

The pan-European Personal Pension Product

The EC legislative proposal

Priority topics

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The PEPP legislative proposal

Priority topics

❖ Authorization

- The Proposal provides that the authorization of the PEPP be provided by EIOPA.

❖ PEPP providers

- The Proposal provides that financial undertakings falling under an EU legislative framework could operate as PEPP providers, including IORPs.
- OPSG members should know that a number of Member States would prefer to exclude IORPs.

❖ Portability

- The Proposal provides that PEPP providers would create so-called national compartments to ensure the cross-border portability of their PEPPs. It is also foreseen that each provider should have the obligation of offering national compartments for all Member States after a certain period.

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❖ Distribution and information requirements

- The Proposal provides that insurance distributors and investment firms would have to comply with some rules set in IDD and MiFID II, respectively, as well as with some rules set in the PEPP proposal. All other providers would have to comply with the provisions of the PEPP proposal.

❖ PEPP KID

- The Proposal provides that the PEPP KID would contain some country-specific information.
- An alternative approach would be to have a PEPP KID focusing on non specific information and accompanied by annexes covering country-specific information.

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❖ Advice

- The Proposal foresees that the default option could be distributed without advice, whereas advice should be mandatory where PEPP savers opt for an “alternative” investment option.

❖ Investment rules

- The Proposal provides that the default investment option “ensure capital protection” and defines capital protection as an obligation to “allow the PEPP saver to recoup the capital invested”.
- This proposal is not in line with the EIOPA advice, which had proposed three types of default options, i.e. de-risking strategies, other relevant long-term investment strategies, or a guarantee. It is neither in line with the view expressed by the OPSG in its response to the EC consultation on the PEPP.

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❖ Switching

- Under the Proposal, a PEPP saver would be allowed to switch providers non more frequently than once every 5 years.

❖ Decumulation

- The OPSG provides that PEPP providers will have the choice of proposing different types of payout solutions.