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Decumulation phase project

OPSG meeting
Frankfurt, 7 July 2014

- Decumulation phase - a phase in the lifecycle of a pension scheme or product when accumulated benefits start to be drawn. Also called the pay-out phase.
- “Forms”:
 - o a separate phase for DC schemes
 - o DB schemes can have the decumulation phase incorporated within the scheme itself, but there may be also certain options for members available at the point of retirement

Two drivers of the project:

- Few years ago representatives of CEE countries in OPC expressed the need to investigate how the decumulation phase of pension arrangements around the Europe is regulated and organised
- EIOPA's report of 2013 on *Good practices on information provision for DC schemes (Max report)*

- **Fact finding report** which will explore legal requirements, current practices, approaches and options available to members during the decumulation phase in various MS:
 - o IORPs both DB and DC on mandatory basis
 - o practices in non-IORPs on voluntary basis
- ❖ *EIOPA's Database of Pension Plans and Products in EEA – a starting point*

- Start of the decumulation phase (circumstances of retirement)
- Information disclosure rules at decumulation
- Options available to members at retirement incl. tax treatment
- Types of annuity offered to members
- Costs and charges levied on pension benefit payments and their disclosure

- May provide some practical support to national governments and competent authorities in developing legislation on the decumulation phase for IORPs, particularly DC
- May become useful in further work on IORP II

- 4-5 Sept. - OPC meeting
- 16-17 Oct. - OPC meeting
- 27-28 November - BoS approval of the report followed by a publication on EIOPA's website



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Thank you

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