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EUROPEAN INSURANCE  
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# EIOPA's advice on the development of an EU Single Market for personal pension products (PPP)

OPSG meeting  
Frankfurt, 20 June 2016

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- Issue:
  - EIOPA is about to finalise its final advice in response to COM's CfA on the development of an EU Single Market for personal pension products (PPP)
- Action asked from OPSG:
  - Information and discussion
- Follow-up
  - Publication of the advice by the end of June

- Need to save (more) for future retirement income
  - » Generally neutral towards the means, here personal pensions
    - o Demographic changes, aging populations across Europe
    - o Unemployment – “broken careers”
    - o Challenged national budgets and state pensions
    - o Low levels of consumer trust in pensions
    - o Increasingly mobile workforce
    - o Divergent pensions landscape in Europe

- Enabling the CMU – providers of PPPs as important players in the financial market
  - o Long-term investors
  - o Efficient capital market
  - o Efficient cross-border activities
    - [Hurdles of cross-border activities: contract law, taxes etc.]

- 2<sup>nd</sup> regime – Pan-European Personal Pension Product
  - Regulation – overcoming hurdles of cross-border activities (to the extent possible)
  - Enables standardisation:
    - Transparency
    - Economies of scale
  - Enables flexibility:
    - to adapt to needs of local markets
  
- ➔ Efficient tool to foster an EU Single Market for Personal Pension Products

# Reminder: PEPP features

Pan-European Personal Pension Product (PEPP)			
<b>Standardised elements:</b>	information provision	<b>Flexible elements:</b>	guarantees
	default "core" investment option		cap on cost and charges
	limited investment choices		switching

# EIOPA's advice: alternative to PEPP?



- Harmonising provisions applicable to PPPs and its providers –subject to recent public consultation
  - o Provider governance
  - o Product governance
  - o Distribution rules
  - o Disclosure rules
  - o Prudential rules
- ➔ In a highly divergent market like PPPs, harmonisation is not regarded as the most efficient solution



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# Thank you

Sandra Hack  
Coordinator Pensions Policy  
EIOPA  
email: [sandra.hack@eiopa.europa.eu](mailto:sandra.hack@eiopa.europa.eu)  
phone: +49-69-951119-61

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