

Penalized for Being Mobile? National Pension Schemes as an Obstacle to Mobility for Researchers in the European Higher Education Area

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Summary of Proceedings

The goals of creating a knowledge-based economy and a European Research Area (ERA) have received ever increasing attention. The EU-wide discussion on the Lisbon Agenda reveals a growing awareness of the fact that research and researchers – whether in the private sector or at publicly funded universities and research facilities – represent the heart of Europe's future competitiveness.

Improving the attractiveness of research careers and promoting mobility, not only within the ERA, but also throughout the extended European Higher Education Area (EHEA), are widely viewed as the requirements for successfully developing excellent teaching and research in Europe. The importance of mobility was emphasised by the 46 Bologna ministers in their London Communiqué (May 2007) as well as by the Members of the EU Competitiveness Council (Internal market, Industry and Research) in Brussels (23.11.2007). The Report of the ERA Expert Group 'Realising a single market for researchers' (2008) further stresses the importance of mobility identifying 'policy options' to ensure 'more attractive careers for researchers and to progressively eliminate the obstacles hampering their mobility' (p7).

This report identifies the relationship that exists between the attractiveness of research careers, the importance of mobility and the demand for 'researcher-friendly social security and supplementary pension systems'.

Growing awareness of these relationships and, more specifically, concerns that issues associated with pensions may hamper mobility and that mobility may generate serious problems for mobile researchers' pensions status encouraged the HRK to host an official Bologna Seminar. This seminar followed the 2007 London Conference and anticipated the 2009 Leuven/Louvain-la-Neuve Minister Conference.

The seminar, "Penalized for Being Mobile? National Pension Schemes as an Obstacle to Mobility for Researchers in the European Higher Education Area" took place in June 2008. It was attended by 110 European experts from universities, mobility centres, national and regional governments, the European Commission and representatives of private pension schemes.

The seminar included a review of selected case studies and recent research evidence, illustrating the impact of on-going academic mobility on pensions status. A series of working groups then provided the opportunity for participants to raise concerns and discuss policy options.

This short report provides an overview of the key substantive issues discussed at the Seminar and their policy implications. Moreover discussions also focused on the process of change. It also sought to carefully contextualise this within a sound understanding of the dynamics of research careers. The report is therefore organised into three broad sections:

1. Defining the 'Problem'
2. Supporting Effective and Evidence-based Policy-Making Processes
3. Identifying Policy Options

Section 1

'Problem' Definition and 'Causation'

Effective policy-making demands a clear understanding of the phenomena in question. Many of the issues discussed relate not to the technical matters of preserving and transferring accrued pensions rights but more broadly to the nature of employment, working conditions and career development within universities. The following section distinguishes causal factors linked to the nature of scientific employment from more 'pension specific issues'.

The Employment Context

The following 'characteristics' of research careers were identified by participants as key factors shaping engagement with supplementary pensions schemes (and investment for retirement more generally):

- The extended 'pre-employment' qualification period,

The extended 'pre-employment' qualification period, including the first degree and a Masters, delays the opportunity to engage with pensions schemes (contribute). In some countries where degrees have been shorter (such as the UK) this might delay possible contribution until the age of 21 or 22; in other countries (such as Germany or Portugal) graduates are often older. This level of diversity can be expected to diminish with the development of the Bologna Process.

- Employment Insecurity

High levels of employment insecurity, including the use of fixed-term contracts particularly on externally-funded post-doctoral positions inhibit 'voluntary' contributions. Uncertainty over future career development and whether or where researchers will secure permanent employment, generally discourages engagement with voluntary schemes.

A number of more specific dimensions to the employment status include:

- non-taxable/insurable 'student' status for doctoral researchers in some national contexts extends the 'pre-employment' qualification period for a further 3 or 4 years, delaying contributions
- the use of distinctive non-taxable/insurable 'fellowship' status especially in international and mobility post-doctoral fellowships, delays contributions¹
- privileged 'civil service' status for established researchers providing secure pension rights and generous employer contributions, inhibits mobility.

- Low remuneration

Low remuneration in research careers, relative to careers demanding similar qualifications and experience, coupled with high living costs in research locations (especially in global cities) restricts the affordability of supplementary pensions. In such contexts pensions take a relatively low priority in comparison with such factors as accommodation, living costs and childcare.

- Mobility Patterns and Career Progression

The specific emphasis placed on mobility in career progression systems, results in on-going, repeated and often geographically diverse forms of mobility. Unlike other forms of mobility (such as corporate mobility for example) researchers are primarily moving on their own initiative and with relatively low, if any support (between jobs rather than within jobs).

They are usually moving as public sector employees.

¹ Participants were alerted to the fact that legislation is currently in place to promote the non-discrimination principle. These provisions could be actively promoted to prevent institutions from developing specific schemes, with limited social obligations and responsibilities, targeted at non-national researchers.

- Grant Funding

The nature of research funding and its relationship with working conditions (contractual security and remuneration, for example) requires the involvement of all stake-holders (including research funders). In the case of externally-funded positions (typical of post-docs), it is often difficult to pin down where financial and corporate responsibility for pension provision lies (with the funders or employers).

The extent and nature of these factors (the extended 'pre-employment' qualification period, insecurity, pay, mobility patterns and funding mechanisms) reflects the quality of career progression systems and working conditions which vary significantly between countries, institutions, sectors and disciplines (field).

Pensions Specific 'Problems'

The general features of research careers in some cases prevent and in others deter membership of statutory and supplementary schemes.

The Seminar also identified more specific factors related to the operation of supplementary schemes themselves. These included:

- Marked complexity and diversity in the organisation of pensions systems (national, regional and institutional) contributing to information deficits.
- Marked and continued diversity in the predicted purchasing power of pensions (in the context of mobility)
- Declining trust in statutory and supplementary pension schemes and the predictability of returns on 'investments'
- Extensive 'vesting' periods deterring entry into and limiting the value of contributions²

Section 2

Supporting Effective and Evidence-based Policy-Making Processes

The question of how best to develop policy or to promote action in this area was seen as key to a successful outcome. The following issues were identified:

- Pragmatism

There was a consensus that, where possible, full and imaginative use should be made of using existing legal and policy mechanisms (at least at this stage) rather than 're-inventing the wheel' or engaging in more radical developments which may generate their own problems.

- Partnership and Shared Responsibility

A strong consensus also emerged supporting the need to fully engage with all stake-holders, agencies and individual researchers in order to ensure comprehensive and participatory policy-making.

The European Commission within its current Communication to the European Council and the European Parliament "Better careers and more mobility: A European Partnership for Researchers" (23.05.2008), proposes a partnership with the Member States. This partnership is designed to promote a number of actions that have been identified as priorities including meeting the social security and supplementary pension needs of mobile researchers.

² This was highlighted as a problem in the German context specifically but not exclusively

These efforts therefore have to be considered in this context. The partnership approach offers the opportunity for close cooperation in the framework of the European Research Area and the European Higher Education Area concepts. The Communication invites Member States to adopt national action plans setting out specific objectives and activities.

Relevant stake-holders were identified as including:

- The employers of researchers (universities and research institutes)
- The funders of research contracts (research funders)
- Bodies representing researchers (social partners and the European Universities Association, for example)
- Pensions providers (in the statutory and private sectors)
- Individual researchers themselves

Shared responsibility and effective engagement with all stake-holders was also seen as essential to the promotion of joined-up thinking – both horizontally within the European Commission and National Governments and vertically to ensure dialogue between all the actors involved at these different 'levels' (European, National, Regional (Federal) Institutional).

- **Evidence-based Policy**
Participants were acutely aware of the risk associated with policy interventions. Full engagement of stake-holders to support effective participatory planning is one means of avoiding policy externalities ('collateral damage'), ensuring that policy delivers in the way it is intended to and meets the needs of researchers.

Effective policy-making also rests on sound evidence. This process can be significantly aided by careful research and sensitive forms of ex-ante impact assessment. The emphasis in such research endeavours should be on assessing the views of individual researchers in order to promote individual autonomy and agency and informed decision-making (see below).

- **Simplicity and Transparency**
One of the biggest concerns expressed by all parties was complexity and awareness. This led to a recommendation that any policy interventions should seek to reduce complexity and support clarity and certainty.

Section 3 Policy Proposals

Using Current Initiatives and Policy Momentum as the Vehicles for Change

As noted above, there was a strong sense that it was better to utilise existing opportunities and work with current policy agenda and momentum. This reflects both a sense of pragmatism but, more importantly, a concern that many of the causal factors identified as shaping the relationship between mobility and pensions reflect more general characteristics of research careers.

Researchers are often moving between positions out of necessity rather than choice and these positions are often unattractive. On that basis a strong mainstreaming element would improve the position of all researchers, especially at early career stage and support all forms of mobility. Research institutions presently rely upon fixed-term employment contracts as a source of flexibility. It is important that in seeking to promote employment stability for researchers, a level of flexibility is maintained within the system.

Research institutions should carefully plan how they will match labour needs with short term grant funding in a way that conforms with the letter and spirit of Directive 1999/70/EC on fixed-term work. The Directive envisages that contracts of indefinite duration should be the general form of employment relationship whilst fixed-term contracts are appropriate where they respond to the needs of both employers and workers. The Commission Communication on a European partnership for researchers flagged up the importance of attractive employment and working conditions for researchers in the EU (COM(2008)317 final).

The Researchers' Charter and the Code of Conduct for the Employment of Researchers

The Charter and Code were designed to improve the attractiveness of research careers. They are a core constituent of the European Research Area Process. As such the measures proposed constitute a vehicle to support the mainstreaming of researchers' employment rights, working conditions and career progression systems.

This policy initiative promises greatest impact in terms of the factors identified in Section 1 (pre-employment qualification period, insecurity, pay, mobility patterns and their relationship with career progression systems and funding mechanisms).

Improving the quality of employment in early career research would increase the financial autonomy of researchers and encourage them to exercise independent and informed decision-making (and to be able to afford to action it). Advances in this wider arena would reduce the need for more paternalistic or prescriptive policies or 'special' measures.

Participants were also keen to utilise the opportunities generated by the Bologna Process (and the development of the Common European Higher Education Area) to advance these more general issues and extend them to a wider group of countries.

In the longer term, participants were keen to encourage policy-makers to situate policy in the field of pensions within a wider commitment to the improvement of social security and working conditions for all researchers.

Supporting Informed Decision-Making and the Exercise of Agency

Information deficits were identified as perhaps one of the greatest problems facing researchers who move between jobs, between sectors and between countries.

Even if the quality of research careers increased the financial viability of pensions, researchers would need significantly improved information and advice to mitigate the impact of mobility on pensions and support sustainable mobility.³

The European Commission has called for more accurate information on the implications of moving between jobs, countries and sectors for researchers. It specifically identifies the need for more targeted information on pensions as one of the proposed priority actions:

"Commission and Member States [need] to ensure that researchers and their employers have access to readily available and targeted information on the application of EU social security rules and on the implications for supplementary pensions of transnational mobility, including through improving existing sources at EU and national level such as the Eulisses website" (COM(2008)317 final: 8).

At the present time researchers suffer from a lack of accurate, reliable, co-ordinated and comprehensible information and advice. Many researchers simply do not understand the pensions situation and are unable to assess the impact of moving on their future financial status in retirement.

³ Better information on pensions not only promotes mobility but also, critically aids return moves.

Participants were clear that providing more information or more information providers, alone, will not solve the problem. Researchers need sound financial education to promote awareness of the importance of pensions.

One suggestion was that pension issues become part of doctoral training and/or institutional induction.

Advice on Pensions is a complex issue and derives from a range of sources including:

- Mobility Centres
- On-line, internet, advisory systems⁴
- Research Funding Bodies
- Higher Education Institutions [HEIs] (including a disparate range of potential source such as human resource departments; international or European offices, research units and higher degree offices)
- Pensions Providers
- Dedicated centres to support mobile researchers (such as Foundation Nationale Alfred Kastler, France)
- Where affordable, independent financial advisors.

Participants agreed on the degree of complexity and diversity and the need for improved co-ordination. However different opinions were expressed as to where the main locus of activity should be. Some argued for a strengthening of Mobility Centres to enable them to give direct advice to researchers.

This 'option' was felt by others to be of limited value, however. Mobility centres may be located some distance from institutions or personnel at these centres may lack adequate training on pensions.

Furthermore, if it is recognised that pensions issues reflect more general characteristics of research careers and affect all forms of mobility (between jobs, sectors, regions and countries), then a more mainstreamed approach is required. Such an approach would place direct responsibility on the institutions responsible for the employment of researchers.

This approach runs less of a risk of marginalising the needs of geographically mobile early career researchers and encourages institutions to ensure that all their staff, irrespective of contractual status, are treated equally.

Participants felt that while many bodies within universities had a responsibility for researchers (including for example international offices or research finance offices), the 'proper' location for the provision of this kind of information and advice is within the main body of institutions' human resource function.

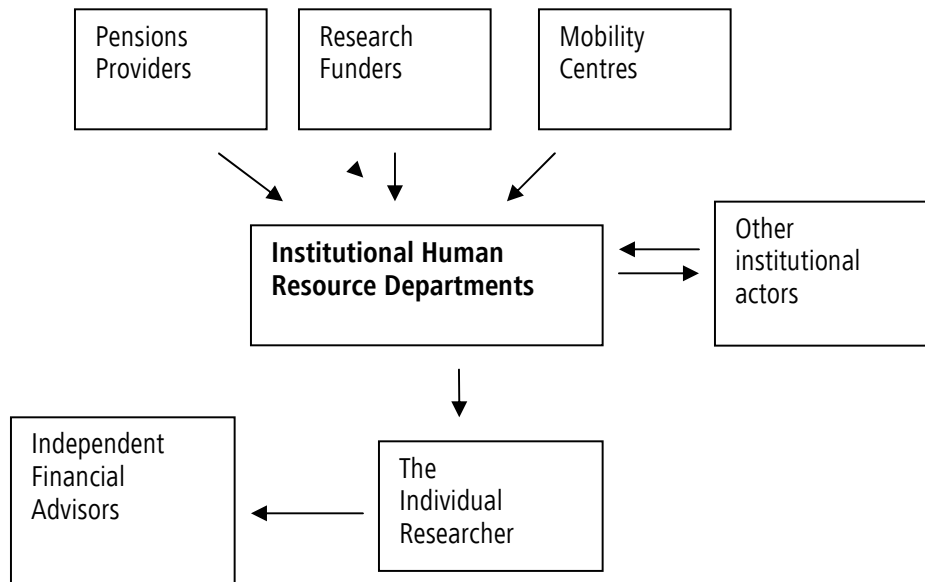
Institutional Human Resource Departments were identified as the optimal conduit for information flows and the 'natural' body to interface directly with individual researchers. They should provide carefully tailored, personal advice (as they do for most permanent academic staff). This may require additional training and the provision for dedicated staff specialised in pensions.

This does not take the pressure off other agencies. Indeed there was strong concern that Mobility Centres should be enabled to provide better information and to organise networks of experts in the relevant institutions. Pension providers should issue information packages in different languages and help to organise the training of institutional human resources experts.

A 'cascade' system was considered useful to improve the flows of information and to apportion responsibility more effectively.

⁴ Participants called for better use of existing structures such as ERAMore/Euraxess and EUlisses website http://ec.europa.eu/employment_social/social_security_schemes/eulisses/jetspeed/

Proposed Information Cascade



New Pensions Products?

Many participants expressed some surprise that pensions providers both in the supplementary and private sectors had not exercised greater initiative in developing more innovative and flexible pension products, tailored to the needs of an increasingly mobile knowledge economy – and the flexible labour markets associated with this.⁵

Once again this type of initiative needs to be underpinned by sound research on consumer behaviour and career contexts.

Whilst many participants placed an emphasis on the role of private providers in this area, others expressed disappointment at the reluctance of existing supplementary pensions providers to respond to the needs of the wider population of researchers (rather than the needs of staff in traditional permanent positions).

Pensions Top-ups?

One idea shared by participants was to place a responsibility on research funders (in the main) to provide ear-marked 'top-up' support for pensions purposes only as a component of the 'compensation'⁶ or 'remuneration package'.

⁵ The European Commission's Communication on Flexicurity identifies new forms of social security provision as a component of flexicurity COM(2007) 359 final adopted 27 June 2007.

⁶ The concept of compensation is widely used in mobile careers in the private and NGO sector to provide incentives for certain forms of mobility.

A National Pensions Register?

Participants considered the idea of creating a tool for surveying national pension rights through a National Pension Register.

This tool could be developed for teaching and research staff as a pilot group. The register would consist of a data bank and a user friendly, internet based application that could be accessed by mobile staff with a password at any time to receive reliable information on pension rights.

A Pan-European Pensions Scheme for Mobile Researchers?⁷

Participants discussed the concept of setting-up a European pension fund for researchers (for supplementary pensions) based on the IORP Directive of the European Council and the European Parliament of 2003. Such a fund could potentially ease the situation of mobile scientists as they would have only one institution to communicate with in regard to their occupational pensions until they reach their pension age.

The fund would coordinate different payments of pension according to the national rules and tax regulations. There was some concern over how this might work in practice and how it would interface with existing (compulsory and/or employer subsidised schemes).

A European Commission document, for example, notes that participating in a pan European pension scheme would "require the possibility of opting out where researchers are obliged to participate in a domestic pension fund by law" (COM(2008)317 final: 7).

Further Research to support evidence-based policy-making

Participants encouraged further research placing responsibility on all stake-holders to support such work. Once again there was concern that any research should be taken in partnership rather than in isolation.

Two specific suggestions were mooted:

1. The first was specifically concerned to design and evaluate a feasibility study to assess the potential of a pan-European pensions scheme (above).
2. The second represented a more general desire to support evidence-based policy-making through the funding of a larger cross-national study.

General Rapporteurs: Professor Louise Ackers and Dr Liz Oliver, University of Liverpool

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⁷ In the context of the elements of 'causation' discussed above (Section 1) participants questioned whether it was possible and justifiable to distinguish research careers from other forms of employment-related mobility and afford researchers 'special treatment'.

In conclusion, participants felt that although research careers had special features (described above in Section 1), other mobile knowledge workers often face similar issues. It was also important to remember that researchers also work in the private sector, in industry, and care needs to be taken not to discourage this form of inter-sectoral mobility by distinguishing academic researchers.