

## Summary of Conclusions

### Occupational Pensions Stakeholder Group (OPSG)

#### Seventh meeting

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Date: 20 June 2017

Time: 10:00 – 16:00

Location: EIOPA premises

Contact: Stakeholder.Groups@eiopa.europa.eu

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#### List of participants:

OPSG: Matti Leppälä (Chair), Bernard Delbecque (Vice-Chair), Alf Alviniussen, Janwillem Bouma, Paul Brice, Francesco Briganti, Lukasz Budzynski, Charlotta Carlberg, Alexandru Ciuncan, Laure Delahousse, Senka Fekeža Klemen, Zdeněk Hustak, Paul Kelly, Michaela Koller, Damien Lagaude, Sonia Maffei, Raimond Maurer, Claudia Menne, Marianne Moscoso Osterkorn, Stefan Nellshen, Philip Neyt, Kevin O'Boyle, John O'Quigley, Guillaume Prache, Ján Šebo, Falco Valkenburg and Fieke van der Lecq.

Not present: Tomas Bern, Giuseppe Corvino, Paul Cox.

EIOPA: Gabriel Bernardino (Chairman), Fausto Parente (Executive Director), Manuela Zweimüller (Head of Policy Department), Julian Arevalo (Consumer Protection Department), Carine Pilot-Osborn (Policy Department), Barthold Kuipers (Policy Department), Ursula Bordas (Consumer Protection Department), Giulia Conforti (Policy Department), Peter Kleisen (Policy Department), Kai Kosik (Corporate Affairs Department), Florian Ouillades (Corporate Affairs Department).

EIOPA National Competent Authorities (NCAs): Emilie Quéma.

European Commission (EC, DG FISMA): Steve Ryan (via telco).

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### 1. Approval of the agenda

#### Conclusion/Action:

- The revised version of the agenda (EIOPA-OPSG-17-13) was approved.

### 2. Update by the OPSG Chair

The OPSG Chair summed up the follow-up actions from the last meeting on 26 April 2017 and outlined the work ahead. The OPSG Vice Chair presented a tabled overview of the work and responsibilities in the group. Members welcomed the initiative and suggested minor improvements to the document, highlighting that some projects may overlap, such as the Consumer Protection issues of "Performance, costs and fees" and "transparency".

#### Conclusion/Action:

- EIOPA Secretariat to circulate revised OPSG work overview considering comments received at the meeting.

- All Work Stream/ Working Party Leaders to update OPSG work overview document related to their WS/WP by 11 July 2017 including deadlines for the deliverables, where relevant.

### **3. Update by the EIOPA Executive Director**

#### Pensions Stress Test:

The Stress Test is being conducted in 20 countries of the European Economic Area with a material pension fund sector. EIOPA has a Q&A procedure in place during the exercise to answer questions from participants on the specifications. To date EIOPA has received and answered around 20 questions. Pension funds have until 13 July 2017 to complete the exercise and submit the reporting templates to their National Competent Authorities (NCAs).

Between 13 July and 22 August 2017 NCAs will conduct a national validation of the results. The central validation at EIOPA will occur between end-August and end-September. EIOPA expects to publish the pensions stress test report by mid-December.

#### Operations of the European Supervisory Authorities (ESAs)

Following in-depth discussion during the EIOPA strategy day and further consultation of EIOPA's Board of Supervisors, EIOPA sent a response to the European Commission on 29 May on the public consultation. The Executive Director explained that EIOPA would like to see further progress in the field of supervisory convergence. This may require to put an emphasis on the development of existing tools, such as the handbook of supervisory practices, the platforms on cross-border business, the EU-wide thematic reviews or EIOPA's staff assessment of national supervisory practices. The use of existing powers regarding internal models should be reinforced too, with a strong preference for creating additional powers rather than shifting significantly power away from National Competent Authorities. He outlined the need for a holistic and integrated approach to prudential and conduct-of-business supervision. He added that any changes to the existing institutional set-up must entail such approach. EIOPA will react to COM legislative proposal, which is expected after the summer.

On the Joint ESAs' Stakeholder Groups letter to the European Commission, the Executive Director asked for more information regarding the reference to guidelines and the comparison of practices between the ESAs. He insisted on the possibility to issue guidelines as laid down in EIOPA's regulation e.g. to prevent regulatory arbitrage. He also stressed the importance of level 3 measures. For instance, Q&As are a key convergence tool enabling EIOPA to provide time-sensitive clarifications on matters within its remit in order to promote common supervisory approaches and practices in the Union. EIOPA needs quick, flexible and not legally binding supervisory tools such as the Q&As. He concluded that the EIOPA Stakeholder Groups have been instrumental in building EIOPA's reputation as a credible supervisory authority and further welcomed any evidence-based, constructive criticism from the group.

Members strongly supported the mandate of EIOPA. Some added that issuing guidelines and promoting transparency of undertakings was crucial. One member mentioned cooperation between the EU and national level as a room for improvement, pointing out to the risk of overlapping of regulatory requirements and to the cost of regulation for companies in particular.

#### OPSG membership

Following the resignation of a member of the OPSG, the appointment of a new member will be announced after the appointment by the Board of Supervisors' meeting on 29 June 2017.

#### **Conclusion/Action:**

- EIOPA Secretariat to inform OPSG after the EIOPA Board of Supervisors meeting on 29-30 June 2017 about the outcome of the replacement procedure for a leaving OPSG member.

### **4. Update by the European Commission (COM)**

#### Pan-European personal pension (PEPPP)

The European Commission representative announced COM's imminent legislative proposal,

which will be discussed by the European Parliament and the Council of the EU.

#### Institutions for Occupational Retirement Provision Directive - IORP II

Implementation workshops were postponed to the autumn 2017 given COM's current focus on the delivery of the PEPP proposal. COM representative further commented on the timeline: on the first part of the implementation (2017) and a latter plan to support the transposition process.

#### EU High-Level Expert Group on Sustainable Finance

A Stakeholder Meeting is scheduled for 18 July 2017 with further action expected after the summer.

#### **Conclusion/Action:**

- Not applicable

### **5. Pay-out arrangements**

Raimond Maurer outlined the chapters of the draft OPSG position paper that analyses the different risks (inflation, mortality, morbidity, investment, etc.), looks into detail at the market options to decumulate pensions assets (life annuities, drawdown plans, delayed claiming and lump sums) and presents two examples of economic modelling for an optimal retirement strategy. These are investment during the retirement phase and during the whole lifecycle. Several members welcomed the focus on concrete (e.g. economic models, decision process, information to members at decumulation phase) rather than theoretical (legal) aspects in the draft paper. Other topics discussed were financial literacy, investment risks, long-term care. Emphasis was put on how to bring the consumer awareness (behavioural economics) element in the paper.

#### **Conclusion/Action:**

- OPSG Members to send to Raimond Maurer examples of good practices at national level of decumulation options of retirement assets, especially lump sum payments and "delayed claimings".

### **6. Consumer protection:**

#### **6.1. Performance, costs and fees**

Guillaume Prache presented his draft position paper. Members discussed the Capital Market Union mid-term review, non-harmonised tax regimes, and the need for a consistent a well-defined methodology.

EIOPA thanked members for their input to the draft and encouraged the group to provide advice in a broad scope, including DC pension funds, and to make a proposal for a methodology for the calculations of net returns.

#### **Conclusion/Action:**

- OPSG to stick to approach of advising EIOPA in two stages (see minutes of 24 April 2017 meeting), taking into consideration that COM mandate to the ESAs is expected in Q3 2017.
- Guillaume Prache to incorporate the comments made at the meeting and to circulate a second draft of the paper.
- OPSG to put topic on agenda of OPSG meeting on 5 October 2017.

#### **6.2 Consumer Trends Report**

EIOPA thanked members for their valuable contribution to the Consumer Trends Report and explained its holistic approach to data collection. The input from the OPSG, similar to the input collected from other stakeholders, will be used to complement the quantitative and qualitative input gathered from EIOPA's Members and Observers.

#### **Conclusion/Action:**

- Not applicable

## **7. Sustainable investment by pension funds**

Fieke van der Lecq presented the draft mandate (link to presentation [here](#)) of the Working Party. The link was made with environmental, social and governance (ESG) topics in IORP II Directive.

Members agreed for the OPSG to take on this project and to focus on the bottom-up approach i.e. on the production of a survey. Results of such survey should form the basis of an OPSG paper, entailing an overview of experiences and best practices – both at IORPs and NCAs.

EIOPA's Chairman welcomed the initiative and stressed the need for proper governance regarding the management of ESG risk.

### **Conclusion/Action:**

- OPSG to include Working Party on sustainable investment in Work Plan.
- Fieke van der Lecq to send draft questionnaire to OPSG.

## **8. Pan-European Occupational Defined Contribution (DC) framework**

EIOPA staff presented the outcome of the recent survey and workshop with stakeholders. As a next step, EIOPA stressed the need to build a case for a Pan-European Occupational DC framework, thereby inviting OPSG members to provide further input, and more specifically supportive evidence of cross-border issues.

Francesco Briganti presented the analysis of the dedicated Work Stream on the idea of a Pan-European Occupational DC pension (PEOC), outlining the different components of a second regime. Various aspects such as tax, supervision, coverage, scheme design and solidarity were covered and discussed. Portability was identified as an essential feature of PEOC.

Some members expressed their concerns over the sequential order of the deliveries in the OPSG Work Plan for two reasons. The PEOC project is at a relatively early stage and the revision of the Budapest Protocol – a related topic, part of the implementation of IORP II – may require advice by the OPSG in the near future.

### **Conclusion/Action:**

- EIOPA Secretariat to circulate by email request to OPSG for further feedback by 11 July 2017 (see details of call for evidence on page 5 of EIOPA presentation).
- OPSG to consider its response when EIOPA's Discussion paper will be published towards the end of 2017.

## **9. EIOPA Pensions data requests**

EIOPA staff presented (link to presentation [here](#)) the objectives, scope and content of EIOPA's data requests.

Two members pointed to the correct use of definitions (taxonomy) to avoid misinterpretations. One member highlighted that thresholds are needed to avoid an excessive burden on countries with small IORPs. Finally, one member asked about the relation between this project and the ECB's project.

EIOPA's Chairman responded that the key strategic objective is to strengthen the financial stability of the occupational pensions sector. In order to increase efficiency, EIOPA is closely collaborating with the ECB to facilitate a single data flow building on a single taxonomy. He added that a proportionate approach will be applied to the collection of individual data.

In terms of next steps, EIOPA aims to launch a three-month public consultation by mid-July on the data requests.

### **Conclusion/Action:**

- OPSG to provide input to the public consultation on EIOPA's regular data requests after its publication in mid-July.