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EUROPEAN INSURANCE  
AND OCCUPATIONAL PENSIONS AUTHORITY

# **Task Force on Personal Pensions EIOPA update to IRSG on public consultation**

Frankfurt, 10 June 2015

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- New European Commission announced **focus on Capital Markets Union (CMU)** in July 2014
- 18 February 2015 **Green Paper** mentions role (personal) pensions could play in bolstering CMU
- Aggregate long-term **individual savings** provides long-term **investment opportunities** for personal pension providers
- EC **CMU Action Plan** published: summer 2015
- June 2015 paper will focus on how a **2<sup>nd</sup> regime** Pan-European Personal Pension (PEPP) could be constructed (EU Regulation)

- Discussion with IRSG strategic areas sub-group 3 June
- Presentation to IRSG 10 June
- Ongoing exchanges with strategic areas sub-group as required.
- IRSG input to consultation process

- Encourage more EU citizens to **save for an adequate retirement income** by creating a truly internal PEPP market
- **Simple, transparent, cost-effective and trustworthy product** – retirement savings product enabling consumers to participate in investment markets
- **A harmonised legal framework** which:
  1. facilitates cross-border offering of PPPs to consumers by removing existing barriers to cross-border business;
  2. will allow providers from different sectors to offer PEPP and ensures a level playing field between all providers;

# Building blocks of the PEPP (1) EIOPA

- A stand-alone **authorisation regime** for providers
- **Structural Principles** - providers have sufficient financial resources, including where guarantees are offered;
- **Competent authorities for authorisation and supervision**
- **Investment principles**
- **Distribution channels** suitable to be marketed using modern technologies, and in the absence of advice.

- **"Product Passport"** a one-stop shop for authorisation in the home Member State
- **Effective conduct of business regulation** governing the operating conditions of PEPP providers
- **Product Oversight and Governance principles**

- **Provider level** – standardised high level investment principles
- **Product level** - limited number investment options (max. 5) aimed at maximising returns at defined risk level
  - o Default – de-risking mandatory unless minimum return guarantee
    - De-risking strategy: building, then safeguarding realised returns
- Product oversight and governance principles

- Effective **information disclosure** (PRIIPS starting point)
  - Risks
  - Costs
  - Actual return
- Periodic free of charges switch to alternative product/provider



- Conduct of business requirements
  - Overall **duty of care** to the customer
  - Direct & indirect distribution options – **advice optional**
  - Advice given – well regulated, robust process
  - Appropriate **knowledge and ability** requirements
  - **Conflict of interest** avoidance requirements
  - Effective **redress** systems

- Flexible **retirement date** possible
- Different forms of **decumulation** possible
- Adding a **biometric risk cover** to the PEPP possible
- Investment options where **costs and charges are capped** possible?

- Internal market
  - Introduction of a "**product passport**" to remove existing barriers to cross-border marketing PEPPs
  - Consumers should be able to buy PEPP in countries other than their country of residence
  - PEPP holders able to continue saving in their original PEPP, whilst changing their country of residence
- Ensuring effective supervision
  - **common authorisation and supervision rules** for PEPP providers
  - close **co-operation** between national competent authorities

- **EIOPA paper published** after 29/30 June BoS meeting
- **Stakeholders** invited to share **views** on report  
Public consultation between 1 July and 30 September 2015
- Other call for advice issues in report to COM  
February 2016



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# Thank you

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