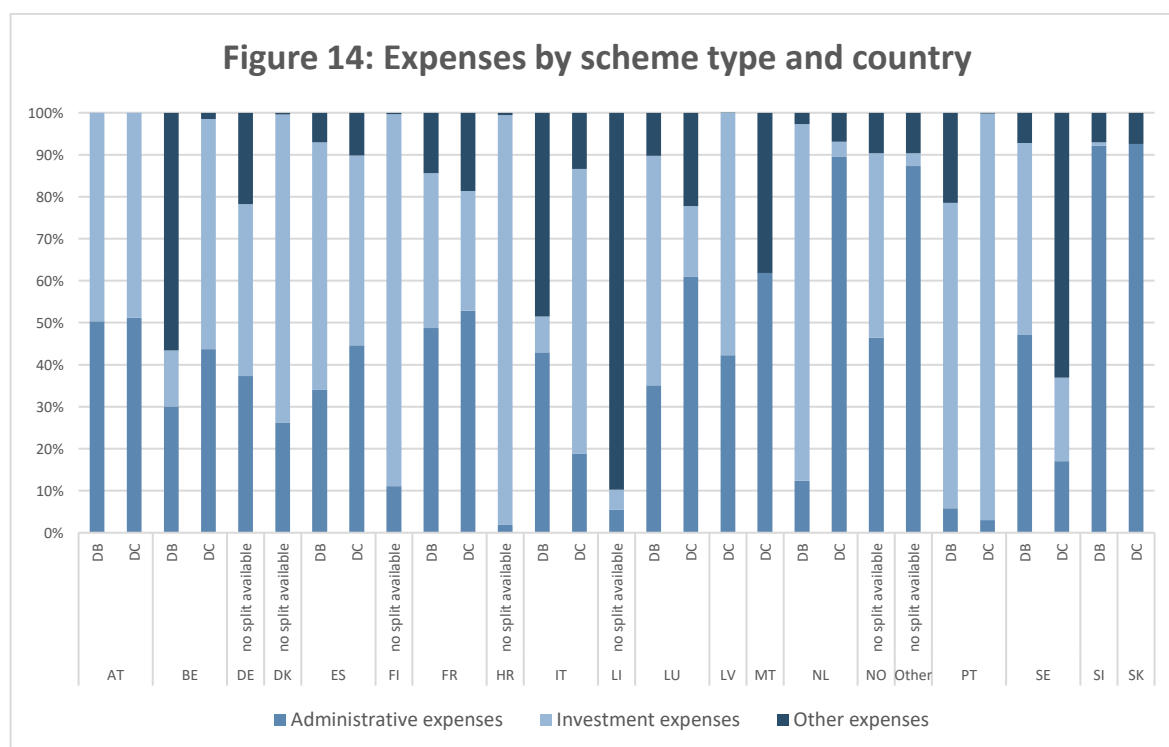
## 2.6. EXPENSES

In 2023, IORPs reported expenses exceeding EUR 14 billion<sup>22</sup>. This marks a 7% decrease compared to the previous year and a 23% decrease compared to the end of 2021. The significant differences between these years can be attributed to declining investment costs in the Netherlands.

Within the EEA, most expenses are also associated with investments. These investment expenses are all on-going and one-off investment costs incurred in connection with the management of assets, for example fiduciary fees.

When examining the breakdown by scheme type, investment expenses account for 78% of total expenses for DB schemes. In contrast, these expenses make up only 34% of total expenses for DC schemes in 2023.

In some countries, the expense structure is similar across both scheme types. However, in other nations, significant variations exist. These differences can be influenced by local regulations, investment strategies, and market conditions. Figure 14 illustrates the country-specific and scheme-specific nature of reported expenses, providing further insight into these statistics.



It is important to note that the figures on expenses are likely to underestimate the true costs of administering occupational pension schemes. Most NCAs collect accounting data but not

<sup>22</sup> Cypriot IORPs incurred expenses totaling EUR 30 million at the end of 2022.

transparent information on costs and charges, including direct costs but also indirect costs incurred at the level of investment funds and asset managers. EIOPA's advice for the review of the IORP II Directive recommends that NCAs require IORPs to report on an annual basis information on all costs and charges in DC schemes, according to the principles, and with the definitions and templates set out in EIOPA's Opinion on the supervisory reporting of costs and charges of IORPs<sup>23,24</sup>. As from 1 January 2025, NCAs can already report transparent cost data of IORPs to EIOPA on a voluntary basis<sup>25</sup>.

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<sup>23</sup> See [EIOPA, Technical advice for the review of the IORP II Directive, EIOPA-BoS-23/341, 28 September 2023](#).

<sup>24</sup> [EIOPA, Opinion on the supervisory reporting of costs and charges of IORPs, EIOPA-BoS-21/426, 7 October 2021](#).

<sup>25</sup> See [EIOPA, BoS Decision on regular information requests regarding provision of occupational pension information, EIOPA-BoS-23-030, 10 February 2023](#).

## 3. CROSS-BORDER ARRANGEMENTS

### 3.1. NUMBER OF CROSS-BORDER IORPS

One of the main goals of the IORP II Directive was to promote cross-border IORPs. The Directive enables IORPs to expand their operations into other Member States while ensuring a minimum level of protection and security for members and beneficiaries of occupational pension schemes.

The Directive allows IORPs to accept sponsorship and administer pension schemes from companies located in other Member States, commonly referred to as "cross-border IORPs." In these cases, the relationship between the sponsoring company and the members and beneficiaries is governed by the social and labour law applicable in the Member State where the pension scheme operates, which will be different from the IORP's home Member State.

As a result, cross-border IORPs must comply with the social and labour law of the "host Member State" while also applying the prudential regulations of the "home Member State," where the IORP is located. This dual regulatory framework aims to ensure that cross-border IORPs can operate effectively across different jurisdictions, while maintaining the necessary safeguards for their members.

At the close of 2023, 28 active cross-border IORPs were operating within the European Economic Area (EEA), as shown in Annex II. This represents a decrease of three from the previous year, following a period of stability in cross-border IORP numbers. During the past year, one cross-border IORP relocated from Luxembourg to Belgium, while three others—based in Germany, Ireland, and Luxembourg—closed.

These developments confirm previous findings that cross-border IORP growth has stagnated since 2010, with minimal prospects for expansion in the near future. An important exception to this pattern is Resaver, a cross-border IORP established in 2016 specifically for research organisations and their employees. Resaver has consistently broadened its operations to include new Member States, demonstrating a successful model of cross-border growth in a sector with unique needs. However, this example remains an outlier. The broader market for cross-border IORPs has not developed since the implementation of the IORP II Directive. Considering last year's decline, it would not be unexpected for the cross-border market to even experience further contraction.

It should be noted that the internal market for occupational pensions is not solely about enabling multinational companies and sponsors operating across multiple Member States to pool their investments. A genuine internal market should also leverage the freedom to provide services to ensure access to occupational pension provisions, particularly in cases where capacity constraints

exist. These include Member States with small working-age populations and a limited number of providers, those characterized by a high prevalence of small and medium-sized sponsors, or sectors with high job turnover. In such contexts, national providers may find it unviable to operate due to the unsustainable business models, resulting in unmet demand or higher-cost national pension provisions—especially critical for DC schemes. By establishing a true internal market, economies of scale could be achieved, ultimately benefiting pension savers through improved cost efficiency and expanded access.

A key factor contributing to the low incidence of cross-border IORPs is the challenge of complying with each host country's social and labour law. This significantly increases the costs, complexity, and operational risks of managing cross-border IORPs. These challenges often outweigh the potential advantages of cross-border engagement, reducing both its appeal and likelihood of success. This is highlighted in EIOPA's technical advice for the review of the IORP II Directive.

To alleviate some of these barriers, EIOPA further recommends several procedural simplifications. First, it proposes a streamlined approach for cases where minor amendments are made to an already notified cross-border activity, provided that members and beneficiaries bear the risks. This would reduce the administrative burden when changes are minimal. EIOPA also suggests introducing a simplified process for expanding a previously notified cross-border activity to cover multiple sponsoring companies under one harmonised plan, again where members and beneficiaries bear the full risks.

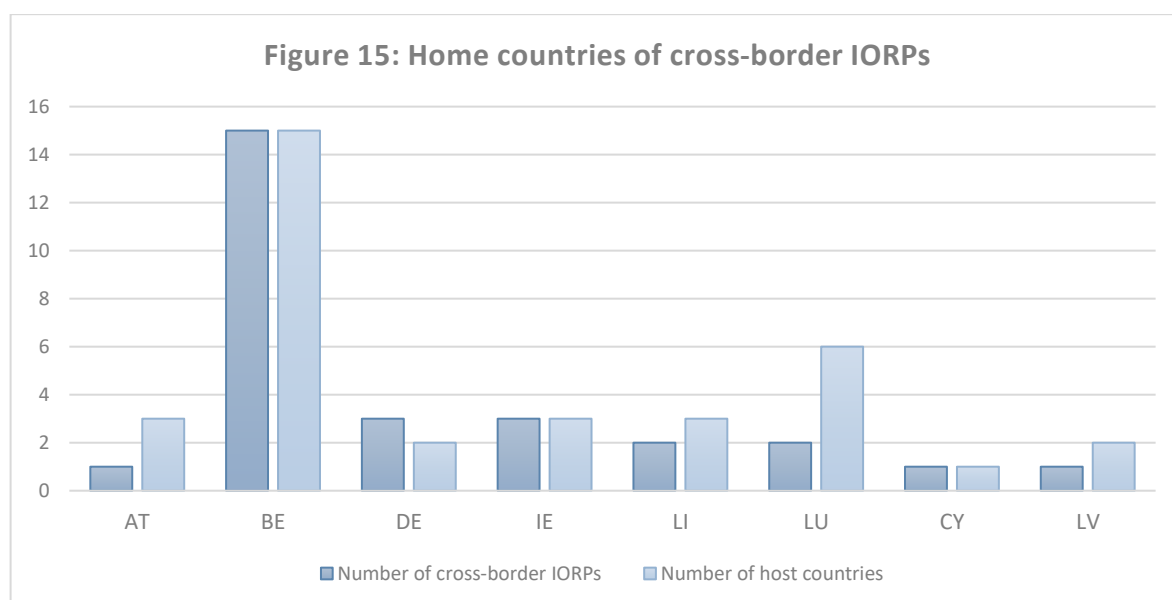
An additional barrier to cross-border provision is the current requirement to obtain consent from a majority of members and beneficiaries for cross-border transfers. The majority is to be defined by the Member State. This has led to patchwork of different rules between countries, but also between domestic and cross-border transfers within countries. Most Member States make use of a simple majority definition, but a handful of Member States discourage cross-border transfers by applying higher percentages. In addition, in some Member States a majority of all members need to approve, while in other Member States a majority of members who have responded to the request. To address this heterogeneity, EIOPA recommends implementing a standardised EU definition of "majority" specifically for cross-border transfers, as part of its advice for amending Article 12(3)(a) of the IORP II Directive. This change could provide a more efficient and harmonized approach to consent requirements across Member States.

Finally, would be a missed opportunity not consider alternative solutions in order to grow the internal market for occupational pensions. If more options to grow the internal market are found, this would be a positive move for IORPs to expand and benefit, as other financial products have done in the past. For members, this broadens their options and scope for engagement with pensions saving, while for the EU economy, a robust internal pensions market contributes to the objectives of the Capital Markets Union (CMU).

### 3.2. NUMBER OF (ACTIVE) HOME AND HOST COUNTRIES

Earlier EIOPA reports on cross-border IORPs indicated that these activities are primarily concentrated within a limited number of EU/EEA Member States. The latest data is consistent with this observation, showing that all cross-border IORPs are based in just eight Member States, the same group as the previous year. This concentration suggests that cross-border IORPs are more easily established in certain Member States, possibly due to regulatory frameworks favourable to cross-border, market conditions, or operational efficiencies.

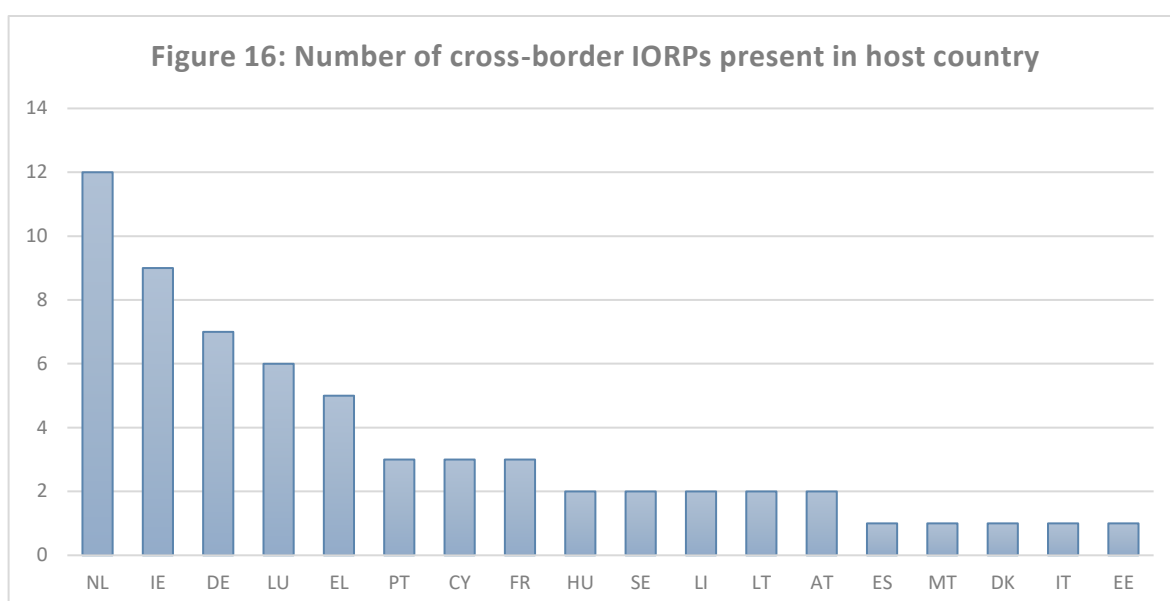
Belgium maintains its position as the leading home Member State, with the widest geographic distribution for cross-border IORPs (see Figure 15). In 2023, Belgium hosted 15 cross-border IORPs, which collectively operated across 15 host Member States. This represents an increase of one new cross-border IORP and one additional host country.



The overall number of host Member States remains considerably higher than the number of home Member States, with cross-border IORPs operating in 18 host countries. This figure corresponds to a slight decrease from the previous year, with one host Member State less compared to 2022 (see Figure 16)<sup>26</sup>.

<sup>26</sup> Belgium is no longer a host country following the closure of a cross-border IORP from Luxembourg.





Historically, cross-border IORPs have tended to widen their activities to new host countries. This expansion trend, however, was less pronounced in 2022 and 2023. In 2023, only one notable expansion occurred: a Belgian cross-border IORP extended its operations to France. Additionally, two other Belgian cross-border IORPs received authorization to establish activities in Greece, Spain, and the Czech Republic, respectively, although these IORPs have not yet commenced operations. A new cross-border IORP in Cyprus was also set up to operate in Greece but had not started activities by the reporting period.

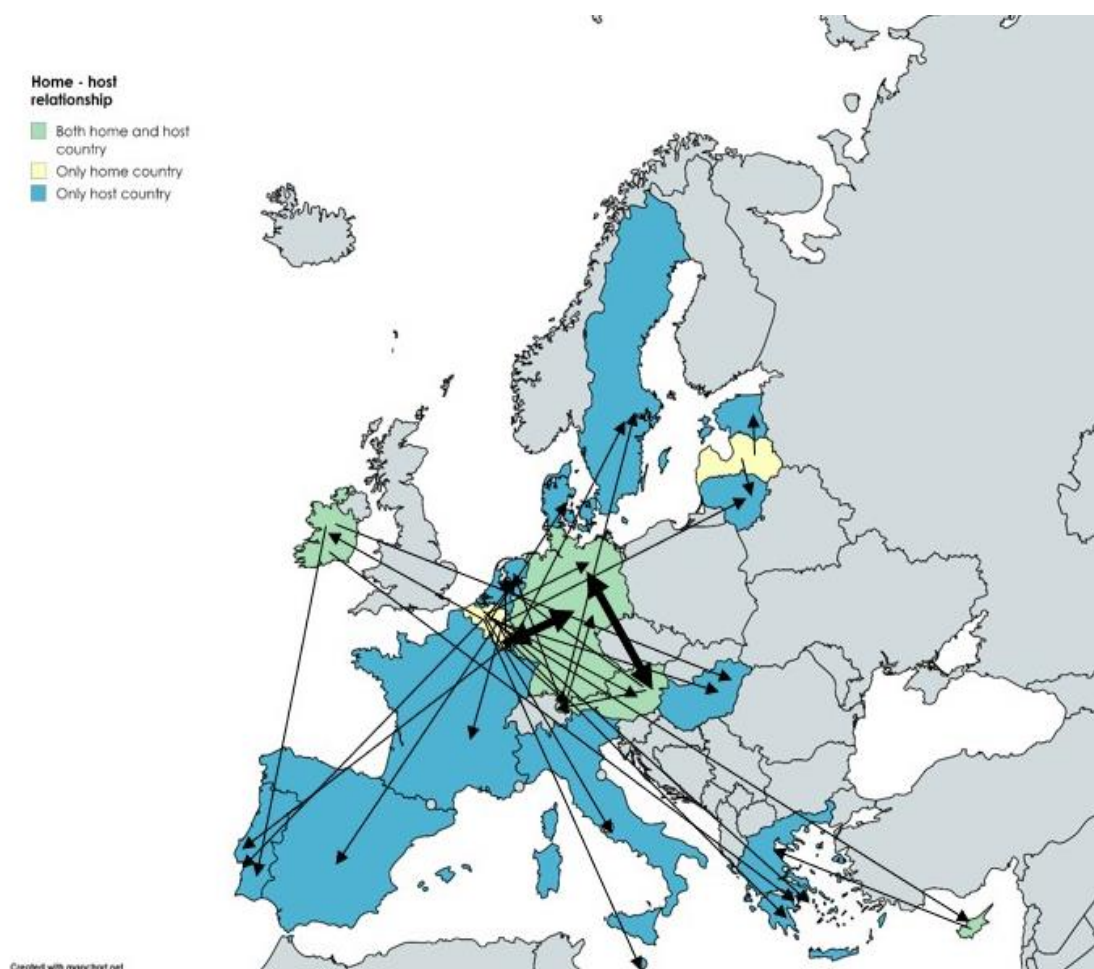
An interesting feature of cross-border IORPs is that the existence of domestic IORPs in a host country is not required for cross-border activities. For example, Lithuania and Estonia, which do not have national IORPs, still serve as host Member States for cross-border IORPs.

Some cross-border IORPs operate without engaging in any business activities within their home Member States. In 2023, this group included five IORPs (one more than the previous year), specifically two from Belgium, two from Ireland and one from Luxembourg. These IORPs warrant heightened supervisory attention to ensure that their unique risk profiles are carefully managed. Operating solely outside their home jurisdictions may introduce additional complexities, including regulatory oversight challenges. In this respect, EIOPA's advice for the review of the IORP II Directive recommends strengthening the IORPs' conditions of operation to ensure the proper functioning of the internal market, in the absence of harmonised rules on the registration or authorisation of IORPs. Moreover, the advice recommends that NCAs carry out a prudential assessment during the registration or authorisation process and assess the operational viability and sustainability of IORPs as part of the supervisory review process.<sup>27</sup>

<sup>27</sup> See [EIOPA, Technical advice for the review of the IORP II Directive, EIOPA-BoS-23/341, 28 September 2023](#).

Figure 17 presents a schematic overview of the home-host relationships among cross-border IORPs across 18 jurisdictions. Only two pairs of countries show bidirectional relationships, illustrating that most home-host relationships are unidirectional. This shows that the cross-border IORP market remains asymmetrical, with a few Member States acting as home jurisdictions/ Member States for cross-border IORPs serving multiple other Member States<sup>28</sup>.

Figure 17: home-host relationships



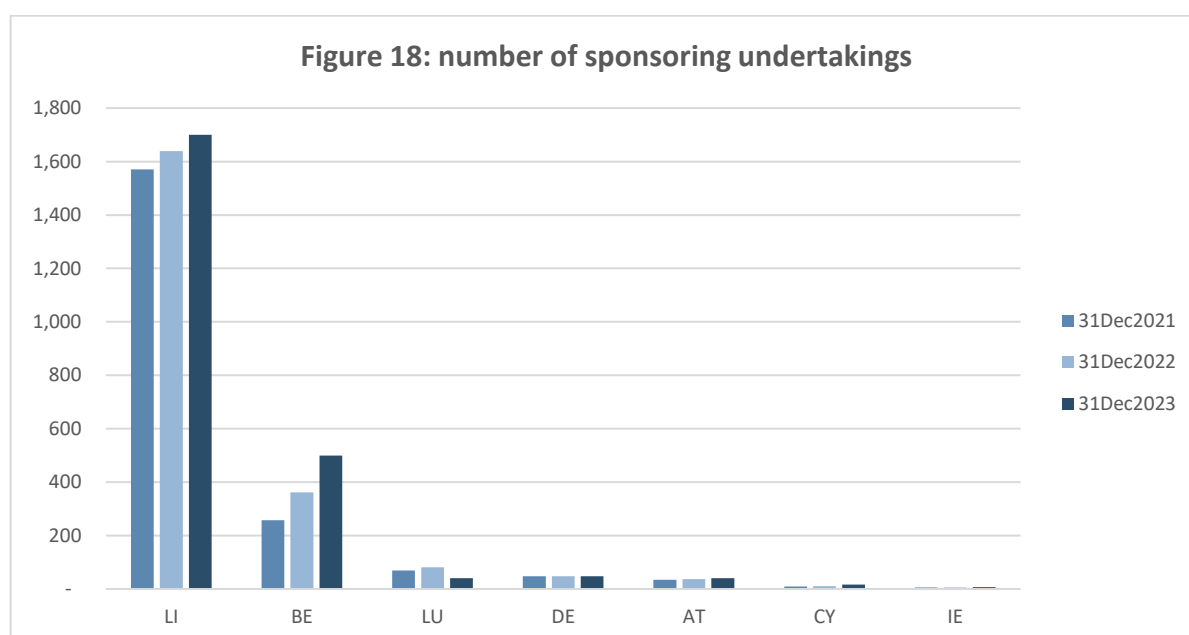
<sup>28</sup> The bold lines represent bidirectional connections between countries where each of them serves as both the home and host Member State for the other.

### 3.3. TYPES OF CROSS-BORDER IORPS

#### 3.3.1. MULTI-EMPLOYER CROSS-BORDER IORPS

At the end of 2023, exactly 50 percent of cross-border IORPs were servicing multiple, unrelated employers. This represents a slight increase from the figures reported at the end of 2022 since a single-employer cross-border IORPs ceased operations over the course of 2023.

In previous years, a rise in the number of multi-employer cross-border IORPs was typically accompanied by an increase in the number of sponsoring undertakings. However, the past two years the total number of multi-employer cross-border IORPs has stabilised while the number of sponsoring undertakings continued to grow. By the end of 2023, the 27 cross-border IORPs<sup>29</sup> were providing occupational pensions for 2,351 sponsoring undertakings—marking a 8% increase over the previous year. This increase suggests that existing multi-employer IORPs are attracting more sponsors, even in the absence of new multi-employer IORPs being formed. This trend is most prominent among employers joining cross-border IORPs based in Belgium and Liechtenstein, as shown in Figure 18<sup>30</sup>.



<sup>29</sup> Kindly take note that the Latvian IORP possesses total assets that fall below the threshold of Euro 25 million. As a result, it qualifies for an exemption from reporting requirements, which explain its absence from this figure, as well as from many statistics and graphs presented below.

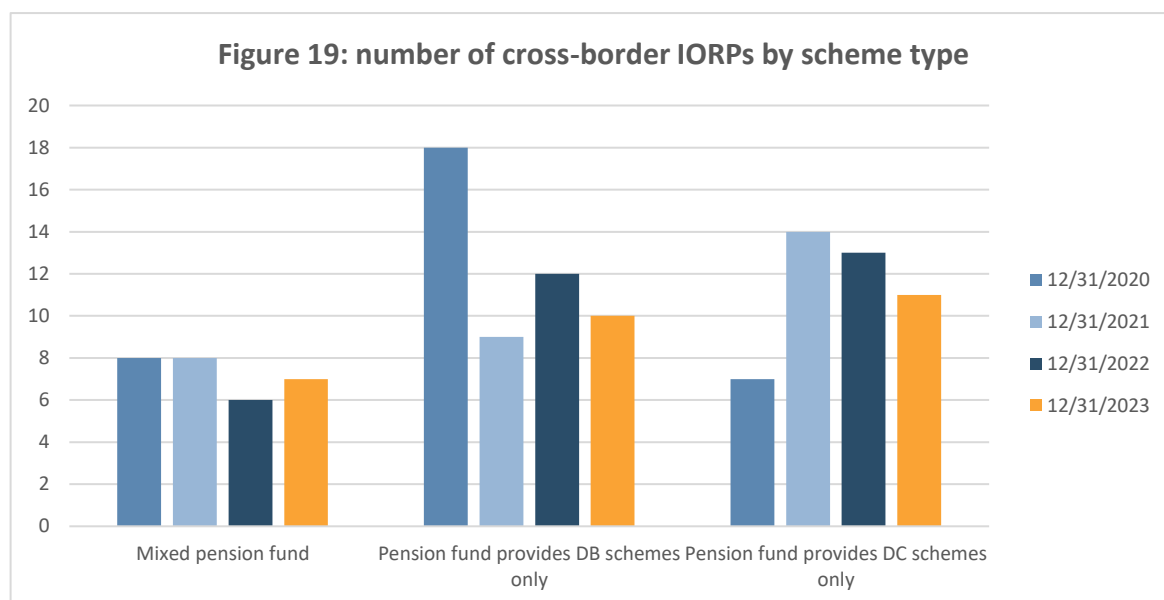
<sup>30</sup> Please note that the number of sponsoring undertakings for cross-border IORPs in Liechtenstein includes sponsors from both EEA and non-EEA cross-border activities.

In this context, a true internal market for occupational pensions, enabling the development of multi-employer IORPs at the EU level, could provide targeted solutions for key sectors aiming to attract talent and promote intra-sector mobility. By leveraging multi-sponsor pooling and the efficiencies of the internal market, such an approach could not only generate significant economies of scale but also support the overarching objective of enhancing the EU's future competitiveness.

### 3.3.2. DEFINED BENEFIT (DB) VS. DEFINED CONTRIBUTION (DC) SCHEMES

By the end of 2023, the number of cross-border IORPs offering only DC schemes was slightly higher than those offering exclusively DB schemes (see Figure 19). This marks a notable shift from the situation at the end of 2020, when the proportion of DB schemes significantly exceeded that of DC schemes.

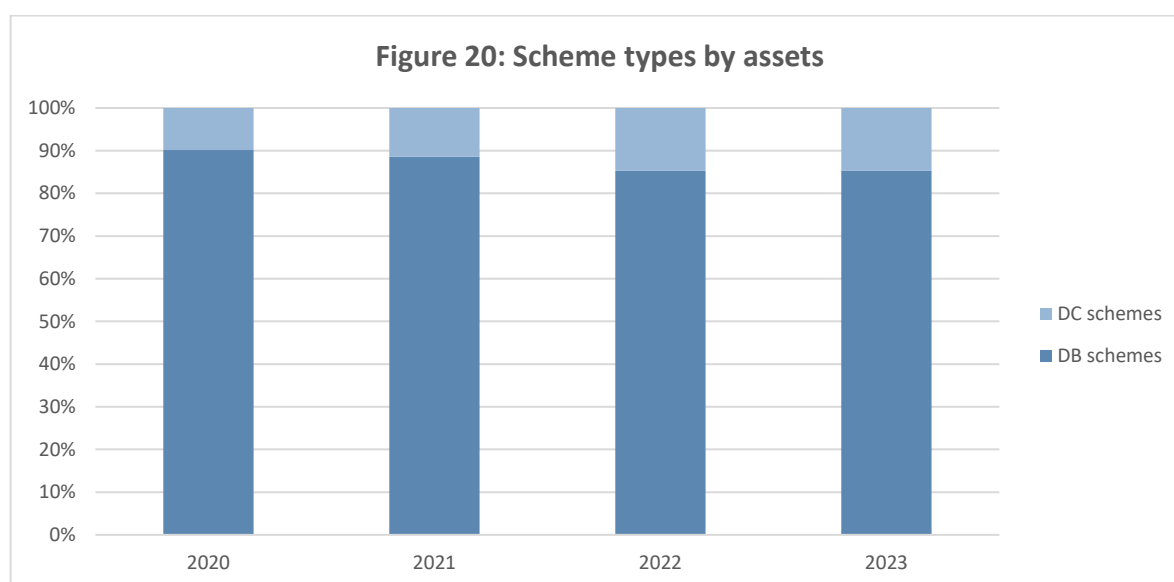
The recent changes in scheme distribution can be partly attributed to specific events in 2023, including the closure of three cross-border IORPs and the shift of a Belgian IORP from providing only DB schemes to offering both DB and DC plans. However, the primary drivers of the shift over the past years have been reclassifications: at the end of 2021, all Irish cross-border IORPs were reclassified, followed by further reclassifications of Belgian IORPs in 2022<sup>31</sup>.



<sup>31</sup> In the 2021 report, Irish schemes were classified as DB schemes, largely due to their cross-border engagements with the UK, which was still considered part of the EEA based on 2020 data. However, in the 2022 report, cross-border activities with the UK were excluded, resulting in the remaining Irish schemes being reclassified as exclusively DC schemes. Additionally, two IORPs originally classified as mixed schemes, along with two IORPs previously classified as DC schemes in the 2021 report, were reclassified as DB schemes in the 2022 report.

Over the course of 2023, assets in both DB and DC schemes grew by 3%, reflecting a period of relative stabilisation compared to the preceding years. During those years, we observed a rising proportion of DC assets relative to DB assets, as shown in Figure 20. This earlier shift was primarily due to the growth in cross-border DC assets in Belgium and Luxembourg, which outpaced the growth of DB assets.

While these observations hint at a potential transition from DB to DC schemes within cross-border IORPs, a longer time frame is essential to evaluate any sustained trends accurately. Additional influencing factors, such as regulatory changes or market conditions, also need to be considered to isolate a genuine shift from DB to DC schemes.



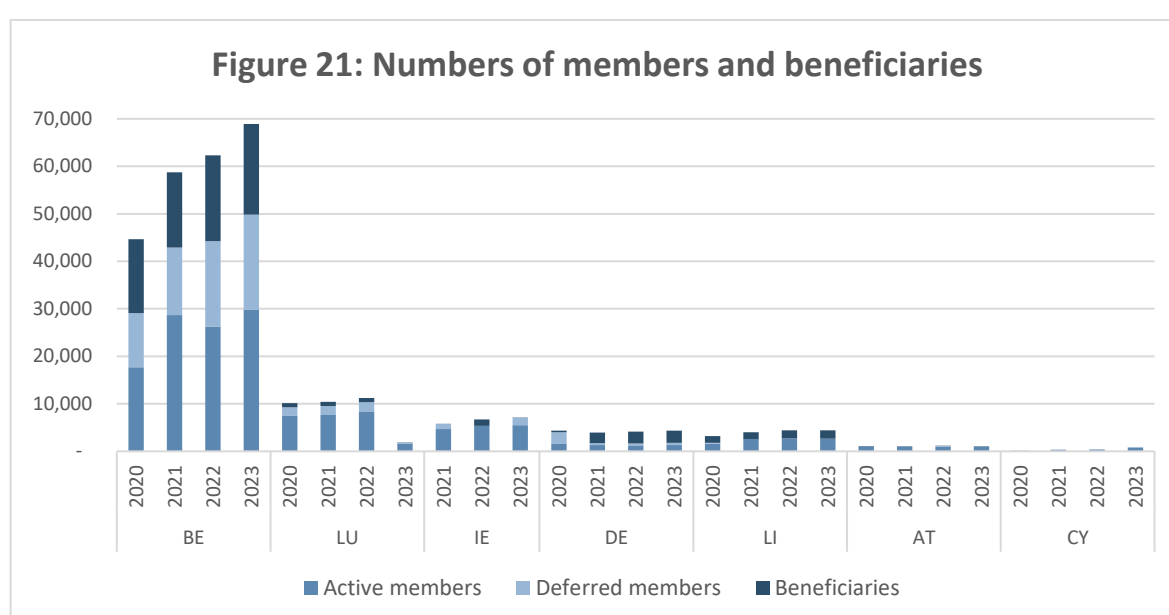
### 3.3.3. CROSS-BORDER IORPS COVERED BY ARTICLE 15 (1) OF THE IORP II DIRECTIVE

Of all cross-border IORPs, which represent approximately six percent of total assets, two are subject to Article 15(1) of the IORP II Directive<sup>32</sup>. These IORPs are required to maintain a minimum surplus of assets over their technical provisions, serving as a permanent buffer. Notably, such cross-border IORPs are exclusively located in Liechtenstein.

<sup>32</sup> The home Member State shall ensure that IORPs operating pension schemes, where the IORP itself, and not the sponsoring undertaking, underwrites the liability to cover against biometric risk, or guarantees a given investment performance or a given level of benefits, hold on a permanent basis additional assets above the technical provisions to serve as a buffer. The amount thereof shall reflect the type of risk and the portfolio of assets in respect of the total range of schemes operated. Those assets shall be free of all foreseeable liabilities and serve as a safety capital to absorb discrepancies between the anticipated and the actual expenses and profits.

### 3.4. MEMBERS AND BENEFICIARIES

As of 2023, the total number of scheme members and beneficiaries within cross-border IORPs is approximately 88,526, representing a small decrease compared to the figures reported at the end of 2022. Figure 21 illustrates this decline, which is primarily attributed to the closure of cross-border IORPs in Luxembourg. Aside from a modest decrease in Austria, most countries experienced increases in their cross-border IORP populations. Notably, the total number of members and beneficiaries in cross-border IORPs accounts for just 0.2% of the overall membership across all IORPs, a proportion consistent with the data reported in the previous year.



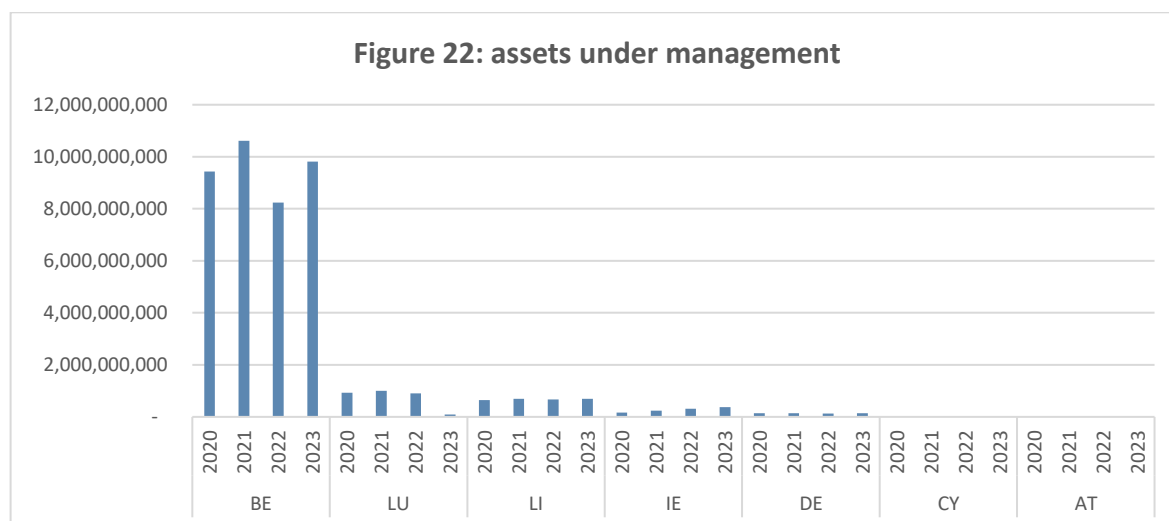
Of the members and beneficiaries, slightly less than half are classified as active members. Deferred members and beneficiaries make up 30 percent and 20 percent, respectively. Belgium is the dominant home country for these members, with 70% of all members and beneficiaries being served by cross-border IORPs located there—a 7 percent increase compared to the previous year.

When considering active members only, the distribution is similar, further highlighting Belgium's central role in the cross-border IORP landscape.

### 3.5. ASSETS AND LIABILITIES

By the end of 2023, cross-border IORPs held total assets amounting to EUR 11 billion, compared to liabilities of EUR 9.5 billion. This represents increases of 8 percent in assets and 2 percent in liabilities compared to the previous year. The asset growth can primarily be attributed to favorable financial market developments, which outweighed the impact of the closure of three IORPs. As shown in Figure 22, the majority of these assets and liabilities, along with the overall increase, are

concentrated in cross-border IORPs located in Belgium. This is consistent with the observed distribution of members and beneficiaries. Additionally, declines in assets in Luxembourg are mainly due to the closure of one IORPs and the relocation of an IORP from Luxembourg to Belgium.



Funding ratios, calculated as assets over liabilities, are informative for DB schemes only. It's important to note that Cyprus, Luxembourg, and Ireland are home to cross-border IORPs that exclusively offer DC schemes, meaning they are excluded from the funding ratio analysis.

Of the remaining countries, all report aggregate funding ratios at or above 100%. Belgium and Liechtenstein saw improvements in their aggregated funding ratios over the course of 2023, while the funding ratios of other countries remained stable.

Of the eight cross-border IORPs offering DB schemes, for which EIOPA receives individual data, seven reported funding ratios exceeding 100%. These IORPs are fully compliant with Article 14 of the IORP II Directive, which requires that, in case of cross-border activity, the IORP's technical provisions must be fully funded across all pension schemes at all times. In the case of the one underfunded IORP, corrective measures have been taken, and the funding gap was reduced by 3 percent during 2023 compared to the previous year.

## ANNEX I: GLOSSARY

General IORP information	
IORPs	Institutions for Occupational Retirement Provision
Article 15(1) IORPs	Article 15(1) IORPs are IORPs where the institution itself, and not the sponsoring undertaking, underwrites the liability to cover against biometric risk, or guarantees a given investment performance or a given level of benefits, in accordance with Article 15(1) of the IORP II Directive 2016/2341.
Multi-employer IORPs	A multi-employer IORP is an IORP that manages the pension schemes of two or more unrelated employers.
Member	A person, other than a beneficiary or a prospective member, whose past or current occupational activities entitle or will entitle him/her to retirement benefits in accordance with the provisions of a pension scheme. This includes both active members and deferred members.

Scheme types	
Occupational pension scheme	Means a contract, an agreement, a trust deed or rules stipulating which occupational retirement benefits are granted and under which conditions.
DB schemes	Defined benefit pension plans are those in which the level of pension benefits promised to participating employees is guaranteed; benefits are related by some formula to participants' length of service and salary and are not totally dependent on either the participants' contributions or the assets in the fund. Hybrid schemes are grouped as defined benefit schemes in the context of the reporting.



DC schemes	In a defined contribution scheme the plan sponsor pays fixed contributions and has no legal or constructive obligation to pay further contributions to an ongoing plan in the event of unfavorable plan experience.
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Cross-border information	
Cross-border activity	‘Cross-border activity’ means operating a pension scheme where the relationship between the sponsoring undertaking, and the members and beneficiaries concerned, are governed by the social and labour law relevant to the field of occupational pension schemes of a Member State other than the home Member State.
Active cross-border IORPs	Authorised cross-border IORPs which have finalised the notification procedure and hold assets and liabilities relating to their cross-border activity.

## ANNEX II: LIST OF CROSS-BORDER IORPS

Home country	Host countries	IORP Name
AT	DE, LI, NL	APK Pensionkasse AG
BE	CY, ES, IE, NL	BP Pensioenfonds
BE	IE	Chevron Organisme voor de Financiering van Pensioenen
BE	IE, LU, PT, FR	Nestlé Europees Pensioenfonds (NEPF)   Fonds de Pensions Européen Nestlé (FPEN)
BE	IE, NL, DE	J&J Pensions Fund OFP
BE	IE, NL	GE European Pension Fund
BE	NL	Euroclear Pension Fund
BE	CY, IE, LT, LU, MT	Pension&co IBP
BE	IE, LU, NL	United Pensions
BE	NL	Delrin European Pension Fund
BE	FR, NL	ExxonMobil OFP
BE	LU	Pensioenfonds Ricoh   Fonds de Pension Ricoh
BE	AT, CY, FR, HU, NL, IT	Resaver Pension Fund
BE	DE, IE	Sanofi European Pension Fund
BE	DK	Pensions Instelling voor bedrijfspensioenvoorziening

BE	EL, IE, NL	Unilever Pension Plan
CY	EL	Multi Employer Aon Provident Fund (“MAP Fund”)
DE	AT	Nestlé Pensionfonds AG
DE	LU	R+V Pensionsversicherung a.G.
DE	LU	BVV Versicherungsverein des Bankgewerbes a.G.
IE	HU	Intel Pan-European Pension Plan
IE	PT	Banco De Investimento Global Retirement Scheme
IE	EL	Olayan European Pension Fund
LI	DE	LV1871 Pensionsfond AG
LI	DE, SE, NL	Swiss Life International Employee Benefits Pension Fund
LU	DE, EL, LI, NL, SE	Swiss Life International Pension Fund
LU	DE, PT	ePension Fund Europe (Assep)
LV	EE, LT	Akciju sabiedrība CBL Atklātais pensiju fonds

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