

## Summary of Conclusions

### Occupational Pensions Stakeholder Group (OPSG)

#### Fifth meeting

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Date: 10 July 2019  
Time: 10:00 – 16:00  
Location: EIOPA premises  
Contact: [Stakeholder.Groups@eiopa.europa.eu](mailto:Stakeholder.Groups@eiopa.europa.eu)

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*List of participants:*

*OPSG: Alvinjussen, Alf ; Azzopardi, Moses; Briganti, Francesco ; Delbecque, Bernard (Chairperson) ; Duarte, Valdemar; Fekeža Klemen, Senka; Gabellieri, Bruno; Gómez, José Carlos; Gülich, Christian; Jones, Olav; Kupsys, Kęstutis; Lewis, Sue ; Maczynska, Aleksandra (Vice Chairperson) ; Maher, John ; Micilotta, Flavia ; Nellshen, Stefan; Neyt, Philip; O'Quigley, John; Oroviceanu, Catalin ; Seidel, Philippe; Valkenburg, Falco (Vice Chairperson); van Meerten, Hans; van der Lecq, Fieke; Wancke Widemar, Ann-Marie.*

*Not present: Lemaire, Christian; Luciano, Elisa ; Moriarty, Jerry; Reichert, Sibylle; Reiner, Michael; Reinhammar, Torun.*

*EIOPA: Gabriel Bernardino (EIOPA's Chairperson), Fausto Parente (EIOPA's Executive Director), Costanza Russo (Consumer Protection Department), Pedro Pires (Consumer Protection Department), Sandra Hack (Risk and Financial Stability Department), Giulia Conforti (Policy Department), Barthold Kuipers (Policy Department), Carine Pilot-Osborn (Policy Department), Florian Ouillades (Corporate Affairs Department).  
EIOPA National Competent Authorities (NCAs): Frank Grund (BaFin, DE), Peter Braumüller (FMA, AT).  
European Commission (DG FISMA): Nico Spiegel; Elena Puiu (video call).*

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### 1. Approval of the agenda

n/a

**Conclusion/Action:**

- The agenda (OPSG-19-08) was adopted.

### 2. Update by the OPSG Chair

The OPSG Chair informed Members about ongoing and upcoming OPSG work.

**Conclusion/Action:**

- EIOPA and OPSG Chair to revise and circulate an updated version of the OPSG Work Programme.

### 3. Update by the EIOPA's Chairperson

EIOPA's Chairperson updated Members on the following topics:

Implementation of the IORP II Directive:

EIOPA has published four Opinions to assist National Competent Authorities (NCAs) in the implementation of the Institutions for Occupational Retirement Provisions - the IORP II Directive:

- The Opinion on the use of governance and risk assessment documents in the supervision of Institutions for Occupational Retirement Provisions (IORPs)
- The Opinion on the practical implementation of the common framework for risk assessment and transparency for Institutions for Occupational Retirement Provisions (IORPs)

- The Opinion on the supervision of the management of operational risks faced by Institutions for Occupational Retirement Provisions (IORPs)
- The Opinion on the supervision of the management of environment, social and governance risks faced by Institutions for Occupational Retirement Provisions (IORPs)

The Chairperson reminded that the IORP II Directive is aimed at minimum harmonisation.

#### IORP Stress Test:

The EIOPA Chairperson provided an update on the current status of the project, on the on-going validation and also on the scope of the exercise, which includes this time a cash-flow analysis, as well as Environmental, Social and Governance (ESG) sustainability considerations. As far as the methodology for Stress Testing is concerned, EIOPA Board of Supervisors (BoS) approved a change in the recurrence of Stress Tests from every two years to every three years to allow for a deeper analysis in between the tests. The EIOPA Chairperson stressed that the exercise is an assessment of vulnerabilities (risk management tool) and not a recapitalisation exercise.

#### Financial Stability Report Spring 2019

EIOPA published its Q1-Q2 2019 report. Among the main findings, it has found, that the sector has come under increasing pressure in 2018 by the fall in stock values towards the end of the year, pertaining to significant losses in IORPs' equity investments. EIOPA also mentioned the limited data availability and valuation approaches, which vary substantially among the Member States and hamper a thorough analysis and comparison of the pension market developments between Member States. New reporting guidelines will allow for a more in-depth risk-based analysis as of 2020.

#### Pan-European Personal Pension Product (PEPP)

The involvement of EIOPA's Stakeholder Groups is expected as of September 2019. EIOPA anticipates that the first policy items for consultation will be on: information documents, cost cap and risk mitigation techniques. The Chairperson stressed the importance of having a joint OPSG/IRSG group on PEPP. EIOPA also mentioned this particular point to the IRSG during their previous meetings. IRSG Members reacted very positively and were supportive of this idea.

#### Future areas of OPSG work

The work on pensions is in a transitional phase, moving from regulation to implementation and supervision work. Going forward EIOPA expects interaction with the OPSG on issues that also are raised by the COM High-level Group on Pensions. One example is the blueprint for a Defined-Contribution framework, as EIOPA will look at national regimes to facilitate a sound framework (design, governance, transparency, risk-sharing). The idea of a blueprint fits in with EIOPA's priorities proposed in the High-level Group e.g. to foster the demand side of the Capital Markets Union (CMU) to reduce the pension gap.

#### OPSG Membership

Mr Onno Steenbeek (Netherlands) was appointed to the OPSG as a new Member representing IORPs. The revised EIOPA Regulation (ESAs review), applicable of 1 January 2020, foresees changes to the composition of the OPSG. The ESAs are currently working with COM to achieve a smooth transition period and implementation.

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

- New EU institutional cycle will impact EIOPA's priorities and hence future OPSG work programme discussions.
- EIOPA to update the OPSG on Stress Testing, Financial Stability Report and on PEPP at next OPSG meeting on 24 October 2019.
- Members to volunteer ([click here](#)) by 30 July 2019 to join the Subgroup on Financial Stability Report led by Fieke van der Lecq.

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

COM representatives informed Members about the following topics:

#### Pan-European Personal Pension Product (PEPP):

Signature of the agreement by the European Parliament and the Council Presidents took place on 20 June 2019. The 12-month period preparation phase for application has started. EIOPA will develop a series of draft regulatory, and implementing technical standards in the run-up to the application date of the PEPP.

A few Members enquired about the conditions for IORPs to offer a PEPP. COM confirmed that only those IORPs which are also authorised and supervised to provide personal pension products pursuant to national law should be allowed to provide PEPPs. Moreover, all assets and liabilities corresponding to the PEPP provision business should be ring-fenced.

#### Implementation of the IORP II Directive:

Transposition of the Directive is on-going. To date 13 Member States have failed to notify COM of correct transposition and the deadline did expire in January 2019. COM has opened infringement procedures against the 13 Member States.

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

- Technical expert group on sustainable finance (TEG) published on 18 June a report on EU Taxonomy with a call for feedback until 13 September 2019.
- High Level Group on pensions is due to publish its final report in Q4 2019. Further material will be uploaded to COM website before publication.

### **5. IORP II Implementation:**

#### **5.1. Information to members and beneficiaries**

EIOPA presented (see link to presentation [here](#)) the outcome of the survey in terms of preferences for a particular design and provided feedback on the issues raised (content elements). In general, the feedback from Members on the mock-ups (test designs) was very positive. As a next step, EIOPA will adjust some aspects of the designs, in particular in the areas of: pension projections scenarios (in alignment with IORP II requirement of a 'best estimate' scenario), pension calculator, risk profile, warning on a non-guaranteed type of scheme, and personal data disclosed of the beneficiary.

Members further discussed the reference to inflation and the inclusion of a warning also for partial guarantee schemes. The effect of inflation was suggested to be integrated in the pension calculator. As for the partial guarantees, there were different opinions on the added value of a warning. Suggestion was made to provide a digital solution for more information on the provider and the type of guarantee offered.

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

- EIOPA to circulate updated slides presented during the meeting (see link [here](#)).
- EIOPA to present to the OPSG the results of the consumer testing carried out in Q3 2019.
- OPSG feedback will serve as a basis to further refine the Pensions Benefit Statements (PBS) designs.

#### **5.2. IORP II Supervisory opinions in the area of governance and risk management**

Management Board member provided introductory remarks (see link to presentation [here](#)) on the recent adoption of four supervisory opinions by the Board of Supervisors seeking to assist National Competent Authorities in the area of governance and risk management. The Opinions are testimony that common supervisory expectations can be achieved also for a minimum-harmonisation Directive such as IORP II. With respect to proportionality, EIOPA emphasised the challenge of providing enough detail given the diversity of the IORP sector in Europe. EIOPA gave an overview of how technical comments from the OPSG provided in March had been considered in the finalisation of the Opinions. Clarification was provided on the voluntary nature of the common framework in relation own-risk assessment by IORPs. OPSG members welcomed on-going work on ESG, part of EIOPA's action plan on sustainable finance.

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

- Members welcomed EIOPA's consideration of technical feedback in the finalisation of the Opinions (see link to EIOPA's letter published on its website [here](#)).
- Members to take note of the Opinions published on 10 July 2019 (see link [here](#)).

## **6. Gender gap in Pensions**

OPSG Member introduced the topic (see link to presentation [here](#)) and Members discussed the possibility of carrying out work on the gender gap in pensions in the context of expected recommendations of the High Level Group on Pensions. Members agreed for a member to lead the work which should summarise relevant EU legal framework and provide an analysis of the different cohorts on the gender gap in pensions.

### **Conclusion/Action:**

- EIOPA to circulate slides presented during the meeting (see link [here](#)).
- Members to volunteer (click [here](#)) by 30 July 2019 to join the Subgroup on Gender gap led by Ann-Marie Wancke Widemar.
- OPSG to review the gender gap issue in the interim report of the High Level Group on Pensions upon public availability.

## **7. Methodologies for calculating the cost and past Performance of pension products**

EIOPA staff presented a note and highlighted the challenges from the first Report on Costs and Past Performance of insurance and pension products, as well as the envisaged action to simplify process and methodology. The structure of an online survey designed to collect data, as of September, was explained. The supporting work from the Actuarial Association of Europe on profit participation products was mentioned.

Members discussed the importance of breaking down the information and data in the definition of extra or administrative costs. Several Members congratulated the team on the improvements made to the reports. Diverging views on distribution, advice of pension products remained.

### **Conclusion/Action:**

- Members were supportive of the actions to streamline the process and the methodological improvements.
- EIOPA staff to consider the oral comments received at the meeting when improving the methodology of the next report.

## **8. Mutual recognition by the National Competent Authorities of the methodologies of cross-border IORPs in the context of the Own-Risk Assessment (ORA)**

OPSG Member introduced the topic and Members discussed whether cross-border issues presented in a paper are Member State-specific or can also be observed in other Member States, hence requiring more examples in other jurisdictions. Some Members highlighted the need to distinguish cross-border issues that are potential infringements in the transposition of the IORP II Directive from those that are potential breaches of Union law (e.g. cross-border procedures). This distinction is crucial as it allows to identify the competent body within the EU institutions. In its role to monitor cross-border procedures and market developments, EIOPA welcomed the initiative of raising awareness and triggering exchange of initial views. OPSG members agreed that the paper is informal and is not meant for publication.

### **Conclusion/Action:**

- Francesco Briganti to prepare a revised paper and share it with OPSG Members.

## **9. Pan-European Personal Pension Product (PEPP )**

EIOPA provided an update in terms of timing and approach of EIOPA's policy work on the technical standards. Due to the shift in the expected publication of the Regulation, currently mid-August 2019, the deadline for EIOPA to deliver its work can be moved to mid-August 2020. The internal working structure has been set up and the [expert practitioner panel](#) was established.

### **Conclusion/Action:**

- OPSG stands ready to discuss policy issues with EIOPA as from September to support an expeditious development of the technical standards and (potentially) technical advice on Delegated Acts.
- Members fully supported to take also a digital-friendly view on information documents and to ensure reconcilability of the PEPP Benefit Statement with the PEPP KID.

## **10. Sustaining old age income by enhancing supplementary pensions: Funded pensions contribution to growth and employment**

Members discussed the challenges to work-based supplementary pensions based on the work of the previous OPSG group on this topic (see [here](#)). While the issues elaborated upon were identified as valid, the proper aim and objective of the note – as well as its capacity to evolve in formal piece of advice to EIOPA – was the main theme of the conversation.

### **Conclusion/Action:**

- Francesco Briganti to lead this initiative.
- Whilst the note would require amendments and adaptations, it is a good reference point for preparing advice on how to address the challenges facing the provision of pensions in Europe and help EIOPA setting its priorities in this area.
- Members agreed to wait until the publication of the report of the HLEG on pensions to decide which topics should be covered in such report.
- In the meantime, Members are invited to give comments on the note that was discussed during the meeting.

## **11. AOB**

One Member commented on EIOPA's latest Financial Stability Report and praised the work on investment allocation, highlighting that links to the liability side could be further expanded to address adequacy or sustainability issues.

### **Conclusion/Action:**

- Members were invited to the next OPSG meeting on 24 October 2019 (09:45-15:45)
- Members to note the tentative OPSG meeting dates in 2020
  - OPSG: Thu 20 Feb 2020
  - OPSG: Wed 27 May 2020
  - OPSG: Thu 16 Jul 2020
  - OPSG: Tue 20 Oct 2020
  - Joint IRSG/OPSG/BoS: Wed 25 Nov 2020