

Occupational Pensions Stakeholder Subgroup on “Occupational DC” Mandate

I. Background

The pensions landscape in many EU member states has changed and continues to change with a move away from Defined Benefit (DB)- towards Defined Contribution (DC) -schemes and various hybrid schemes. Today new occupational pensions are usually offered by pure DC or hybrid schemes, even though in some countries (e.g Germany) DB is still the only legally qualified option. The occupational DC pensions may have similarities with personal pension products even though many features differ as well. Social and labour law is the basis for many occupational DC schemes and consumer protection legislation is emphasized more in personal pension products. Both are faced with many common issues such as good governance and information disclosure. EIOPA is the leading authority in the area of workplace DC schemes (IORP Directive) as well as personal pension products. Occupational DC, DB and personal pension products may all play an important role in developing cross-border pensions in the EU.

Many of EIOPA's planned consultations are relevant for the DC pensions. These are e.g. "Research into methods of helping individuals with investment decisions in occupational DC schemes", "Report on fact finding in respect of practices at the decumulation phase for occupational pensions" and "Enhanced market development report (including cross-border developments)". Some of these are planned to take place already during spring 2014 or later in 2014.

During the 26 November 2013 meeting in Frankfurt, the OPSG Chair, based on the draft work plan of the Occupational Pensions Committee (OPC), proposed to establish three standing subgroups for the duration of the OPSG mandate on:

1. Solvency issues
2. Occupational Defined Contribution (DC) schemes: "Occupational DC"
3. Consumer protection issues

It was further agreed that the focus of the subgroup on the Occupational DC will mirror EIOPA and the Occupational Pensions Committee (OPC) work in the following areas:

- Current practices, approaches and options available to members at the **payout phases - Decumulation** of IORPs, both DB and DC in the various Member States
- Effective methods for helping individuals make **investment decisions** in occupational DC schemes
- Understanding and categorising practices and approaches in Member States in respect of **costs and charges** faced by members and beneficiaries of IORPs, both DB and DC.
- Communications (Risks, costs, benefits...)
- Guarantees
- Cross-border issues
- Governance

This subgroup is organised in respect of the Article 10 of the Rules of Procedures.

Following discussions at the May and July 2015 meetings, it was agreed to update the mandate in line with the revised OPSG Work Plan for the interval 2015-2016.

II. Tasks of the Subgroup

- Task 1: Prepare an OPSG reaction to the review of the IORP Directive (May 2015)
- Task 2: Collect evidence on cost and charges for occupational pensions DC schemes (project outline Q2 2014)
- Task 3: Research into methods of helping individuals with investment decisions in occupational DC schemes (Project outline Q2 2014)
- Task 4: Prepare a position paper on EIOPA report on fact finding in respect of practices at the decumulation phase for occupational pensions (October 2015)
- Any other tasks decided upon by OPSG

III. Expiration of mandate

The mandate of the OPSG DC subgroup expires upon completion of a report on the above tasks and latest on the date of expiry of the OPSG, namely March 2016.

IV. Organisation of work

The work of the subgroup will be organized so that each Task, as mentioned in part II, is allocated to a work stream.

The work is organized through conference calls with the members of the subgroup and one or two representatives of EIOPA for organisational/technical support.

The Subgroup leader sends documents at least one half-day before the conference call gathering the subgroup members comments.

The Subgroup leader sends draft documents to the full OPSG at least 2 weeks ahead of the regular meetings.

V. Subgroup lead

- Subgroup leader: Matti Leppälä
- Composition of work streams:
 - ❖ **Task 1: Cost and charges for occupational pensions DC schemes**
 - Members: Ellen Nygren, Marianne Moscoso, Klaus Struwe, Jan Sebo,

Joachim Schwind, Hristina Mitreva and Federica Seganti.

❖ **Task 2: Investment decisions in occupational DC schemes**

- Members: Charlotta Carlberg (lead), Ellen Nygren, Jan Sebo, Alberto Floreani and Federica Seganti.

❖ **Task 3: Decumulation phase for occupational pensions**

- Members: Niels Kortleve (lead), Jan Sebo, Laure Delahousse, Michaela Koller and Hristina Mitreva.

❖ **Task 4: Further review of the IORP II**

- Members: Matti Leppälä (lead), Niels Kortleve, Guillaume Prache, Michaela Koller, Ellen Nygren, Lukas Budzynski and Chris Verhaegen.

▪ **VI. Members**

- Subgroup members: Fritz Janda, Michaela Koller, Niels Kortleve, Matti Leppälä, Joachim Schwind and Petar Vlaić [Industry representatives]; Charlotta Carlberg and Laure Delahousse [Professional Associations]; Bruno Gabellieri, Hristina Mitreva, Doug Taylor, Neil Walsh and Chris Verhaegen [Employees]; Marianne Moscoso-Osterkorn, Ellen Nygren, Marius Serban and Klaus Struwe [Beneficiaries]; Alberto Floreani, Manuel Peraita, Pierpaolo Marano, Ján Šebo and Federica Seganti [Academics].

VII. Deliverables

OPSG Subgroup on Occupational DC Milestones and deliverables	Timeline (Q2-Q4 2014- Q1-Q4 2015)	OPSG expected date of discussion/ approval*	Priority High (H), Medium (M), Low (L)
Own initiative opinion on: <ul style="list-style-type: none"> • Investments cost and charges for occupational pensions DC schemes 	EIOPA Report published in January 2015 and discussed at the March meeting	Joint work with the Consumer Subgroup	M
Prepare a position paper on EIOPA report on fact finding in respect of practices at the decumulation phase for occupational pensions	Q3 2015	20/10	M
Further review of the IORP II	Q3 2015	Draft in October	H

*OPSG meeting dates 2014: 19/05; 07/07; 15/10 and Joint BoS-IRSG 26/11

*OPSG meeting dates 2015: 10/03; 08/05; 08/07; 20/10 and Joint BoS-IRSG 01/12

*OPSG final meeting date in 2016: 24/02