



LOCAL PENSION ADMINISTRATION; THE END OF AN ERA FOR MULTINATIONALS?

Multinationals have little choice regarding their pension administration for their subsidiaries abroad. For more than a decade now, everybody who is involved in pensions is talking about harmonizing pension funds, pension schemes and legislation, at least in Europe. Every now and then reports or white papers are published about this subject. Also the European Commission considers that it is time to harmonize pensions all over Europe.

EIOPA and the creation of a pan European pension fund for Reseachers (Resaver) are two examples of their efforts.

But what about reality? What is really going on? When you look at the pensions landscape you see that most stakeholders *indeed* want to move forward towards overcoming the barriers which prevent modernizing this pensions landscape. Who are these stakeholders? We are talking about the employer with offices abroad, the asset manager, the insurer, pension funds and even politicians. And don't forget the employee!

"....don't forget the employee!..."

What withholds us the most from carrying out all these plans and reports about harmonizing pensions in all aspects?

When looking at all these plans and reports, we see that some of them are brilliant and visionary. But at the end nothing seems to happen.. What is the reason for this while there seems to be so much support and eagerness for executing all those plans?

Perhaps we are aiming too high with such a highly complex objective. What we see, is that when you fantasize with a visionary outlook, the execution is a different kind of story.

"....we are aiming to high..."

At the end after presenting all these (costly) reports, the main conclusion is that the execution seems technically not feasible. It is like building a house on quicksand. A fantastic architectural structure but built on the wrong place without the proper foundation.

So, let us go back to reality (our present situation). All over the world we see pension schemes being administrated on a local basis with IT-platforms which were developed for local administration. These platforms were in their first years of their introduction high end IT. Now we could call them legacy systems.

When you turn things around, from a more holistic point of view and you combine all those initiatives which are encountering practical difficulties (besides political and cultural differences) and are mainly IT-driven, it must be possible to execute, maybe sooner than expected, a worldwide deployable cross border pension administration platform.

"....worldwide deployable cross border pension..."

So the ultimate question is: "If IT is seen as one of the biggest hurdles to overcome and we cannot hide behind the curtains politicians have made for us, could we perhaps make a big step towards cross border pension administration for multinationals?"

Are we finally at the end of an era of administrating pension schemes for multinationals on a local bases?

To be continued!