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<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

EIOPA-OPSG-13-09</td></tr>
<tr><td>Name of Company:</td><td colspan="2">Pensionskasse der Mitarbeiter der Hoechst-Gruppe VVaG, Brüningstraße 50, 65926 Frankfurt am Main , Germany</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>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>.

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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.
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Please send the completed template, <u>in Word Format</u>, to personalpensions@eiopa.europa.eu. Our IT tool does not allow processing of</td><td></td></tr>
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any other formats.

Question	**Comment**	
General Comment	We welcome the opportunity to comment on the discussion paper on a possible EU-Single Market for personal pension products and especially on the idea of developing a 2nd regime for these products. Due to the increasing demographic challenges, one has to recognize that the pressure on financing the national public pension systems of the 1st pillar will raise and the tendency to look at these systems more as a budget cost expenditure item than as a social instrument will increase accordingly. Therefore, as already identified by the European Commission in the White Paper on Pensions, the expansion and in particular the further development of existing supplementary pension plans/schemes is necessary and required to offer the opportunity to acquire additional retirement benefits to the people to avoid old-age poverty. In the area of supplementary pension schemes, the systems of occupational	

	retirement provision already existing have proven to operate in a very efficient and therefore cost-saving way providing for adequate, sustainable and safe retirement pensions for a very long time. In Germany for example, the first German mutual insurance associations (Pensionskassen) of the chemical industry were established in the second half of the 19th century and are still operating today as social institutions in favor of their members and beneficiaries as well as in favor of their sponsoring undertakings. Taking into account these considerations and with respect to the published discussion paper, one has to question why EIOPA is promoting the work on the designing and the implementation of a new 2nd or 28th or rather now 29th regime in the area of personal pension products, if there are efficient and proved systems of supplementary pensions like the occupational pension schemes already available and in place. There may be various Member States that have not established a system of occupational retirement provision yet and thus exclusively rely on the third pillar of personal pensions to ease their public pension systems. But, if there is the political and prudential aim/will to implement a new regime/supplementary pension system by creating a Single Market/a 29th regime in this area, then why not strengthen the proved occupational pensions systems by facilitating their implementation in other countries interested in easing their public pension systems. In the area of occupational retirement provision, a European regime (the IORP-Directive),	

	setting up minimum standards, is already in place and is currently reviewed by the European Commission. However, we also recognize that individualized personal pension concepts are important to deliver supplementary pension benefits in cases when occupational pensions, for whatever reason, are not available. But from our point of view, there should be no implementation of a so called 2nd or 29th regime. We therefore rather consider as reasonable the also discussed "passporting" of existing personal pension products instead of the designing of an entire new regime. On the one hand, the implementation of a new supplementary "pension framework", which does not fall within the scope of the national regulatory framework(s) and is especially not covered by the scope of the national social and labour law and will be based on a DC-plan design, means, that the financing of these systems will be a "mere" cost expenditure item within the monthly payroll. Such an approach will not lead to a sustainable engagement of employers and social partners, which however is essential for extending the coverage and strengthening of occupational pensions.	

	Additionally, the national systems of the 2^{nd} and 3^{rd} pillar are interconnected with the design and financing of the national public 1^{st} pillar systems in the way of “communicating vessels”. Due to the historically different approaches in the various Member States, there cannot be a “one size fits all”-approach for a new 29^{th} regime. On the other hand, the implementation of another supplementary pension framework would lead to a fragmentation in the area of supplementary pensions going hand in hand with an increasing confusion and insecurity of the citizens on the selection-process of one or several supplementary schemes. At worst, such confusion and insecurity will lead to a declining coverage ratio of all supplementary pension schemes and would therefore run counter to the objectives pursued by the European Commission to avoid old-age poverty and to ease the public pension sector(s). Furthermore, an average individual person looking for a supplementary pension scheme is neither a professional nor a financial expert and will thus primarily focus on the envisaged outcome in opting for or against a supplementary pension scheme rather than consider for example the different legal frameworks	

	of the schemes. Therefore, a person will in general not consciously recognize the potential "weaker" governance level of an offered individual pension scheme governed by consumer law or be aware of the potential "higher" governance level of a collective occupational scheme embedded in the (national) social and labour law. For these reasons, a 29th regime should offer a protection level comparable to the current legal framework(s) of occupational pension schemes. A regulatory arbitrage at the expense of the individual/insured persons should be avoided. However, we primarily recommend, as also suggested by the European Commission in the White Paper on Pensions, a further strengthening of the existing efficient collective occupational pension schemes instead of individualized personal pension products. If EIOPA and/or the European Commission decide to implement a 2nd/29th regime, there should be a clear distinction between personal pension products and occupational pensions not falling within the scope of such a regime to avoid insecurity and negative effects at least for the current and the future members and beneficiaries as well as for the institutions and sponsoring undertakings in the area of occupational retirement provision.	

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	Frankfurt am Main, 02.08.13 Sch/CR	
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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 *EIOPA-OPSG-13-09*
Q12		
Q13		
Q14		
Q15		
Q16		
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Q18		
Q19		
Q20		
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Q56		
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Q62		
Q63		
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Q65		
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Q68		
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Q71		