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EUROPEAN INSURANCE  
AND OCCUPATIONAL PENSIONS AUTHORITY

# **IORP II - update**

OPSG meeting  
Frankfurt, 19 May 2014

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- Facilitate the development of safer, more efficient occupational pensions that contribute to adequate and sustainable pensions by
  - o Removing remaining prudential barriers for cross-border IORPs
  - o Ensuring good governance and risk management of IORPs
  - o Providing clear and relevant information to members and beneficiaries
  - o Ensuring that supervisors have the necessary tools to effectively supervise IORPs

# Removing remaining prudential barriers for cross-border IORPs



- Home Member State determines rules on
  - o Investment
    - in particular no restrictions on long-term investments
  - o Disclosure of information to members and beneficiaries
    - standardised pension benefit statement
- Proposal further clarifies
  - o Procedures for cross-border activities
    - transfer subject to authorisation by home MS and, if applicable, approval by members and beneficiaries
    - exchange of information on social and labour law
  - o Scope of action of home and host Member State

- Effective system of governance
  - o Fit and proper requirements on key functions: risk management, internal audit, actuarial function
  - o Sound remuneration policies regarding staff/management of IORPs – to be publically disclosed
    - empowerment for delegated act
  - o As part of the risk management: risk evaluation for pensions
    - assessment of risk in line with national funding requirements
    - empowerment for delegated act
  - o Requirements on outsourcing

# Providing clear and relevant information to members and beneficiaries



- Public disclosure of the pension scheme's conditions (on IORP's website)
  - for example: rights and obligations, risks and investment options
- Pension Benefit Statement
  - o Standardised, annual statement for active members
  - o Covering balances, contributions and costs, pension projections, investment profile and past performance
  - empowerment for delegated act
- Supplementary information dependent on pension stages
  - Just before enrolment, just before retirement, during pay-out phase

# Ensuring that supervisors have the necessary tools to effectively supervise IORPs



- Home Member State has the sole responsibility for the supervision of IORPs in its jurisdiction
  - Supervision needs to be undertaken in a prospective, risk-based, timely and proportionate manner
  - Assess impact on financial stability
- Supervisory review process
  - o Monitoring tools, necessary powers
  - o Including stress tests

- Publication of the proposals: 27 March 2014
  - ...
  - o Council
  - o Parliament
  - ...
- Adoption of delegated acts
  - ...
- Transposition: 31 December 2016

## OPSG's reaction to the proposals on:

- Cross-border arrangements
- Governance of IORPs
- Information to members
- Supervision of IORPs





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**Thank you**

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