<table>
<tr><td colspan="2">Comments Template for
Discussion paper on a possible EU-single market for personal pension products</td><td>Deadline
16 August 2013
18:00 CET</td></tr>
<tr><td>Name of Company:</td><td colspan="2">Groupe Consultatif</td></tr>
<tr><td>Disclosure of comments:</td><td>EIOPA will make all comments available on its website, except where respondents specifically request that their comments remain confidential.
Please indicate if your comments on this CP should be treated as confidential, by deleting the word Public in the column to the right and by inserting the word Confidential.</td><td>Public</td></tr>
<tr><td></td><td colspan="2">Please follow the following instructions for filling in the template:
⇨ <u>Do not change the numbering</u> in the column “question”; if you change numbering, your comments cannot be processed by our IT tool.
⇨ Leave the last column <u>empty</u>.
⇨ Please fill in your comment in the relevant row. If you have <u>no comment</u> on a question, keep the row <u>empty</u>.
⇨ Our IT tool does not allow processing of comments which do not refer to the specific numbers below.
o If your comment refers to multiple questions, please insert your comment at the first relevant question and mention in your comment to which other questions this also applies.
o If your comment refers to parts of a question, please indicate this in the comment itself.

Please send the completed template, <u>in Word Format</u>, to <u>personalpensions@eiopa.europa.eu</u>. Our IT tool does not allow processing of any other formats.</td></tr>
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Comments Template for Discussion paper on a possible EU-single market for personal pension products		Deadline 16 August 2013 18:00 CET
Question	**Comment**	
General Comment	The Groupe Consultatif is pleased to have the opportunity to respond to the Discussion Paper on a Possible EU-single market for personal pension products. In the time available it has not been possible to respond in depth to every aspect of the discussion paper but the Groupe will be happy to contribute to the further development of the ideas in the paper. The Groupe is supportive of the intention of improving coordination of the treatment of personal pension products and facilitating more of a single market for these products, which could grow in importance over time as Member States shift more of the burden of financial provision for retirement from Pillar 1 to other pillars of pension provision.	
Q1	In common feature 2) it needs to be clarified that the individual accounts referred to are usually notional or accounting concepts (for example with allocated numbers of units) and that it is not envisaged that there will be a separate or segregated fund for each individual. We think that common feature 3) should refer explicitly to provision of income in retirement rather than to retirement as such. Another common feature could be transferability of the contents of an individual account only being permitted to similar products or products regulated as IORPs. More generally there may be restrictions on the form in which the benefits can be taken, including the conversion of the personal pension fund into income at retirement. Personal pension plans also often benefit from beneficial tax treatment The common features listed in 3.1.3 would appear to include contracts for the payment of additional voluntary contributions to IORPs (at least in UK and Ireland; we are not clear that this was intended and it is at least arguable that such contracts should not be included.	
Q2	The focus should be on DC. Whilst a single market in DB products is theoretically conceivable, extending beyond pure DC (i.e. DC with no guarantees at all) is likely to make it much more difficult to achieve agreement. DB products also present considerably more complex issues in regard to transferability and introduce more difficulties in regard to capital requirements. Elements which might be regulated include charges (type and level)(although not everyone would	

	agee that this is desirable, preferring to rely on ensuring transparency of charging), transferability, options for decumulation at retirement, asset classes in which it is appropriate to invest funds.	
Q3	No. Existing prudential regulation should be translated into the regulation of PPPs where proportionate and appropriate.	
Q4	Some Member State markets are small and individuals would benefit from having access to a wider range of PPPs on a pan-European basis. Easy access to a wide range of products should also increase competition and drive down costs. A single market subject to high standards of governance and transparency could also benefit citizens in all countries and contribute towards the development of higher levels of saving for retirement. The growth of DC products will mean more citizens can access PPPs across jurisdictions in the EU. Freedom of movement across borders could be affected where the provision of pension benefits is restricted.	
Q5	The EIOPA definition is too vague. The OECD definition is appropriate but should make clearer that PPPs must have an explicit objective of providing income in retirement in order to distinguish them from a more general class of savings products. A definition which the Groupe has proposed (in its response to the consultation from DGSanco on personal pensions) is as follows : "Personal pension retirement products are defined as any type of retirement product subscribed to by consumers on an individual basis with a view to providing income after retirement (whether separate from, or supplementary to, any pension arrangement implemented by or financed by the employer). These products include those to which individuals are required to contribute under national legislation, where the individual makes the choice of provider rather than the individual's employer, as well as those which are entirely voluntary in nature. [However, they do not	

	include voluntary additional contributions made to employer-sponsored occupational pension plans as an adjunct to the occupational plan administered by or on behalf of the employer on a collective basis.]"	
Q6	We do not consider that an arrangement chosen by the employer can be classified as a personal pension for the non-IORP regime. The fact that it would fall under the regulatory regime for consumer financial services does not make it a personal pension. It should still be considered a group or occupational arrangement (regulated either as a financial contract or as an IORP) if the decision to use a particular product is taken by the employer. Although such arrangements might most reasonably be described as vehicles of 'occupational retirement provision', they are not IORPs (as they are not, in themselves, institutions)	
Q7	Whilst individual Member States may rightly determine whether their national pension system permits third pillar provision through products that are unregulated at the EU level, it is not appropriate for the single market. Any product that carries out cross-border activity should be subject to a recognised EU-wide regulatory regime – whether LAD, UCITS or IORP.	
Q8	Yes. It would be appropriate for the broad principles of a framework to be developed. However, there are general issues which will make this a difficult task; not least different charging structures in different Member States and potential issues with currency exchange rates creating a barrier to any transferral of the accumulated capital in PPPs. In practice the main obstacle to transferability is likely to be different tax treatment in different Member States. Labour or social security law may also be an obstacle – for example a requirement that benefits on death must be made in accordance with domestic social security provisions. Prudential regulation could also be an obstacle but this is more within the remit of EIOPA to resolve, with a suitably simple regime for the single market in PPPs put in place. The benefits of full transferability would be • to make the single market in PPPs more of a reality • to assist the accrual of pension rights by citizens working at different times in different	

	Member States • to facilitate individuals collecting all of their pension rights in one place • to encourage a common format for PPP products across the EU	
Q9	There should be no insuperable obstacles from a prudential point of view to creating a cross-border market for PPPs. However, in order to make this work the PPP product needs to be kept really simple, with no guarantees or complex aspects requiring significant capital.	
Q10	No. It would be better to focus on a PPP framework which does not contain guarantees, as the inclusion of guarantees will make it significantly more complex and less likely to be successful.	
Q11	Different treatment of lump sums payable at retirement, with a number of Member States (but not all) allowing a part of the lump sum to be taken free of tax. Some Member States permit part of the benefits to be taken in the form of a lump sum, whereas others require the accumulated fund to provide a regular income stream only. Another potential area of difficulty arises from some Member States limiting the annual accrual of pension rights on a tax-friendly basis or placing an overall upper limit on pension accumulation for an individual over all pension vehicles. These differences (and other tax differences) could be avoided by specifying a well-defined group of PPP products for the single market, which, for example, did not permit a lump sum to be taken at retirement, or which provided for it to be taxable in the same way as retirement income taken in pension form.	
Q12	Generally national tax legislation does not discriminate. However, beneficial tax treatment is usually conditional on non-domestic pension products meeting the same conditions as are required on domestic products.	
Q13	Don’t know. This is a legal and/or political question. An agreement between the tax authorities of all Member States to recognise a particular ‘product’ would facilitate the single market.	

Q14	We think so. Otherwise transferability will not become a reality in practice. However, since full harmonisation of tax treatment of all pension products across the EU is likely to be a long-term project, it would be better to focus on developing a PPP product for which the tax treatment can be agreed as part of the package of proposals.	
Q15		
Q16	Yes, these types of personal pension should be included if possible. It would be anomalous to have a significant segment of the PPP market excluded from consideration and not brought within the common regulatory framework. However, the specific requirements for some pillar 1 bis products (including embedded guarantees) may mitigate against inclusion in an EU-wide single market. If a common framework for PPP products can be developed which is consistent with the requirements for Pillar 1 bis pensions, this would potentially open up the market for Pillar 1 bis products cross-border and provide greater choice to citizens required to contribute to such products.	
Q17	A single market should be developed for PPPs which are currently unregulated at EU level. Whilst the IORP framework might be suitable, the preference we have for a pure DC model of PPPs without guarantees would point more in the direction of taking UCITS regulation as the model. If guarantees were to be permitted then the resulting PPPs would be best regulated in a similar way to life insurance products, i.e. under Solvency II.	
Q18	The fact that contributions are diverted from Pillar 1 is not really relevant. The contributions are from employees (and sometimes employers) and these pension vehicles should not be excluded from the EU wide regime for PPPs. Yes, EIOPA should consider the possibility of creating a framework for cross-border management of Pillar 1 bis schemes. Yes it should be considered whether a suitable framework could be based on the principles of the UCITS Management Company passport.	

	There would no doubt be some specificities in relation to the fact that rights in a Pillar 1 bis individual account cannot simply be withdrawn or reinvested in a different collective investment scheme unless it is appropriately regulated. There would also need to be stronger rules regarding marketing and selling of the products and possible limitations on commissions/charges.	
Q19	As mentioned in response to question 8 (concerning obstacles to transferability), labour or social security law may also be an obstacle – for example a requirement that benefits on death must be made in accordance with domestic social security provisions. Restrictions on the form of benefit can be in a grey area between tax and social legislation.	
Q20	We believe it would be productive for EIOPA also to work on a 2nd regime. Domestic requirements relating to, in particular, conditions necessary for beneficial tax treatment will always restrict the degree to which passporting can be effective. A true single market may onlyl be possible where all Member States' supervisory and tax authorities recognise a product within a specified regime as eligible for the same beneficial tax treatment as other 'domestic' personal pensions.	
Q21	The 2nd regime might be limited to a simple DC accumulation product without any guarantees and with a range of permitted investment links to ensure adequate liquidity. There could be limitations.on permitted charges and requirements regarding governance, transparency and transferability.	
Q22	The 2nd regime could come with its own tax framework as part of the package, e.g. EET with no tax free lump sums. Tax would then only be payable in the Member State where the pension benefit was received, but there could be a system of balancing payments if this results in some countries giving more than fair share of the tax relief and others receiving more than a fair share of the tax. As an alternative, tax on retirement income could be apportioned to those Member States that have provided tax relief to a particular individual. Mostly this will be a single MS. Only where the participant contributes in more than one Member State during the accumulation phase will	

	apportioning be necessary. Where an individual migrates at retirement, tax will still be collected by the Member State(s) in which contributions were paid.	
Q23	In addition to providing information to the member or potential member of a third pillar retirement arrangement, those who seek to persuade members of the public to enter into such an arrangement should be required to behave in appropriate ways, in order to reduce the potential impact of conflicts of interest, information asymmetry and sales pressure. In particular, sales persons should be required to have a duty of care towards those whom they advise and to: a) Consider the risk appetite and risk capacity of the individual with a proper orientation towards the needs and situation of the individual b) Understand the age, earnings level and employment position and prospects of the individual c) Ensure that projections of future outcomes are prudent and emphasize range of possible outcomes, in particular the downside risk and volatility d) Provide projected outcomes in real terms, i.e. net of price inflation e) Provide projections of pension income in retirement and not just capital sums available at retirement date f) Show the impact of all costs on the outcome g) Draw attention to the alternatives available to the individual, especially where the individual may be considering opting out from an occupational plan in order to take out an individual third pillar arrangement h) Disclose any connections, direct or indirect, which might affect the objectivity of the advice and any remuneration which might be received as a result of giving the advice i) Keep an audit trail of the advice rendered and the data on which it was based In the accumulation phase the product should be pure unit-linked defined contribution with no guarantees, so as to avoid the need for significant capital requirements and complex regulation.	

	Defined benefit is not practical without support from employers or significant capital backing within provider financial institutions. Insurance products are in any case already available cross-border with such characteristics. In order to obtain buy-in from all Member States, it may be necessary to restrict the amount that can be paid into and/or accumulated within a 2nd regime plan. The payout phase needs to provide for open market access to annuity markets (also cross-border) with some choice, eg between different types of life annuity, or using up to some specified proportion of accumulated capital to purchase a temporary annuity and then repeating the process when that temporary annuity has run its course. Programmed withdrawal might be permitted only for fairly large accumulated sums. For product design there should be some rules to limit ways in which charges can be levied and setting an overall cap on total effective charges. There might be other quality feature requirements and some limitations on investments to which the product can be linked to ensure adequate liquidity and exclude high risk and/or speculative investments.	
Q24	The 2nd regime could be based on a pure DC product and focus on defining a set of product features and ensuring high quality governance and selling practices. With such a product the capital requirements would be relatively low and the prudential regime could be quite simple.	
Q25	In the simplified DC regime we envisage there would be little difficulty in defining a common way to calculate technical provisions, which, apart from liabilities that equal the linked assets, would primarliy relate to provisions for future expenses. Capital requirements would be similar to the requirements for UCITS.	
Q26	In our view the particular characteristics of individual retirement products and the vulnerability of savers with respect to their retirement income would fully justify a more extensive disclosure regime for retirement products than considered at present for PRIPS. This should certainly have regard to the objective of saving for retirement, the interaction with the decumulation phase of	

retirement saving and the specific tax and regulatory treatment of such products. Information provided to PPP holders should include:

a) **Governance structure**
Are there trustees or similar fiduciaries with the responsibility to take care of the interests of the member or is it purely a commercial contract with nobody charged with looking after the members' interests? Are the fiduciaries independent of the entity investing the funds? Who looks after the member? Is it an "open platform" investment structure or can only investment funds as offered by the plan administrator be selected?

b) **Charges**
All types of charges should be transparently explained, and hidden charges banned. The same is true for the charges in any related products and/or vehicles like investment funds, also if these investment funds are owned by a third-party. Measures of the projected impact of all charges on the eventual outcome should be included in the disclosures to members and potential members.

c) **Nature and risk of underlying investments**
The nature and riskiness of investments, the choices available to the members and the default fund arrangements should be disclosed. Projected outturn should be provided net of price inflation, with a best estimate, low and high alternative outturns, together with corresponding measures of the inherent volatility in the respective investment options.

d) **Whether any guarantees are provided or offered**
If so the cost of providing the guarantee should be disclosed and how it is to be financed.

e) **Arrangements, if any, for mitigating risk as retirement approaches**
This would include lifestyling or target date funds, the assumptions made about

retirement date, the period over which lifestyling takes place and what types of funds are used to mitigate the risks. Are bonds and money market funds a safe harbour?. What are the assets underlying money market funds? It is also important to know what the life-styling is aiming for: capital protection, purchase of fixed annuity (nominal), purchase of inflation-linked annuity (real) or any combination.

f) **Whether contributions can be made at any time, including one-off contributions**

g) **Whether contributions can be received from an employer into the plan**

h) **Whether transactions are possible**
Are transactions possible? Can changes be made in the asset mix? Only for new contributions or also for the accrued capital? What are the costs involved, if any?

i) **Tax treatment of the plan, including whether there are limits on contributions which can be made or on withdrawals or on the total amount that can be invested**

j) **Apart from tax incentives, are any other financial incentives provided for those who invest in the plan (e.g. government supplementary contributions)**

k) **Whether the plan can be transferred or surrendered and, if so, whether there are any penalties associated with transferring funds out or ceasing contributions**

l) **What information will be made available to plan members and with what frequency**

m) **Whether the plan (or the provider of the plan or the investment fund (e.g. Morningstar rating)) has been awarded a quality mark (kite-mark) in countries where such schemes exist**

n) **Whether any arrangements are embedded in the plan for the decumulation phase (such as a guaranteed annuity from retirement age, on open market option at retirement age,**

	drawdown possibilities or a more limited choice of options regarding decumulation). **o) The address of the website to which the individual can go to find out information about the plan on an ongoing basis and investigate the impact of making additional contributions in future** **p) Details of who to approach for supplementary information or to make a complaint.** The reply to this question effectively covers also Q27, since many of the above information requirements relate to the pre-contractual phase.	
Q27	Covered by our response to Q26, which for convenience of analysis is repeated here. In our view the particular characteristics of individual retirement products and the vulnerability of savers with respect to their retirement income would fully justify a more extensive disclosure regime for retirement products than considered at present for PRIPS. This should certainly have regard to the objective of saving for retirement, the interaction with the decumulation phase of retirement saving and the specific tax and regulatory treatment of such products. Information provided to PPP holders should include: **a) Governance structure** Are there trustees or similar fiduciaries with the responsibility to take care of the interests of the member or is it purely a commercial contract with nobody charged with looking after the members' interests? Are the fiduciaries independent of the entity investing the funds? Who looks after the member? Is it an "open platform" investment structure or can only investment funds as offered by the plan administrator be selected? **b) Charges** All types of charges should be transparently explained, and hidden charges banned. The same is true for the charges in any related products and/or vehicles like investment funds,	

also if these investment funds are owned by a third-party. Measures of the projected impact of all charges on the eventual outcome should be included in the disclosures to members and potential members.

c) **Nature and risk of underlying investments**
The nature and riskiness of investments, the choices available to the members and the default fund arrangements should be disclosed. Projected outturn should be provided net of price inflation, with a best estimate, low and high alternative outturns, together with corresponding measures of the inherent volatility in the respective investment options.

d) **Whether any guarantees are provided or offered**
If so the cost of providing the guarantee should be disclosed.

e) **Arrangements, if any, for mitigating risk as retirement approaches**
This would include lifestyling or target date funds, the assumptions made about retirement date, the period over which lifestyling takes place and what types of funds are used to mitigate the risks. Are bonds and money market funds a safe harbour?. What are the assets underlying money market funds? It is also important to know what the life-styling is aiming for: capital protection, purchase of fixed annuity (nominal), purchase of inflation-linked annuity (real) or any combination.

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h) **Whether transactions are possible**
Are transactions possible? Can changes be made in the asset mix? Only for new contributions or also for the accrued capital? What are the costs involved, if any?

	i) Tax treatment of the plan, including whether there are limits on contributions which can be made or on withdrawals or on the total amount that can be invested **j) Apart from tax incentives, are any other financial incentives provided for those who invest in the plan (e.g. government supplementary contributions)** **k) Whether the plan can be transferred or surrendered and, if so, whether there are any penalties associated with transferring funds out or ceasing contributions** **l) What information will be made available to plan members and with what frequency** **m) Whether the plan (or the provider of the plan or the investment fund (e.g. Morningstar rating)) has been awarded a quality mark (kite-mark) in countries where such schemes exist** **n) Whether any arrangements are embedded in the plan for the decumulation phase (such as a guaranteed annuity from retirement age, on open market option at retirement age, drawdown possibilities or a more limited choice of options regarding decumulation).** **o) The address of the website to which the individual can go to find out information about the plan on an ongoing basis and investigate the impact of making additional contributions in future** **p) Details of who to approach for supplementary information or to make a complaint.** A Key Investor Document, as envisaged under EIOPA's advice on disclosures to members for the IORP Directive review, seems a reasonable approach.	
Q28	This needs to be decided once the information requirements have been agreed. The principle of layering information is a good one. To encourage innovation by providers on how best to provide further information and to enhance accessibility, legislation should only extend to	

	the “must know” items. The provision of secondary information should be encouraged by the local regulatory regimes.	
Q29	What regular income in today’s money can I expect in retirement if I go on contributing at the current level? What income can I expect if I cease contributing in a year’s time? How uncertain is the outcome and what sort of a range can be put on the likely outcome? What would be the impact of increasing my contributions by 1% of salary (2%, 3% etc). What difference does it make to the expectation (and to the uncertainty about that expectation) if I were to select a more risky investment option – or a less risky one ? What would be the effect on the prospective income if I change the date when I take it by five years (i.e. defer it or have it paid earlier)? What choices are available for me when I come to retire? What proportion of my contributions will be absorbed by the charges of the pension provider? What happens if I die before taking the benefits? What happens if I become ill and unable to work? A further key question will be how the PPP could affect other social security benefits in a Member State, particularly where the entitlement to those social security benefits or the level of receipt is dependent on an individual’s level of income or level of savings.	
Q30	Yes, but we think the information requirements are greater for PPPs than for the generality of financial products. The behavioural purpose is to assist the individual PPP holder to understand what he or she is buying but also to mitigate the information asymetry between pension providers and consumers and improve the behaviour of the pension providers and their agents.	
Q31	The risk and reward disclosure requirements for UCITS in Reguation 583/2010 would be a relevant starting point. However, we consider that more is needed to disclose the potential volatility of different underlying assets over the timescale of pension saving.	

Q32	Dissclosure of any life-styling or target date fund strategies would clearly be required. But also information about whether particular funds or combinations would be appropriate for PPP holders according to their age (and hence period to retirement) as well as their risk profile as a result of other pensions, social security entitlement, other savings, etc. Clear information should be given about the characteristics of default funds.	
Q33	As far as possible all costs should be disclosed and transparent. Hidden charges should be banned. Comprehensive measures should be developed of the impact of costs, such as projections of the future retirement income with the impact of all charges as compared to the income if there had been no charges and such measures should be required to be disclosed. The costs should be presented in any initial documentation and in a consistent format across the market to allow individuals to undertake comparisons between products and providers.	
Q34	Yes, but the way in which they are presented and explained needs to be controlled. The emphasis should be on projections in real terms (i.e. in terms of today's money). A range of potential outcomes should be illustrated. Projections should be available before sale but also on an ongoing basis to PPP holders.	
Q35	PPP holders need to be able to review projections and to model the impact of future salary growth and of changing the level of contribution or switching to different funds. Due to the complexity of the cross-border market and the varying levels of financial sophistication across and within the Member States' populations, a range of tools will need to be used including real-time projections via online access and paper based illustrations and projections for those without internet access. Legislation should not act to restrict the communication tools which can be used, and should be active to the risk of inequality of information across consumer groups occurring.	
Q36	All should be available. On-line provision of information will become more and more important and probably gives greatest potential for communication which is at the level required by the PPP	

	holder, and for implementing interactive modelling, but there will continue to be a need for paper documentation and projections supplied before sale and the words used to describe them should be provided in paper form so that they can be kept for accountability purposes by the PPP holder.	
Q37	It should be to a large extent standardised. However, complete standardisation risks stifling innovation, competition between product providers and new approaches to PPP savings. Certain key elements should be standardised, for example, presentation of costs, real return illustrations, and details about conversion to income at retirement. Product-specific information may not be suitable for standardisation.	
Q38	Clarity, transparency, comparability of information, honesty and openness.	
Q39		
Q40	Value of accumulated investment ; nature of the default invstment fund ; pension income projected to be available at retirement from accrued investment ; pension income projected to be available at retirement from accrued investment and continuing contributions at same level on current salary (in real terms) ; real returns achieved relative to price inflation over past 3 months, past year, past 3 years, 5 years, 10 years, etc.; volatility of returns.	
Q41	This needs to be decided once the information requirements have been agreed.	
Q42	Yes. At least annually and also on demand.	
Q43	On switching : any charges which might be incurred ; dangers of being 'out of market' and for how long this might be. A relative comparison of costs of the different investment classes, investment performance and volatility should be provided for the expected term of the investment. After switching: Any currency fluctuations and charges for currency conversions should be disclosed on switching, particularly between Member States.	

	Before termination : if this is intended to refer to reaching the point of decumulation then the information required will include options available for the decumulation period ; what form(s) of benefits may be paid ; how to access the open market annuity option; what different type of annuity are available; whether special annuity terms are available for 'impaired lives', i.e. those with health issues, heavy smokers or drinkers, those who have worked in unhealthy environments; living in areas with higher mortality experience, etc.; is programmed withdrawal available and if so under what conditions; can the pension fund simply be left invested and drawn from time to time; related tax issues.	
Q44	Ideally but this would add a further layer of complication and might be tackled through the more general issue of tracker services and information to individuals about their pension rights. Moreover, integrating different systems can be prohibitively expensive The Groupe Consultatif is preparing position papers on tracking services and the development of disclosure.	
Q45	The Groupe Consultatif will shortly be publishing a paper analysing the tracking service arrangements of those EU countries who appear to have developed this concept most at this stage. Further research is to be carried out on what other countries are doing and in identifying the obstacles to more complete tracking services and information disclosure being developed.	
Q46	A significant degree of standardisation would be helpful in establishing an EU wide regime and making cross-border activity a more realistic possibility. Certain key elements should be standardised, for example; presentation of costs, real return illustrations, and details about conversion to income at retirement. However, product-specific information may not be suitable for standardisation.	
Q47	Principally online, but PPP holders should be able to opt for paper copies. A commitment to the provision of good quality and transparent paper-based information will need to be made by providers whilst internet access is still growing.	

Q48	Annually for most information, especially projections. Achieved returns could be supplied more frequently, particularly if on-line, in which case it would be feasible to have real-time information available about fund values, returns over past periods, etc. However, paper information should probably be provided just annually.	
Q49	PPP holders should be entitled to request information if they wish to transfer funds to another provider, and as they approach retirement. If there are changes to the external environment (eg tax or regulatory) which have a material impact on projected values, there should be a requirement to inform PPP holders of the impact.	
Q50		
Q51		
Q52	Yes. Options available for the decumulation period ; how to access the open market annuity option; what different type of annuity are available ; whether special annuity terms are available for 'impaired lives', i.e. those with health issues, heavy smokers or drinkers, those who have worked in unhealthy environments; living in areas with higher mortality experience, etc.; is programmed withrawal available and if so under what conditions ; can the pension fund simply be left invested and drawn from time to time; details of their investment options to de-risk their holdings; if automatic lifestyling investment approaches will operate under the PPP, disclosure of the details of those short-term lifestyling changes should be provided.	
Q53	This needs to be decided once the information requirements have been agreed.	
Q54	Additional disclosure will be necessary in the pay-out phase where programmed withdrawal is taking place or where a temporary annuity is in payment and decisions need to be taken about the next phase of temporary annuity. Disclosure will depend on the method used to secure the benefits e.g. annuity purchase, drawdown of income, some other form of flexible income drawn from the PPP. Information about remaining funds, annual levels of income available, any reduction or variation of income under	

	drawdown or guarantees and the availability of any "top-up" mechanism to allow PPP Holders to increase their funding to preserve income should be available. If the benefits are to be secured by way of a further product in a different Member State to the one where the policyholder is resident, details of currency fluctuations and how the regulatory / taxation regime in that Member State will affect the retirement income should be provided.	
Q55	This needs to be decided once the information requirements have been agreed.	
Q56	As stated in answer to Q23, in addition to providing information to the member or potential member of a third pillar retirement arrangement, those who seek to persuade members of the public to enter into such an arrangement should be required to behave in appropriate ways, in order to reduce the potential impact of conflicts of interest, information asymmetry and sales pressure. In particular sales persons should be required to have a duty of care towards those whom they advise and to: a) Consider the risk appetite and risk capacity of the individual with a proper orientation towards the needs and situation of the individual b) Understand the age, earnings level and employment position and prospects of the individual c) Ensure that projections of future outcomes are prudent and emphasize range of possible outcomes, in particular the downside risk and volatility d) Provide projected outcomes in real terms, i.e. net of price inflation e) Provide projections of pension income in retirement and not just capital sums available at retirement date f) Show the impact of all costs on the outcome g) Draw attention to the alternatives available to the individual, especially where the individual may be considering opting out from an occupational plan in order to take out an individual third pillar arrangement h) Disclose any connections, direct or indirect, which might affect the objectivity of the	

advice and any remuneration which might be received as a result of giving the advice

i) Keep an audit trail of the advice rendered and the data on which it was based

We believe that significant consumer protection measures are required because of the risks entailed in pension products. The main risks are the following:

a) Poor governance
b) Poor advice
c) Fraudulent, unethical or inappropriate selling techniques
d) High charges (including exit charges, charges on latent contributions, high deductions from contributions before investment, high bid/offer spreads, high charges on assets under management not justified by higher quality investment advice)
e) Interest rate risk (especially in the run up to retirement age when decumulation would be expected to begin)
f) Inflation risk
g) Decumulation (longevity) risk
h) Insolvency of provider of the pension product
i) Failure of the provider to deliver expected returns
j) Mispricing of units in unitised plans
k) Inadequate levels of contribution
l) Fiscal and regulatory risk
m) Losing the benefit of contributions from the employer, or from any mutualisation of risk or reduction of costs, as a result of leaving or opting out from a collective occupational plan in favour of a third pillar individual plan.
n) Unsuitable default investment options offered by the provider

The asymmetry between the consumer and the provider in terms of information about and knowledge of retirement products is certainly significant and problematical and a main justification for regulating the information which should be given to the individual, as well as placing requirements and responsibilities on those selling third pillar products. Because of the

	complexity of the issues involved in saving for retirement through these types of products, it would be desirable to require adherence to quality standards by providers and to impose ethical and behavioural standards on salespersons. There are particular needs for high quality information to be provided to the potential purchaser of personal pension retirement products, which arise out of the complexity of the choices which have to be made, the long investment horizon and the choices which may be implicit, both between personal pension products and between having a third pillar product and opting for an alternate occupational plan which may be available. Consumer information could be improved through requiring some form of key information document to be made available to the potential purchaser of a personal pension product, but this would have to meet high standards of transparency, simplicity and comparability. It should also discuss that the level of savings greatly depend on on the individual life style and individual financial circumstances where both existing and expected wealth and need for (additional) income need to be balanced. This is in contrast to sales practices that are assessed on filling a financial "gap" based on only a very general proxy as to what the retirement age and what the level of income at retirement should be. Obligations should also be placed on product providers and on those who act as agents or salespersons for the product providers, to abide by a full set of ethical and behavioural rules in order to reduce the scope for abuse and for consumers to be mislead or sold inappropriate products. Some suggestions as to points to be covered are set out in our answer above.	
Q57	In our view the provisions in MiFiD and IMD2 are in the right direction but not sufficient protection for the specific risk exposure of individuals in purchasing PPPs.	
Q58	As stated in answer to Q23, in addition to providing information to the member or potential member of a third pillar retirement arrangement, those who seek to persuade members of the public to enter into such an arrangement should be required to behave in appropriate ways, in order to reduce the potential impact of conflicts of interest, information asymmetry and sales pressure. In particular sales persons should be required to have a duty of care towards those	

	whom they advise and to: a) Consider the risk appetite and risk capacity of the individual with a proper orientation towards the needs and situation of the individual b) Understand the age, earnings level and employment position and prospects of the individual c) Ensure that projections of future outcomes are prudent and emphasize range of possible outcomes, in particular the downside risk and volatility d) Provide projected outcomes in real terms, i.e. net of price inflation e) Provide projections of pension income in retirement and not just capital sums available at retirement date f) Show the impact of all costs on the outcome g) Draw attention to the alternatives available to the individual, especially where the individual may be considering opting out from an occupational plan in order to take out an individual third pillar arrangement h) Disclose any connections, direct or indirect, which might affect the objectivity of the advice and any remuneration which might be received as a result of giving the advice i) Keep an audit trail of the advice rendered and the data on which it was based We believe that significant consumer protection measures are required because of the risks entailed in pension products. The main risks are the following: a) Poor governance b) Poor advice c) Fraudulent, unethical or inappropriate selling techniques d) High charges (including exit charges, charges on latent contributions, high deductions from contributions before investment, high bid/offer spreads, high charges on assets under management not justified by higher quality investment advice) e) Interest rate risk (especially in the run up to retirement age when decumulation would be expected to begin) f) Inflation risk g) Decumulation (longevity) risk	

h) Insolvency of provider of the pension product
i) Failure of the provider to deliver expected returns
j) Mispricing of units in unitised plans
k) Inadequate levels of contribution
l) Fiscal and regulatory risk
m) Losing the benefit of contributions from the employer, or from any mutualisation of risk or reduction of costs, as a result of leaving or opting out from a collective occupational plan in favour of a third pillar individual plan.
n) Unsuitable default investment options offered by the provider

The asymmetry between the consumer and the provider/salesperson in terms of information about and knowledge of retirement products is certainly significant and problematical and a main justification for regulating the information which should be given to the individual, as well as placing requirements and responsibilities on those selling third pillar products. Because of the complexity of the issues involved in saving for retirement through these types of products, it would be desirable to require adherence to quality standards by providers and to impose ethical and behavioural standards on salespersons.

There are particular needs for high quality information to be provided to the potential purchaser of personal pension retirement products, which arise out of the complexity of the choices which have to be made, the long investment horizon and the choices which may be implicit, both between personal pension products and between having a third pillar product and opting for an alternate occupational plan which may be available. Consumer information could be improved through requiring some form of key information document to be made available to the potential purchaser of a personal pension product, but this would have to meet high standards of transparency, simplicity and comparability. It should also discuss that the level of savings greatly depend on on the individual life style and individual financial circumstances where both existing and expected wealth and need for (additional) income need to be balanced. This is in contrast to sales practices that are assessed on filling a financial “gap” based on only a very general proxy as

	to what the retirement age and what the level of income at retirement should be. Obligations should also be placed on product providers and on those who act as agents or salespersons for the product providers, to abide by a full set of ethical and behavioural rules in order to reduce the scope for abuse and for consumers to be mislead or sold inappropriate products. Some suggestions as to points to be covered are set out in our answer above.	
Q59	That is a start but a specific duty of care should be placed on providers to understand the pension requirements and risk profile of the client.	
Q60		
Q61		
Q62		
Q63		
Q64	Obligations should also be placed on product providers and on those who act as agents or salespersons for the product providers, to abide by a full set of ethical and behavioural rules in order to reduce the scope for abuse and for consumers to be mislead or sold inappropriate products. Some suggestions as to points to be covered are set out below, as in our answer to Q23 . In addition to providing information to the member or potential member of a third pillar retirement arrangement, those who seek to persuade members of the public to enter into such an arrangement should be required to behave in appropriate ways, in order to reduce the potential impact of conflicts of interest, information asymmetry and sales pressure. In particular sales persons should be required to have a duty of care towards those whom they advise and to: a) Consider the risk appetite and risk capacity of the individual with a proper orientation towards the needs and situation of the individual b) Understand the age, earnings level and employment position and prospects of the individual c) Ensure that projections of future outcomes are prudent and emphasize range of	

	possible outcomes, in particular the downside risk and volatility d) Provide projected outcomes in real terms, i.e. net of price inflation e) Provide projections of pension income in retirement and not just capital sums available at retirement date f) Show the impact of all costs on the outcome g) Draw attention to the alternatives available to the individual, especially where the individual may be considering opting out from an occupational plan in order to take out an individual third pillar arrangement h) Disclose any connections, direct or indirect, which might affect the objectivity of the advice and any remuneration which might be received as a result of giving the advice. i) Keep an audit trail of the advice rendered and the data on which it was based.	
Q65	They should apply continually as a professional code of conduct and those covered by the requirements should be required to undergo regular Continuing Professional Development and ongoing training. Sales interviews should be recorded and subject to a checking process on a sample to ensure observance of requirements and to identify poor behaviour and inappropriate advice.	
Q66		
Q67	The main relevant factor is the importance of pension saving through PPPs to the eventual retirement income of PPP holders. Also the complexity and very long-term nature of the engagement required make this type of product particularly difficult and put the consumer in a vulnerable situation. Tax considerations may be an addiitional complication.	
Q68	There is certainly scope for some degree of product regulation to achieve EU comparability in an intended cross-border market and to remove some of the opportunities for consumer detriment. Areas for possible regulation could range from the basic construct of the PPP product through to the types of charging structure permitted, limits on charges which can be levied through different	

	mechanisms, restriction on investment in illiquid or speculative investments and product governance requirements.	
Q69	Yes.	
Q70	Yes. Certification of products through the use of ‘Gold standards’ or other similar badges of worth may help in conveying better quality products.	
Q71		