An Analysis of Auto-Enrolment in European Proposals

"Auto-enrolment is increasingly viewed by the EU as a tool to increase participation in supplementary pension schemes. Its effects, however, depends heavily on institutional design and national context. "

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What does the report examine?

The report examines how auto-enrolment is developing as a policy instrument within the European Union and what this means for the Netherlands. The project group analyzes European policy proposals, compares them with international experiences, and places the findings in the context of the Dutch pension system. The study draws on literature reviews, analysis of European policy documents, and international evidence, with particular attention to behavioral economics. It focuses on supplementary pension saving in the second and third pillars, default settings, opt-out mechanisms, and institutional design choices. Mandatory pension participation is excluded from the study.

What are the key findings?

The European Commission promotes auto-enrolment through a non-binding recommendation aimed at increasing participation in supplementary pension arrangements, especially in countries with limited pension coverage. International evidence, particularly from the United Kingdom, shows that automatic enrolment substantially increases participation while maintaining relatively low opt-out rates. However, higher participation does not automatically translate into adequate pension outcomes. Effectiveness depends heavily on contribution levels, investment defaults, re-enrolment mechanisms, and trust in institutions. In the Netherlands, pension participation is already achieved in existing practice, but the institutional logic differs fundamentally. The Dutch system relies on collective agreements and mandatory participation. Auto-enrolment could therefore be valuable for employees without a collective agreement and for the self-employed.

What are the implications?

- Auto-enrolment does not appear to be a logical substitute for the existing Dutch system of mandatory participation, which already achieves high coverage rates.
- For employees without pension coverage and potentially parts of the self-employed population, auto-enrolment could serve as a suitable tool to encourage retirement saving.
- Successful implementation requires careful decisions regarding default contribution rates, investment options, opt-out procedures, supervision, and communication, because these design choices strongly influence pension outcomes.
- Policymakers should take institutional trust, sufficient flexibility, and the diversity of target groups into account, as these factors are critical to long-term participation and public support.

Want to know more? Read the report (Dutch):
Een analyse van auto-enrolment in Europese voorstellen

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