

Working people with an inadequate pension provision: Possible solutions for the blank and grey spots and pension accrual of the self-employed

"A more binding system with a pension obligation is possibly required"

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The pension agreement is a clear step towards a future-proof Dutch pension system. However, some problems remain, like eroding participation in second-pillar pension schemes. The self-employed usually fall outside of current schemes, and a substantial 'blank spot' of employees without active pension accrual exists. Concerns are also growing about schemes in certain sectors that offer an inadequate pension, the so-called 'grey spot'. This report discusses the problem of inadequate pension accrual and explores possible solutions.

Principal Findings

- The grey spot of pension schemes with meagre pension accrual deserves just as much attention as the blank spot.
- In the short term, the size of the grey spot at pension funds and insurance companies should be further explored.
- The self-employed accrue very limited pension in the second pillar and few save in the third pillar.
- Within existing frameworks, better use can be made of legal options to monitor compliance with mandatory pension scheme participation.
- No clear societal norm exists for an adequate pension for employees and the self-employed.

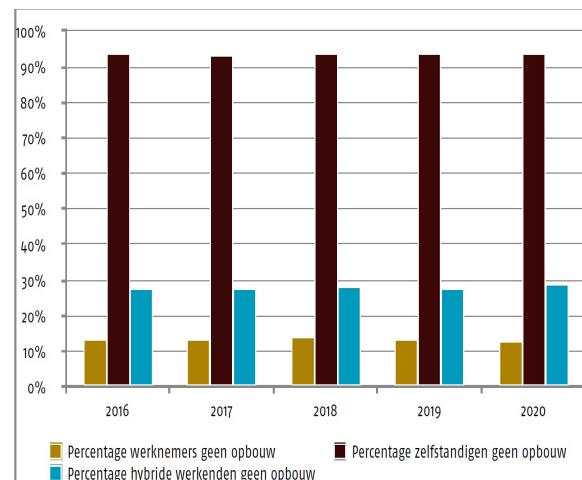


Figure: Percentage of workers without active pension accrual in the second pillar by employment form 2016–2020. Source: Biesenbeek, et al. (2022).

Key Takeaways for the Industry

- Finding a satisfactory solution to insufficient pension accrual of employees and the self-employed may require a more binding system with a pension obligation for employers and/or employees, possibly combined with automatic enrolment.



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