

Comments Template for Discussion paper on a possible EU-single market for personal pension products		Deadline 16 August 2013 18:00 CET
Name of Company:	ASSOCIATION OF INTERNATIONAL LIFE OFFICES, Luxembourg	
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Question	Comment	
General Comment		
Q1	<p>The list could be extended to include:</p> <ul style="list-style-type: none"> • Benefits at retirement normally one of or a combination of a lump sum part or all of which may be used to provide an annuity for life or a fixed term or an accumulated fund which may be drawn down. • Provision for benefits to beneficiaries pre or post retirement. 	
Q2	<p>EIOPA should focus more on DC schemes DB schemes are less and less available or affordable (as the economic conditions encourage both employers and providers to transfer investment risk to the individual).</p> <p>Elements to be regulated in order to create a single market should include:</p> <ul style="list-style-type: none"> • Recognition of schemes for both taxation and social reason throughout the EU. • Focus on retirement. Product duration to coincide with normal retirement age (including options for early and late retirement). • Pre and post contract disclosures. To include annual reporting of accumulated “pension pot” and scenarios of possible real value as income at retirement to enable adjustment to contribution levels. It would be necessary to regulate the assumptions used to ensure realistic and consistent. • Acceptability of asset classes and indeed banning of use of assets deemed not suitable for a pension product. 	

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	<ul style="list-style-type: none"> • Portability and transferability between providers and Member States. • Contribution flexibility (including preservation of benefits) to enable lifestyle changes (such as change of job/redundancy/ill health and disability). • Provision of advice both when commencing a plan and ongoing. To include contributions required to achieve desired income at retirement, changes to personal circumstances, changes to investment risk appetite, need to counter changes due to stock market or other financial conditions. • Ensure the maximum availability of advice to all individuals whether by payment of a fee or commission to the advisor or a combination of both agreed by the parties. • Protection pension pot in event of failure of the product provider and rules to protect it from creditors of the individual. 	
Q3	<p>Yes. There is currently much regulatory variation particularly with disclosure requirements. The proposed PRIPS/KIDIP KID would address some of these issues. If PPPs where the individual assumes the investment risk are excluded then it would not assist the individual in deciding whether to take a contract as a pension or non-pension product [see Q39]</p> <p>In addition, PPPs may in some Member States be offered not only by insurers but by fund managers and banks so that there could be disparity in prudential regulation.</p>	
Q4	<p>Opportunity for providers to achieve economies of scale (the more so with a 2nd regime). For the consumer this can mean more innovation in products, more choice and better value for their contributions. In addition, enabling portability would assist with freedom of movement.</p> <p>Opportunity would also be available to increase consumer protection for PPPs throughout the EU.</p>	

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Q5	AILO considers the second definition to be better. However, we would be concerned to ensure there should not remain doubt in respect of some current and possible future innovations. For example, would products such as QROPS and SIPs (as defined in UK tax legislation) be considered to be PPPs? Perhaps adding words at the end of the definition such as "... and including transfers from any pension plan or scheme". See also answer to Q14 below.	
Q6	Yes, we see no reason to treat these differently from other PPPs.	
Q7	We do not believe that to be possible in the absence of agreement on a definition of a PPP and common principles of taxation (for example EET). [see Q14/15 below]	
Q8	Aside from taxation issues, there could be merit in developing a framework. Key obstacles would be differences in prudential treatment of guarantees and interest rates across Member States. A further obstacle could be differences in regulatory treatment and capital requirements by transfer to a product regulated by a different authority.	
Q9	We are unable to comment on banks and UCITS. EIOPA has already identified obstacles for insurers. It could be that the possibility to include death benefits in an insured PPP may also create obstacles to transfer to or from a non-insurer. "General good" represents a further significant obstacle when Member States use it for protectionist or disproportionate reasons. A classic example of the latter is where Member State A insists that contract charges for a unit linked insurance are taken by cancellation of units, while Member State B insists these cannot be taken by cancellation of units.	
Q10	No, unless Member State could reach a compromise agreement on, for example, asset rules and interest rates to be used in the case of insurers. It would be critical to ensure similar provisions applied to other sectors, otherwise arbitrage would be likely.	
Q11	None identified.	

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Q12	<p>To our knowledge, foreign PPP providers' products have to adhere to local rules to obtain host State tax treatment. In the case of a Freedom of Services provider this can mean agreement to provide directly (or through a fiscal representative) information on PPP holders. Those holders would then obtain any tax allowance and pay any tax due to the tax authority.</p> <p>In the case of an Establishment then adherence to local tax requirements can enable payment of contributions net of any tax allowance and receipt of income net of tax.</p>	
Q13	<p>There remains the possibility of a Member State authority imposing apparent discriminatory rules creating a period of uncertainty. It may be necessary to spend time and money to take matters to court to obtain a judgment on non-discriminatory treatment.</p>	
Q14	<p>We consider that transferability requires harmonisation of tax treatment for otherwise freedom of movement of workers is inhibited. As indicated in the discussion paper, Member States operate different bases of tax treatment which can, at the extreme, lead to double taxation or indeed no taxation. As well as these disparate approaches there is divergence as to what constitutes a pension. For example, in the UK and Ireland the bulk of the pension "pot" has to be used to provide a pension, whereas in Germany the product can be cancelled and the "pension pot" taken at any time. Thus harmonisation requires not just changes to taxation strategy, but agreement on a definition in more detail than anticipated in Q5.</p> <p>Portability should be considered alongside transferability, as the same tax issues apply (and others where a change of country is concerned). [See Q15 below].</p> <p>Perhaps these difficulties might suggest that a voluntary 2nd regime might offer a compromise solution?</p>	
Q15	<p>Whilst EUCJ decisions provide that discriminatory tax provisions against the holders of pension products effected with providers resident in other EU States (provided they meet local definitions</p>	

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of a pension) are inconsistent with EU law, there remain practical difficulties. In the example, it is assumed that the State B provider will have arrangements with the tax authorities in State A (either directly or through a fiscal representative) to report the relevant details of products. In the case of a Freedom of Establishment passport this will presumably extend to the collection of taxes by deduction at source where relevant (and perhaps payment of contributions net of tax allowance to be reimbursed by the tax authority, or set off against tax due). In the case of a Freedom of Services passport it is assumed that it will be for the tax authorities to collect any tax direct from the individual and grant any tax allowance although (subject to any data protection concerns) it may be able to provide details of product holders via a fiscal representative.

Practical issues raised include:

- Does the provider have a passport into State C? (It may have no intention of ever carrying out business there, so how can movement of a contract holder impose passporting obligations?)
- If no passport then how can the tax authorities obtain valid information to apply the State's tax laws?
- Can it consider using automatic exchange of information with State B's tax authorities to solve the problem?
- How can the individual be taxed, or obtain tax allowances?
- Are there restrictions on the level of tax-deductible contributions?

Q16 We are not aware of any of our Members having direct experience of 1st pillar bis products. However, from the information available it does seem that these have attributes more associated with social and labour law.

Q17 PPPs can be provided by providers authorised in different ways – insurers, fund managers, banks and so subject to non-harmonised requirements (although the proposed PRIPS KID would move towards some degree of harmonisation).

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	The IORP Directive could be a useful base to work from, but as indicated in other answers, key to a single market is the resolution of taxation issues.	
Q18	See answer to Q16 above.	
Q19	None identified.	
Q20	<p>AILO does not consider that passporting alone provides a sufficient framework, owing to the divergent Member States' approaches to a definition of a pension, taxation rules, contract law and "general good" requirements.</p> <p>A 2nd regime could offer the opportunity to develop the single market for PPPs. As identified, such a regime would have to be based upon a Regulation, thereby ensuring harmonised application across all Member States. It would operate as an alternative to the national rules and would be freely subscribed to by providers and PPP holders should they wish. To be a viable proposition and avoid, for example, double taxation, all Member States would need to agree to vary their existing taxation provisions with perhaps unilateral or bilateral agreements, to enable provision of information to tax authorities to ensure correct taxation. [See answer to Q15 in respect to differences on receiving tax allowances/collecting tax for Freedom of Establishment and Freedom of Services providers]. Ultimately this could give impetus to harmonisation of taxation of PPPs across the EU.</p>	
Q21	<p>It should be designed with simplicity in mind and based on existing prudential regulation. If the 2nd regime is to gain critical mass in contrast to the extreme complexity of some of the Member States' regimes it should also allow for reasonable advisor remuneration. It should be designed to enable providers (subject to their regulatory authorisation) to offer accumulation products (including for dependents and for disability), decumulation products, or a combination of both. PPP holders should be able to compare with ease products from different providers, sectors and from different Member States.</p>	

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Q22	<p>As indicated in answer to Q20, the short term possibility is that Member States would agree on a way to ensure that information would be available to Member States from providers to ensure that correct national taxes were collected and tax reliefs and allowances obtained by PPP holders. Use of existing Directives such as the Directive on Administrative Cooperation could be the model. In all of this of course it is essential that taxes are applied in a non-discriminatory manner. The ultimate goal would be harmonisation of taxation of PPPs across the EU, which would also provide PPP holders with greater certainty, for it would no longer be possible for a Member State to impose new taxes on, for example, accumulating” pension pots” without the agreement of all other Member States.</p> <ul style="list-style-type: none"> • Differences in respect of contract law should be addressed. While this is currently being considered by DG JUST in the context of European Insurance Contract Law, it should also embrace other PPP providers and products for the 2nd regime. • Application of the “general good” varies widely across member States and can be used as a protectionist barrier to cross border trade. The Commission should be encouraged to revisit the Interpretative Communication on the insurance sector 2000/C 43/03 and, if applicable, for other relevant sectors, to reduce unnecessary burden on providers and avoid arbitrage between sectors and providers. 	
Q23	<p><i>o rules applicable to providers</i></p> <p>Providers should be obliged to make clear and transparent disclosure in line with current best practice and as anticipated by the current PRIPS/KIDIP proposal.</p> <p><i>o accumulation phase (pure DC, DC with guarantees, DB or hybrid?)</i></p>	

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	<p>It is suggested that only DC should be offered in order to have the greatest chance of obtaining unanimous agreement from Member States. Differing prudential requirements, at least for Life Assurance providers, would be relevant to offering products with guarantees. In any event, DB is rapidly becoming a thing of the past.</p> <p><i>o pay-out phase including benefits (e.g. should the benefits include only annuities, or also programmed withdrawals and lump sum payments?)</i></p> <p>Maximum flexibility would be preferable from the consumer point of view at this stage. Currently, choice of benefit will be driven by varying tax treatments as much as consumer circumstances such as impaired life etc. That should not be the case. Tax should be neutral on whatever form of payout to consumers.</p> <p><i>o product design (e.g. investment rules)</i></p> <p>These should follow current prudential requirements and disclosure documentation such as the proposed KID for PRIPS/ KIDIP. The design should better reflect the reality that many “products” are in fact wrappers and so clearly identify the parties who should produce information and those who should distribute it (including by websites).</p> <p><i>o consumer protection aspects.</i></p> <p>[see Q26/27below]</p>	
Q24	It should comprise product rules only. This would mean that the rules could be as simple and straightforward as possible and provided in a model format.	
Q25	We do not envisage that the capital requirements for the different sectors could be harmonised. The sector requirements and risks are different and should continue to reflect that.	
Q26	PPP holders should be ‘advised’ – in person, or by documented simple guidance (for more simple products). Any conflicts of interest should be disclosed.	

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At the outset:

- Based on life expectancy and inflation assumptions, how large a “pension pot” they should be aiming for to cover a lifetime annuity following retirement, at a reasonable level.
- Based on conservative growth assumptions, and contribution growth assumptions, what level of contributions they should be aiming to pay now, given their age. This should be compared to affordability and the profile adjusted to accommodate their starting point, perhaps in 10 year tranches.
- Assistance in establishing their attitude to risk, ideally through the use of internet risk profiling tools, or by tools used by their advisor.
- The different provider options should be detailed and choices made as to which type of product/provider would best suit the PPP holder.
- Assuming independent advice is received, once the product type is selected then a review of various providers and their products should be made including: history, standing and regulatory status of the providers, (address details of each provider’s websites), product and investment profile option details, and a number of options offered for consideration. Charges (RIY or a monetary basis) should be detailed. Consideration should be given to death benefit options available in the products to protect dependents (current and future).
- Any PPP holder protections in place, for provider failure.
- A broad outline of possible tax treatment on pay out should be discussed – but noted that

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tax treatment changes over time and depends on tax residency.

- Warnings should be made about investment and currency risk, and any assumptions made, and the possible pitfalls over time – i.e. what to watch out for.
- Flexibility and portability should be disclosed and any early redemption options and penalties.

During the accumulation period:

- At least annually, the PPP holder should be provided with details of all contributions paid (and total to date) and all charges taken. For a unit linked product, this should include units added and unit prices, as well as any units cancelled and cancellation prices.
- At least annually the value of the “pension pot”, including potential purchasing power at retirement – on at least 3 assumptions: pessimistic, optimistic and median.
- Information on increasing/reducing/ceasing contributions, and illustrative assumptions as above.
- For PPPs where the holder can choose assets, access to KID type information on the chosen assets and alternatives available.
- How to add/remove beneficiaries.
- Details of any relevant taxation changes.
- Advice should be available if required, and at least life-stage sample guidance. i.e. more

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	<p>risk at the outset and less risk nearing retirement – based on age bands.</p> <ul style="list-style-type: none"> • Where internet access is available, access to modeling/profiling tools. • Details of retirement options- early, normal and late and ability to transfer “pension pot” to a different decumulation provider. <p><u>Differences re advice on the IORP</u> - While the benefits provided by a DC IORP will still result in the individual having the investment risk, the investment decisions will not be made by the individual or their advisors. The PPP products may well be provided by one entity using investment instruments provided by another, as detailed in answer to Q 30. The disclosure documents of selected assets and alternative investment options should be produced by those who manage those assets. The distribution of those documents should be by the PPP holder’s intermediary or by the holder obtaining themselves from the manager of the asset, either on paper or from the website. The product provider should disclose the impact (RIY or monetary) on any layered asset charges from within the administration of the product itself. As the choice of assets could be immense, we would suggest that any illustrative costs should be based upon generic asset charges to reduce complexity and cost of production and to make product comparison easier.</p>	
Q27	<p>Must know:</p> <ul style="list-style-type: none"> • Type of Product with signpost to access the full details. • Product choices such as possible guarantees, death and other benefits and investment choices. • Attitude to investment risk and anticipated retirement income need. • How much to contribute to match anticipated income need based upon illustrative projections of “pension pot” at retirement based on three growth assumptions. • How to change contributions (increase/reduce/cease). • How to take out a PPP. 	

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	<ul style="list-style-type: none"> • Taxation of contributions and benefits. • All associated costs, including distribution and assets. • Cooling off/cancellation rights. <p>Should Know</p> <ul style="list-style-type: none"> • How to switch investment choices and make lifestyle changes. • Objectives and risk characteristics of any chosen assets. • How to transfer to another provider/product type and any costs involved. • Portability (if available) to continue in another Member State. • Preservation of benefits if contributions cease and any ongoing costs. • Benefits (if any) available to spouse/partner, dependents. • Detailed legal and contractual information. • How to complain. <p>Nice to Know</p> <ul style="list-style-type: none"> • ‘Key considerations’ guidance when selecting a PPP product/ provider. <p>Best way to make it easy</p> <ul style="list-style-type: none"> • Provider web-site/ advisor web-site. • If internet, client site or tracking service, availability to follow product performance. 	
Q28	<p>What information – see Q27above.</p> <p>Best way to make it easy Advice provided by competent pension intermediaries supported by provider documentation, with every item of literature in each layer clearly described and with cross referencing/sign posting - ideally in categories posted on the provider’s website.</p> <p>Availability of any third party assistance such as The Pension Advisory Service in the UK.</p>	

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Q29	<ul style="list-style-type: none"> • Given mortality statistics – how long would I be expected to live after retirement? • Given inflation assumptions – how big a minimum pension fund should I be aiming for? • Given my current age, and based on conservative growth assumptions, how much should I be saving now? 	
Q30	<p>The behavioural purpose would be to aid comparison of assets and give an overview understanding.</p> <p>Many PPPs will in fact be “wrappers” which will incorporate a number of assets, many of which will have their own KII/KID. The risk aspects of the KII/KID will not be relevant to the wrapper, but only to the underlying assets. Our view is that so long as an individual can use the same assets for pension or non-pension purposes then the same disclosure information should be provided. If a pension product is established using, say, ten different UCITs then it could be unrealistic if all had the same risk rating, as that would be unlikely to reflect the PPP holder’s overall risk attitude – hence emphasising the need for independent advice.</p>	
Q31	<p>Risk profiling tools are commonly used by intermediaries and offered by many product providers to assist in assessing the individual’s attitude to risk. Reference to such tools, which are intended to be used over a long time frame, could be useful for PPPs.</p> <p>The synthetic risk reward indicators (SRRI) used for UCITs are not easy to understand by individuals, as they are totally abstract. An individual is more likely to identify with a visual presentation such as a graph or bar chart. Of course, any of these three approaches has to be based on historical information. There is perhaps an added risk that a SRRI with seven categories might tempt PPP holders who were not receiving investment advice, to simply choose assets with an intermediate numerical category irrespective of other merit. As indicated in answer to Q30, this would generally be inappropriate, as the PPP could be made up of a number of UCIT assets which might sensibly have varying risk ratings, from low rewards to high rewards. The attitude to</p>	

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	risk established by the independent advisor or risk profiling tool would be unlikely to reflect the indicators of individual assets.	
Q32	The use of investment horizons could provide a more understandable concept than risk/reward indicators for potential PPP holders of products where they carry the investment risk. In theory data target/ life cycle funds present a means by which assets can be rebalanced as the time horizon shortens, aiming to reduce the risk and volatility gradually as retirement nears. If viewed in the context of the pre-retirement phase then that may suit some PPP holders if they intend to use the funds to purchase an annuity. If the intention is to leave the fund invested to use for drawdown purposes, then some assets will logically continue to have significant risk and volatility as the fund could be intended to last for a further 20/30 years or more.	
Q33	<p>Pre contract: all actual product costs should be disclosed. For a “wrapper” where the PPP holder has the choice between perhaps hundreds of different assets, then only generic cost information for the assets by type should be illustrated. This will avoid disproportionate costs to the provider or distributor and an overload of information for the PPP holder. The actual explicit costs associated with each actual asset chosen will be disclosed in the KID or other literature for the asset provided by the distributor.</p> <p>Ongoing: annual (or more frequent) statements should show not only all contributions in the period, but also all charges (and if taken by cancellation of units, the price of units and the number cancelled).</p>	
Q34	Individuals are likely to have comprehension of figures and react to them. That said, they need to be in a position to understand that they are often long term projections and so need to expect fluctuations. Presentation of projections on pessimistic through to optimistic bases can help individuals (with the assistance of their financial advisor) to decide whether to make changes to their level of pension and/or choice of investments from time to time.	

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	<p>They should be provided at least annually, on change to contribution and upon request (though ideally individuals should also have safe internet access to their information at all times).</p> <p>Such illustrations can help to illustrate both the performance of the product year on year and the associated risks where the value may fall and rise. Opportunity is thus presented to enable consideration of changes to asset choices if available, product and type/ provider and contribution levels.</p>	
Q35	See Q31-34 above.	
Q36	<p>Paper, provider and distributor internet websites and secure client extranet facilities are appropriate mediums.</p> <p>Key product/asset features should generally be provided in paper form such as a KID along with any documentation which requires signature by the PPP holder – though it is possible that this may be provided where a recognized electronic signature is available.</p> <p>For transactions completed at a distance or where requested by the PPP holder then of course access solely to information in durable form provided electronically to the individual's computer should be permitted.</p>	
Q37	<p>It would help PPP holders if there was a standard format for key information irrespective of the market sector. The PRIPS/KIDIP and UCITS KID are of limited help, as they are concerned with investment objectives and risk, which will be largely irrelevant in many cases for the actual PPP product.</p> <p>Certain key features could merit standardization, such as:</p> <ul style="list-style-type: none"> • Product provider information and regulatory status • PPP holder protection schemes 	

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	<ul style="list-style-type: none"> • Product type and high level statement regarding the existence of any guarantees • Contributions and cost and potential “pension pot” projections enabling comparisons of illustrations • Options to change contributions • Options to transfer to other providers/types of PPP <p>Features and choices that require more flexibility in presentation include:</p> <ul style="list-style-type: none"> • Death and disability benefits (and the cost) • The existence of guarantees, such as guaranteed interest rate/ annuity rate/ with profits • “Product” form e.g. is it a wrapper? A platform holding? A life insurance? An individual UCIT? 	
Q38	<p>Such items ought to be drafted in plain language. They should highlight the messages they are intended to put across in a manner which will attract the attention of the individual. They should be written avoiding jargon and complexity, and need to be short (with appropriate sign-posting to sources of additional and perhaps complex information).</p> <p>They may incorporate visual messages as well as text and should stimulate the interest of the individual by clearly showing, for example, the cost of deferring a decision to contribute, or the likely personal opportunities still available post-retirement if adequate funding is made.</p>	
Q39	<p>The proposed PRIPS/KIDIP KID is of relevance to personal pension provision given that individuals may be presented with many alternatives for their discretionary retirement savings. In many instances, those alternatives can use the same underlying investments so it would be confusing to have different information requirements depended upon the legal form of the saving. It needs to be borne in mind that many personal pension and other products are “wrappers” so much information anticipated by the KID relates to the underlying asset choices made by the individual regarding investment risk, risk appetite and risk categorisations.</p>	

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Q40	See answer to Q26 –“during the accumulation period”.	
Q41	<p>Must Know:</p> <ul style="list-style-type: none"> • Current value of accumulated “pension pot” with projections of purchasing power at selected retirement date on at least 3 assumptions – pessimistic through to optimistic. • How to change contributions to match desired income need (including projections as above). • How much contributed in last year (gross and net) and total to date. • Changes in value of accumulating fund and individual assets over last year. • Own attitude to investment risk. • Taxation of contributions and benefits. • What happens on death. • Options available on early or late retirement, for example open market option. <p>Should Know</p> <ul style="list-style-type: none"> • How to switch investment choices and make lifestyle changes. • Objectives and risk characteristics of any chosen investments. • How to transfer to another provider/product type and any costs involved. • Preservation of benefits if contributions cease and any ongoing costs. • Portability (if available) to continue in another Member State. • Benefits (if any) available to spouse/partner. • Any limits on tax allowable contributions. • Detailed legal and contractual information (which would be signposted in earlier information). <p>Nice to Know</p> <ul style="list-style-type: none"> • Access to information on individual asset choices. 	

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	<p>Best way to make it easy Advice provided by competent pension intermediaries supported by provider documentation with every item of literature in each layer clearly described and with cross referencing/sign-posting - ideally in categories posted on the provider's website.</p> <p>Availability of an independent third party, such as The Pensions Advisory Service in the UK.</p>	
Q42	See Q34.	
Q43	<p>We assume that "switching" refers to transfer of the "pension pot" to another provider. In either situation information should include:</p> <ul style="list-style-type: none"> • The value of the "pension pot" (and any charges to be deducted and details of any tax due). • Formalities needed to carry out the request (including details of the new provider where relevant). • Suggestion to ensure they receive advice, as there may be other more appropriate options (for example, in the case of termination at retirement date, open market options for annuities). 	
Q44	Ideally yes - see Q45 below.	
Q45	<p>Tracking services can be useful tools. Such tools could be provided by:</p> <ul style="list-style-type: none"> • A body established at governmental or regulatory level to provide information on individual's accruing first pillar retirement benefits. Additionally, such a service could be 	

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extended to include information on second pillar provision. It should be for the national regulator to decide from time to time the assumptions to be made in projecting first and second pillar entitlement into estimates of retirement income. Account would need to be taken of the fact that more and more second pillar provision takes the form of DC schemes. Such information provides invaluable insight into the degree of pension shortfall/increased savings the individual needs to make.

Establishing such a service from scratch would require cost /benefit analysis and would be expensive in time and money to establish. Once established it ought to be possible to extend to PPPs.

- Private organisations have a role to play and some do so currently in providing tracking services for some private provision (which may extend to a consolidation of information on non-pension savings as well). Such information may include assumptions in respect of the individual's first and second pillar provision. To be most effective and easily accessible such services should be internet based.

Q46

Format of the main headings of information should be standardized as far as is possible, with flexibility underneath to take account of different sectorial products and differences in taxation, to maintain consistency and simplicity. Differences in taxation and product type may require different parameters – for example, pension pot with no guarantees/with guarantees (such as with profits and guaranteed interest rates).

Q47

If the individual has an independent advisor then they should be the primary source of ongoing information and regular review of needs.

As many PPP holders will not have an established advisory arrangement, then it will be incumbent on the PPP provider to ensure the necessary information is provided. This may take the form of paper information, or (more and more) by the PPP holder having access to a secure extranet

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	account following email alerts to new information.	
Q48	Annually, plus ad hoc updates regarding investment changes or consumer initiated change in the planned programme or product.	
Q49	<p>Life events: can require specific information dependent upon the event, for example changes to contributions, change to partners, early or ill health retirement.</p> <p>Contractual: Such changes would have to be by express agreement of the parties and so would require specific information.</p> <p>Taxation: Any such changes should be advised and could result in changes to the amount of contribution or pension payment. This could include change of address to a new country of residence.</p> <p>Regulatory: If the change impacts directly on the PPP holder and their expectations then they would require information.</p>	
Q50	<p>Details of:</p> <ul style="list-style-type: none"> • Possible pension or pension tax advisors. • Withdrawal from PPP – what are the penalties / tax implications? • Contribution holiday? What will be the effect on likely pension income if the individual cannot make up the contribution shortfall? • Early and late retirement options. • Topping-up the PPP. • Transfer to another provider. What are the penalties? • Moving residence from Country A to country B – what are the implications? 	
Q51	Yes.	

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	<ul style="list-style-type: none"> • On-going information could be provided via client sites (extranets) over the internet which track the PPP. • Interactive tools could be provided to model outcomes for changes in contribution levels. • Alerts when something changes can be sent to the PPP holder. • Q&As/FAQs could be provided for standard questions. • Secure email answering services for ad-hoc queries. • Advisory documents can be posted to online libraries for clients to browse. • If a tracking service is provided by a third party, links to provider sites where this information can be found can be set up – or the third party could provide the generic information. 	
Q52	<ul style="list-style-type: none"> • Options to take earlier or later retirement (including continuance of contributions). • Payout options available (types of annuity/guarantees/drawdown/cash). • Options to transfer pension pot to another provider and associated costs. • Enhanced/impaired annuity availability (probably only through independent advice). • Taxation of benefits. • Detail of claims procedure, together with expected timeline and documentation requirements. 	
Q53	<p>Items listed in Q52 are “Must Know”.</p> <p>Should Know - detail of any payout option being considered and effects of choice (e.g. life only annuity where all benefit ceases on death; annuity with a guaranteed period may continue, as would a joint life one; variable income may rise and fall).</p> <p>Nice to Know - Legal documentation of the various payout options.</p> <p>Best way to make it easy - If the individual does not have access to an independent advisor, availability of any third party assistance, such as The Pension Advisory Service in the UK, should be</p>	

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	provided.	
Q54	<ul style="list-style-type: none"> • If a term annuity (rather than lifetime, including those with a guaranteed period) – information on time left to run. • Variable/unitized annuity – income for current period. • Drawdown information on value of remaining “pension pot”. • Early notices of any options available. • Advice of any change to rate of tax payable. 	
Q55	See Q54 - all items Must Know .	
Q56	<p>PPP holders need to be able to ascertain that the distributor they deal with is regulated and have confidence that there is in place both complaints handling and compensation arrangements (coupled with adequate PI cover).</p> <p>Sector regulation needs to provide that the interests of the PPP holder are at the forefront by requiring distributors to advise on the basis of the needs and requirements of the individual and the appropriateness of any product.</p> <p>Full disclosure of all costs, both product and distribution, is essential in the distribution process. The distributor should disclose the basis of remuneration – commission, fee or a combination of these, or salary. In addition, the distributor should disclose any other factors which could conflict with those of the PPP holder, such as sales targets (including incentives), variable remuneration such as bonus, and remuneration from providers of underlying assets.</p> <p>Provided full disclosure of such potential conflict has been given (and acceptance explicitly acknowledged by the PPP holder) there should be no reason why the distributor should not advise the holder.</p>	

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Q57	Both MiFID and IMD2 cover this area. However, it would be beyond doubt if regulation expressly referred to areas of potential conflict such as noted in answer to Q56 rather than make generic reference.	
Q58	Within the existing regulatory frameworks, in the same way as for other products. However, EIOPA should review with the other ESAs to ensure that there are no products or situations which could fall into a black hole - for example, transferring from/to some other form of pension to a PPP and/or associated assets – see also Q5.	
Q59	The suitability provisions contained within IMD2, while similar to those within MiFID2, would seem to be more appropriate. We do not see the need to differentiate between retail and professional clients, although clearly education and knowledge of PPP holders will differ. We also believe that PPP holders should be able to take out PPPs on an “execution-only” basis.	
Q60	See Q56.	
Q61	PPP holders need to be given sufficient information about the status of the distributor, both firm and individual, as noted in Q56. Holders should be asked to provide sufficient information to enable an assessment to be made of their demands and needs, ensuring consideration by the distributor of part or all of the product market place. It should be possible for PPP holders to take out a product on an execution-only/non advised basis and so regulation needs to recognise this and provide protection for the distributor in that situation. IMD2 would seem to provide a satisfactory regulatory base.	
Q62	Complaints handling procedures are an essential factor to ensure public confidence. We believe that the document ‘Guidelines on Complaints-Handling by Insurance Undertakings’ produced by EIOPA (and those proposed for intermediaries in consultation earlier this year) provides a sensible basis for PPPs. In the cross border situation we also believe that Ombudsmen or other complaints handling	

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	<p>authorities should be encouraged to assist their residents with language issues in pursuing complaints with providers or intermediaries from other Member States. In particular, we believe that all FIN-NET members should embrace this approach.</p> <p>While IMD and proposed IMD2 and PRIPS contain out of court redress provisions, it seems more appropriate that these are reserved for situations where an amicable settlement between the parties are not met and so the EIOPA Guidelines can help to meet this objective.</p>	
Q63	We believe that IMD1 and IMD2 provide a source for distribution rules for PPPs.	
Q64	The principles incorporated into the proposed IMD2 do represent a minimum harmonisation approach which, in the absence of an accredited body or bodies to verify professional standards, is understandable whilst regrettable. Provision of advice on PPPs does require a high standard of knowledge and ideally a holistic approach to the needs of the individual. It would seem appropriate to recognize the greater degree of knowledge needed, which requires intermediaries to possess an EQF level 4 (or higher) qualification. In addition, intermediaries should be members of a recognized professional body.	
Q65	The regulation and law including taxation on PPPs changes rapidly, as can products and product design. There is the need for continuous professional development which ideally should be a matter for their professional body and the standards imposed by the CII/PFS in the UK could provide a good basis. We acknowledge that there is a lack of any consistency across Member States as shown in EIOPA's report on mapping exercise in Industry Training Standards. Nonetheless we consider that the ESAs should provide guidance to national competent authorities in carrying out oversight. (It is also relevant that a number of intermediaries will be members of a professional body in another jurisdiction – for example, the CII in the UK - and therefore outside the oversight competence of a local national authority.)	
Q66	As indicated in answer to Qu.64 the regulation is minimum harmonisation and so obligations have	

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	to be construed in the light of Home State requirements. We foresee much disparity in the absence of involvement by the ESAs, despite the reference to the complexity of the products.	
Q67	Certainly knowledge of the taxation of pension products should be a determining factor. With an holistic financial planning approach the distributor should be able to advise on how a PPP, as well as other investment and protection products (and their taxation), fits with the needs of the individual. Account should also be taken of the spouse/partner and succession needs that such products can meet. We would expect the knowledge and ability of the distributor of a PPP to enable all of these factors to be considered.	
Q68	Product regulation is a Home State matter and so can mean differences in design and consumer preferences and choices across the EU. As indicated by EIOPA and the answer to Q23 above only DC accumulation products should be within a 2 nd regime as a solution that may be acceptable to all Member States.	
Q69	Such guidance is already provided at national level to identify target markets and product suitability, at least in the Life Assurance sector. In the case of a 2 nd regime product however a model product format would need to be made available by the ESAs to ensure comparability across sectors.	
Q70	<p>AILO does not consider that it would be useful to introduce certified products for PPPs. They would almost certainly entail much bureaucracy and added cost for providers and ultimately consumers. At the EU level, would it be possible to get 28 States with divergent approaches to agree? If so, then the lowest common denominator would surely apply and this might not be the best outcome for consumers. Based on the lowest common denominator, the likelihood is that providers would shun certified schemes as being uneconomic to offer.</p> <p>At national level that would lead to yet more disparity and be a further constraint on the single market.</p>	

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	There could also be the risk that consumers would consider that certification offered some form of guarantee (an EU Kite-mark) and so lead to their ignoring (possibly significantly more appropriate) non-certified products. This would seem to pass responsibility on to the European or national regulator in the event of a failed Kite-marked product, or indeed such products being proved in practice to underperform other pension products. Would Regulators be prepared to accept that responsibility?	
Q71	No more than current best practice. Product authorisation is likely to be generally unhelpful and hinder innovation and competitiveness, without producing commensurate benefits. It could also imply performance guarantees in the minds of consumers, which the certifying authority will not wish to stand behind. Product advertising should continue to be banned where it is clearly misleading.	