EIOPA-OPSG-16-17

13 July 2016

OPSG Feedback statement to EIOPA Questionnaire on the Consumer Trends Report

EIOPA is required under its Regulation to collect, analyse and report on consumer trends. To date, EIOPA has produced Four Consumer Trends Reports.

The term "consumer trend" is not defined in the EIOPA Regulation. EIOPA therefore devised the following working definition: "Evolutions in consumer behaviour in the insurance and pensions markets related to the relationship between consumers and undertakings (including intermediaries) that are significant in their impact or novelty".

The term "Trends" is understood in a broad sense; it means, for example, evolutions in volume, evolution in the way the relationship between customers and undertakings/intermediaries is determined, or also new insurance products and financial innovations that are being introduced into the market. The trend may already be consolidated for a number of years, but it may also be only emerging and can potentially become significant in the future.

Insofar the report aims to inform EIOPA in the identification, prioritisation and development of targeted policy proposals; EIOPA seeks to identify possible consumer protection issues arising from such trends. Nevertheless, positive trends shall also be identified and highlighted.

Similar to previous exercises, EIOPA has requested the **OPSG** to provide informal input to the work on the **Consumer Trends Report** in April 2016.

The informal input provided by the IRSG will be taken on board in the data collation and analysis together with data collected from Member State authorities and other relevant sources for identifying trends.

Members' input was required on the following:

- how the demand and/or offer for different types of occupational and pension products has evolved during 2015
- any financial innovations or developments in the market environment, as well as any possible arising consumer protection issues.

In addition, **input was also requested** on the following:

- To what extent individuals receive **financial advice** when planning for retirement (i.e. is it an extended practice or not?). Which entities provide such advice?
- The liberalisation in the pay-out phase in some Member States could potentially lead to the reduction in the traditional annuity businesses and to drive innovation in alternative retirement products. Are you aware of the emergence of such **new products**?
- The impact of **digitalisation** (e.g. internet, social media, big data etc.) in the pensions sector.
- The main **distribution channels** of occupational and personal pensions (workplace, intermediaries, internet etc.), and how such distribution channels have evolved in recent years.

A. Background

In December 2015, EIOPA published its **Fourth Consumer Trends Report**.

The report includes a description of the trends that have been identified in several Member States and possible consumer protection issues that could arise from such trends, insofar the report aims to inform EIOPA in the identification, prioritisation and development of targeted policy proposals.

As far as the pensions sector is concerned, the Fourth Consumer Trends Report has identified, from a consumer protection perspective, **the shift from Defined Benefit to Defined Contribution schemes**. It also analyses the issue of **transferability of pension rights and its implications for members, beneficiaries and policy holders**, which has gained relevance in the context of developments such as the EU enlargements or the recent financial crisis. Important changes in the decumulation phase that are taking place or are expected to take place in a number of EU Member States, which offer individuals the possibility to choose amongst different pay-out options.

From a financial innovation perspective, the pensions sector is characterised by being a relatively stable sector were innovations are limited and in many occasions driven by regulatory changes. These changes can be both European and national and both regarding occupational pensions and state pensions.

B. General comments / suggestions

- **Stakeholders appreciated EIOPA's efforts in developing the scope of the Consumer Trends Report** by covering the private pensions sector for the second time.

- **EIOPA should include information and analysis on performances and fees**. So far, the EIOPA reports do not provide any information on the performance and fees of pension products. The last EIOPA report mentions only in its very last paragraph: "*The recently published Action Plan on Building a Capital Markets Union states that to further promote transparency in retail products, the EC will ask the European Supervisory Authorities (ESAs) to work on the transparency of long term retail and pension products and an analysis of the actual net performance and fees, as set out in Article 9 of the ESA Regulations*. But the EIOPA report does not mention how and when EIOPA intends to address the EC September 2015 request.

- **EIOPA should benchmark consumer trends in the EU with best practices in other developed pension markets.** In particular, the OPSG is of the opinion that EIOPA would benefit most from analysing and reporting on what is happening on the US pensions market. Most notable in recent pension saver protection trends in the US is the April 2016 release of the US Department of Labor's final rule requiring that brokers and other financial advisers giving retirement advice must put their clients' best interests first, which will protect hardworking retirement savers from conflicts of interest. There is no such provision in EU Law for occupational pensions (IORP Directive) and even more so for personal pensions (for which there are basically no EU-wide user protection rules to date).

- In some countries the OP (Occupational Pensions) consumers still have limited protection. They have limited options in choosing their OP scheme, they have unsatisfactory access to information and in particular in DC systems they have no influence in the scheme's governance while taking all the risks. Since DC schemes are increasingly used, EIOPA's activities should specifically target these schemes and their specific requirements for consumer protection. However, transparency is also paramount for DB pension schemes.
- Since the consumer takes all the risks in DC systems, the schemes must be more transparent regarding risk management, costs and charges than other systems. A special focus should be given to these systems and the role of beneficiaries in such schemes must be enhanced.
- In cases where there is no freedom of any choice for the beneficiaries of a pension plan (i.e. in case of a mandatory membership in a pension plan or IORP without any choice between different investment options, payout options etc., and when administration costs and investment risks are borne by the employer), the situation of a beneficiary is extremely different to the situation of a consumer having the choice between product A or product B, so that he needs support in order to avoid taking a “wrong” decision.

C. Developments in demand / offer / financial innovations / market environment / consumer protection for different product categories

I. Occupational pensions

Austria

A standard for disclosure of costs and charges for all OP DC schemes, based on best practices in Europe, could become an official EIOPA recommendation for all countries, including Austria. A European OP performance index should also enable consumers to make best choices. This index could facilitate also cross border activities.

Another issue is the national consumer claim management for OP. As an example in Austria there is no official consumer ombudsman for OP issues, no institution responsible to deal with OP consumer problems.

Apart from the low interest rate environment in which pension funds (Pensionskassen) are currently operating there is also a 'low-interest environment' among Austrian employers towards pension funds: only a quarter have an OP arrangement. SMEs in particular are reluctant as they feel the contracts are too complex or simply economically not feasible. And even those with a pension fund option similar to the deferred compensation model in their industry's collective bargaining agreements shy away from setting up a contract.

Also the introduction of the national pensions account, or Pensionskonto, has not led to any notable increase in demand for supplementary pensions. This presented people for the first time with calculations on their future pension from the first pillar. Most of the 20% of Austrian employees (above 800.000) who are beneficiaries of OP arrangements are participating in DC systems where all the risks are on the shoulders of beneficiaries. While there has been little new regulations in the OP sector over the past years, the amended Risikomanagementverordnung für Pensionskassen (PIMAV-PK) brought some improvements to reduce consumer risks. The regulation tests individual cohorts of beneficiaries based on their risk profile. Funds will be required to assess credit risk to avoid any "excessive dependency" on external credit rating assessments. The reform also requires funds to prove they have complied with the Pensionskassengesetz (PKG) when employing derivatives.

Currently the OP sector is in the hands of a few players. In 2014 figures from supervisor showed that the biggest three funds Valida, APK and VBV accounted for nearly three quarters of the sector's assets and that the total number of funds declined in 2015 to 11. The so called Vorsorgekassen launched in 2003, which are provident funds administering severance pay, play an increasingly important role as second pillar player. Benefitting from mandatory contributions of 1.5% of salary from most employees – both staff and self-employed – the sector is growing larger and could overtake the Pensionskassen's 20 billion EUR in assets. It easily outstrips the occupational pension sector's workforce engagement rate and, with 8 billion EUR in assets last year, some Vorsorgekassen are reporting assets under management in excess of smaller Pensionskassen.

According to the data compiled by the Austrian Pension Fund Association (FVPK) the pension providers, including single company and multi-employer plans, produced an average return on investments of 2.4% over the course of 2015.

Croatia

During 2015 the number of members in occupational pension funds (called in national law: closed-end funds) increased by 20%, and contributions from sponsors increased by 18%. Although the number of members and assets under management have been increasing in recent years, occupational pensions still account for just 11% of total voluntary savings. There are a few examples where an employer or trade unions support pension savings financially and declaratively. Moreover, it is a prevailing opinion that the choice among different savings and investment products on the market should be left up to consumers to decide on their own. Furthermore, even tax incentives for the employer of up to 650 EUR per year did not help to boost offer of occupational pension products.

Italy

In the last few years a reduction in the number of pension schemes offered to beneficiaries was observed. This trend is justified by the fact that there has been a merging tendency among small pension schemes. This tendency is extremely positive and it should be encouraged by the Authorities: the merge of smaller pension schemes allow to benefit from economies of scale, which turns into lower costs for consumers.

From a financial point of view the low interest rate environment forced pension schemes to revise their investment strategies, to abandon the traditional and conservative strategies in favour of more diversified asset allocations. This trend, however, didn't pose any new issue in terms of consumer protection since the governance rules and the internal control systems were strengthened to be adapted to the new context.

The Netherlands

The trend from moving from DB to DC is counteracted, as individual DC plans turn out to deliver too volatile pension results. In The Netherlands, the quest for a hybrid plan, which has the best of DB and DC, has resulted in a new type of pension plan. Currently, we work on a note to explain this plan in English.

Romania

N/A

Sweden

The main part (4/5) of the market for OP in Sweden is regulated by pension-plans collectively agreed between the social partners. 90% percent of all workers are covered by four major pension plans (private sector blue collar, private sector white collar, state employee's and municipal workers). There are differences between the plans although they are based on common principles and have developed side by side in a similar way. A general trend is a gradual transition from DB to DC. The social partners have decided to introduce funded

DC pensions and to establish mutually owned clearing houses in order to facilitate individual investment choices at low costs and a minimum level of security. Employers and unions use their bargaining power to negotiate favourable contracts with financial service companies, keeping management fees at low levels on the market. Employers and unions also screen financial providers to exclude high risk funds. The clearing houses maintain web-based fund platforms that the members of a scheme may use to make fund choices (all plans offer default alternatives for members not making any choice). The providers are selected through procurement procedures or other similar methods allowing the social partners to have influence on prices and quality of products offered by the market. The schemes have mechanisms for encouraging and sometimes requiring employees to avoid risky investments. As for example requiring participants to place half of their pension contribution in a guaranteed annuity product.

The market for OP in Sweden has not changed significantly in recent time. A tendency that has been noted is that pensioners chose shorter pay-out periods, (less than 10 years) which means that many that the occupational pension payments end after the specified period, leaving the pensioner with only statutory (or eventually a private) pension income. This may mean that many retirees risk sharp decreases in overall pension income. There are no national statistics on this issue, but data for private sector white collar pensioners indicate these developments (nearly all occupational pension schemes allow participants to choose between lifelong pension annuity and a defined pay out period with a minimum of five years. Lump sum payments are not permitted).

One actual issue is how to adapt to IORP 2 and the option in IORP 1 for Swedish insurance companies that provides occupational pensions. Today there is a transitional period and uncertainty.

UK

The market for OP is large and provision is usually via Trust based provision – which can be either DB or DC or contract based – principally DC (essentially a series of individually personal pensions banded together under a group policy benefitting from economies of scale in both administration, investment and other costs). Governance is via fiduciary board and regulated by the Pensions Regulator (trust based schemes) or by Financial Conduct Authority (FCA) for contract based schemes.

Since 2012, the United Kingdom has had mandatory provisions for employees to become members of pension schemes provided by their employers ("Auto-enrolment") unless they opt out. There is a an option set up by the UK Government – the National Employment Savings Trust ("NEST") – although employers are free to choose alternative, approved providers if they wish. Most, but not all, Auto-enrolment schemes – including NEST – are DC-based arrangements. Employers and employees both contribute, with a tax rebate topping up the total contributions.

Generally, the UK pensions landscape has moved towards DC arrangements, although there are some 6,000 DB schemes, a number of which are still open to accrual and / or new members. Further, variants on typical "final salary" DB arrangements – such as Career Average Revalued Earnings ("CARE") schemes - are becoming more commonplace.

The UK Government has been progressively lowering the tax reliefs available for pensions savers who are deemed "higher earners". However, from 2017 an alternative tax-advantaged savings mechanism – the Lifetime Individual Savings Account – will be introduced as an additional option for saving for retirement. Additional flexibilities are discussed under "personal pensions" below.

II. Personal pensions

Croatia

Personal pensions (called in national law open end funds) posted an increase of 7% in terms of members and 14.8% in terms of contributions. Although pension funds have a high rate of return (average annually 5.5-7.5%), the majority of household investments are in bank deposits. Personal pensions collected in voluntary pension funds are still at the lower end of the investments scale and comprise just 4% of assets accumulated in mandatory pension funds (i.e. 1st pillar bis pensions)

A survey showed that Croats still prefer investment in real estate and bank deposits, 38% of them are very likely to invest surplus of money in real estate while 47% of them are likely to invest in bank deposits. However, just 8% said that they were very likely to invest in pension funds.

On the other hand, mandatory savings (i.e. 1st pillar bis pensions) have been showing significant increase in accumulated funds. More than 1,7 million citizens have above 10 billion EUR in their personal accounts in one of four pension funds operating on the Croatian market. Their assets represent almost 20% of the GDP of Croatia. Changes in the Law in 2014 have brought many improvements and of the highest importance for members is proxy life cycle pension funds. Pension fund members are obliged to select a mandatory pension fund of a specific category in accordance with the age limit. The pension fund member can select fund A category if he/she expects to retire in 10 or more years. If less than 10 years but more than 5 years are left until retirement, fund member can choose B category fund. All members approaching retirement in 5 years will be transferred to C category fund. The Central Registry will automatically transfer members from A to B and B to C category as they fulfil age conditions.

The Netherlands

In The Netherlands, self-employed persons now seem to realize that they have to care for their own pensions. They are increasingly "pensions aware". Most of them still resist any mandatory plans, but they do want help in how to find their way in the pension world. Up until now, the providers which target on self-employed offer Pillar III products (i.e. investment plans), since Pillar II is not accessible for self-employed.

Romania

Demand:

- Weak demand in Pillar III (voluntary private pensions);
- The number of participants reached 397.321, increasing by about 10% y-o-y; however, after almost 9 years since the 3rd Pillar's inception, less than 10% of the Romanian workforce is participating to the voluntary pension funds
- Among main reasons of the Pillar 3's underdevelopment: the labour's market status, the low purchasing power of citizens, the Pillar 3's feature are not encouraging employers to use voluntary private pensions as employee benefits (no vesting conditions) although the contributions to Pillar 3 are fully tax free in the amount of EUR 800/year.

Offer:

- There are 11 active Pillar III pension funds; highly polarized market (2 pensions funds are holding 63% of the participants)
- Only 2 funds have a different investment risk profile (high risk), all other are classified as medium investment risk funds. Therefore, considering the product's features, there is a very small difference among funds.

Financial innovations:

- No significant change; funds have a significantly conservative investment policy, in part imposed by the Law
- During the last 12 months, the structure of the investment portfolio varied very little: state bond are holding an over 64% share in the portfolio (0.5% more y-o-y), while shares represent about 20% (down by 1.5pp y-o-y)

- Investments in Private equity, Commodities and precious metals funds, UCITS etc., although allowed in certain limits by the Law, are almost absent in the Pillar III funds' portfolios.

Market environment:

- There are upcoming legislative initiative expected to give some impetus to the market: the Pensions' Payment Law (much delayed compared to the initial timeframe) and the occupational pensions law (first draft law was not agreed by the market, as it was providing for a costly completely separated segment, while both the market players and the regulator consider it should be an extension of Pillar III)
- Market players would also need a higher degree of digitalization of the market (allowing for online registration of participants or online changing of the investment options etc., in example)
- There is also a general concern with regard to the future financial investments opportunities – currently over 94% of the assets are invested in Romania, but the Bucharest Stock Exchange seems to not have enough liquidity (no interesting IPO's expected etc.); low interest rates also raise concerns with regard to the future returns achieved by the pension funds' investments; considering the still low assets volume in P3 (less than EUR 300 million), investing abroad remains expensive for this market segment.
- Different actions aiming to increase people's awareness and financial literacy are considered both by the market players and the regulator.

Consumer protection:

- There are no new significant consumer protection issues; the pension funds' activity and investment policies and results are monitored on daily basis; given the very conservative investment policy there were no risky financial placements in the market; the market is highly transparent (monthly reports published by the regulator, daily update obligation the pension funds' websites etc.)
- The number of complaints recorded by the regulator is very small and usually is made rather from information requests than from actual complaints.

Sweden

No change.

UK

There are a range of personal pension arrangements, usually with similar characteristics to DC. As with all tax-advantaged pension arrangements, the UK Government has reduced tax reliefs available on personal pensions for "higher earners" or people with larger total savings.

In April 2015, "pension freedoms" came into force allowing pension savers (including members of DC schemes) to take their pensions as they wish from age 55 and, broadly, pay tax at their marginal rate on withdrawals. Previously, withdrawals (other than by annuity or approved draw-down arrangements) were taxed at 55%. These options are not available to DB members unless they convert their DB rights into a personal pension. Advice must be provided by an independent financial adviser before a switch can be made.

D. Questionnaire

*1. Please briefly explain to what extent individuals receive **financial advice** when planning for retirement (i.e. is it an extended practice or not?). Which entities provide such advice? Please refer to any recent developments that may have taken place in this area, as well as any possible consumer protection issues you may have observed.*

Croatia

Financial literacy activities began five years ago, such as; a few round tables panels at conferences, insertions in newspapers, brochures. The local supervisors, as well as different financial advisors and associations, supported this project. The whole process was intensified before the introduction of proxy life cycle pension funds.

As regards to consumer protection, there have been significant improvements in terms of membership agreement termination. Fund members can terminate membership agreement within a period of 15 days without being required to specify reasons. Furthermore, if the fund member has been misled by the pension company or any other person who sells pension funds and he/she has reported the incident within the 30 days, he can terminate agreement, as well. The whole process should be described in a fund member complaint handling procedure

Additional improvements have been done in Pension fund governance in investment process, risk management, compliance, conflict of interest and consumer protection and transparency.

France

For occupational pension products, the plan sponsor (the Employer) is the main "adviser", although it is often quite reluctant to do that because of legal responsibility issues. Consumer organisations rarely provide even guidance (generic advice) on occupational pensions. Even for pure DB schemes, pension users are often not adequately informed: the funding level of the scheme, the performance of asset management when the scheme is funded (this is important even to a DB scheme to better evaluate its sustainability), the assumptions (in particular discount rates) behind the funding levels, the actions planned to address any funding issue, etc.

For DC plans, in particular with several investment options left to the pension savers to decide upon, financial advice is of course even more critical. For example up to this year, the default option typically offered to participants of corporate DC plans in France ("PERCO") has been money market funds. This is appalling advice as not only money market funds are ill suited for long-term investments, but in recent years they generally provided negative returns (after fees and inflation) due to the very low interest rate environment. This year a new French law will force DC plan sponsors to use "life cycle products" as the default option. This is an improvement from money market funds, but raises other issues, in particular of fees, as life cycle funds of funds usually charge quite high total fees. Also, the variability of asset allocation (which is the number one factor for long term performance) and of performance of life cycle investment products is huge.

Germany

In the German pension institutions, the main "financial" advice which people are seeking is clearly about the level of benefits that they can expect, i.e. which amount of benefits is paid to them, when they go into the retirement phase, how much a widow or widower will get after a member´s death etc.

Italy

The applicable law impose very strict rules on the provision of financial advice linked to the distribution of pension products. The distributor provides the financial advice for the retirement planning of consumers.

The Netherlands

Sellers of pension products have a duty of care. For complex products, they need to assess the financial capabilities of their client before they are allowed to make an offer. They also need to complete an education programme before they are allowed to advice consumers. This also holds for independent financial advisors (IFA's) who act as an intermediary.

Sweden

Intermediaries provide financial advice, but also advisors at banks and insurance companies. The need for retirement planning is discussed more today, but not a specific large movement or trend. There are some comparison websites, but it is not a major trend. However, the report from The Swedish National Audit Office (Riksrevisionsverket) called: To retire – Why so difficult? / 2014, focuses on planning for retirement. The report covers a range of questions related to the transition from saving to payment of pensions. The authority notes in particular a number of economic and financial issues important for individuals to consider when retiring. As for example; when to retire (in Sweden, in principle possible from 61 to 67 years of age), difficulties to get an overview of pension rights as pensions might be paid from different sources, what choices can be made and which ones are irreversible, how much will/should be paid out when and during how long time, effects of taxes, etc.

Based on the report, The Swedish Pensions Authority and Min Pension (a service provided for by the authority and pension companies), are planning for a internet based service specifically aiming to facilitate for individuals about to retire. The service will provide a "time-line", indicating to the user when a pension is due for payment, completed with a check-list helping to consider alternatives for action. It is not yet made public when the service will be launched.

UK

There is a strong regulatory system in the United Kingdom overseen by the Pensions Regulator. The Pensions Regulator has been seeking to be very active in protecting individuals from "scams" in the light of new pensions freedoms which came into force from April 2015.

Taking independent financial advice is mandatory for many – but not all – pensions transactions by individuals. A free to individual guidance service has be introduced for DC members (funded by industry) and IORPs must signpost the availability of this service to members. It is fairly common practice, amongst larger schemes to provide access to financial advice in the run up and at retirement. This can be fully funded by employers, partially funded or met by individuals.

2. The liberalisation in the pay-out phase in some Member States could potentially lead to the reduction in the traditional annuity businesses and to drive innovation in alternative retirement products. Are you aware of the emergence of such ***new products****? If yes, please explain what are the characteristics and features of these products.*

Belgium

In Belgium, corporate DC schemes using the "group insurance" technique also allow savers to choose between lump sums and annuities.

Croatia

In the pension sector, especially in the decumulation phase, changes are driven by regulatory changes. Before the law was changed, members had just the possibility of buying annuity or taking a lump sum up to 30% of saved amount from Pension insurance company. Now, they can select temporary or life-long pension payments. The first one can be taken as regular withdrawals from voluntary pension fund, and consequently the amount of monthly pension depends on the price of its unit. The members who take pension from Pension insurance company can also choose between life-long pension or temporary pension but the amount of monthly pension is guaranteed. There is a separate law regulating the establishment and operation of pension insurance companies.

France

In France, savers organisations obtained that for most personal pensions products ("PERP", PREFON) pension savers can take up to 20% of pension rights as a lump sum, compared to a mandatory 100% in annuities before (Law of 2009). However, this improvement in freedom of choice is still far from the one savers in occupational DC plans enjoy: 100% as a lump sum is possible for those besides annuities.

Germany

In Germany, since last January, OP funds can now use another decumulation method than using an insurance annuity. Namely they can now provide retirement income based on shorter mortality tables than the ones used by insurers, which are often overly conservative, therefore improving retirement income for pension savers. This new decumulation option is based on a minimum pension that is complemented according to the performance of the scheme.

According to a stakeholder, in many of the IORPs the traditional annuity business is the only business which is allowed by statutory documents. However there are cases where also lump sum payments are done and in general the trend is more that lump sum payments are increasing than decreasing. Having said that, however the main interests of beneficiaries in Germany still is to receive an annuity payment.

Italy

Although in some EU Countries there is a tendency of reducing the annuities in favour of alternative products, in Italy a direct experience in this context does not exist. This trend should be encouraged in all EU Countries, since the liberalization of the pay-out phase would give flexibility to the pension products so that they could better answer to the specific consumers' needs.

The Netherlands

Not applicable in The Netherlands as there is no liberalization. However, there seems to be appetite for a restricted lump sum option (e.g. 10%) at retirement date (for instance, to redeem a mortgage or refurbish one's home).

Sweden

No.

UK

Since April 2015, members of DC schemes are no longer required to purchase annuities at retirement. It is early day but innovations are expected. At the current time, the main innovation are 'drawdown' products. These enable retirees to draw down part of their fund at a timing to suit them, leaving the balance of the fund to be invested in tax free environment.

Also, as a trend - there has been a strong growth in "buy-to-let" residential property investment in the UK as a means of personal investment for retirement (and otherwise). However, this market has recently been subject to additional tax charges and it remains to be seen whether the recent strong growth will continue.

More information on the developments that took place since the introduction of pension freedoms in April 2015 are available in a document published in March 2016 by the Association of British Insurers: https://www.abi.org.uk/News/News-releases/2016/03/ABI-pension-freedom-statistics-one-year-on-factsheet

3. Similar to other retail financial services, digital technology also has an impact in the pensions sector. Please briefly explain the impact of ***digitalisation*** *(e.g. internet, social media, big data etc.) in the pensions sector.*

Croatia

There are some improvements but still not significant. Direct selling and personal contacts are very important. Funds' web sites are used for publishing prospectus, statute, movements on price unit changes, key information documents, conflict of interest, financial reports and all other documents necessary for keeping members informed. Some companies use bank's internet facilities to help consumers paying contributions online. Financial calculators are also useful tools for estimating future retirement needs. Automatic advisor has been created helping members to make a decision as to which fund to choose. Some consumers are still reluctant to use digital technology. One should bear in mind that an average member is above 40 years of age. As younger people become fund members, the use of digitalisation can be expected to increase.

France

More and more OP schemes provide internet-based services: account information and investment options arbitrage (for DC plans). Most personal pension providers have been offering this for quite some time as well.

However, personal pension savers in the EU still lack developed independent comparative websites. This is even more the case in the DC occupational plans although more and more EU citizens have the choice to save for retirement in several DC schemes (for example their former employer's one and their current employer's one) and in individual pension products. It is very difficult for the pension saver to evaluate his/her best saving options.

Germany

In recent times the most important development has taken part on the Internet side. People are using the homepage of their IORP and in many cases there can address their questions there or even find already answers there are looking for (e.g. "pension calculators" being able to show beneficiaries e.g. a projection of pension benefits in some standard cases and standard scenarios). Also callcenters and e-mails to the IORP play a very important role, which will most probably become even more important in the future.

Italy

Although there is a strongly hope for it in the country, up to now the process of digitalisation did not have a remarkable impact on the pension funds sector. The high potential of digital technology on the distribution of pension schemes is recognised by stakeholders but also the fact that this could pose new consumer protection issues if not accompanied by a structured and targeted financial education programme.

The Netherlands

It is now quite common that plan participants can access their individual web based dashboard which provides details on their accrued pensions. They can also try and see what happens if they decide to work longer, or make other changes.

Sweden

Digitalisation is a topic often discussed, both regarding cyber security, new information possibilities, data-security and also to be used as a tool for more effective work. Some of the unions have developed internet based robo-advice services linked to specific pension-plans. One of the aims providing e-advice has been to reach individuals not wanting to pay for, or not having the resources, to pay for advice. Robo-advice services are also under development in the private sector.

UK

It is now almost universal that plan participants can access their individual web based dashboard which provides details on their accrued pensions. They can also try and see what happens if they decide to work longer, or make other changes. There are increased use of 'robo advice' where a plan participant can follow an digital tool by answering questions which then filters down the options for consideration to enable participants to make more informed decisions on their retirement options.

*4. Please briefly explain which are the main **distribution channels** of occupational and personal pensions (workplace, intermediaries, internet etc.), and how such distribution channels have evolved in recent years.*

Croatia

In addition to pension companies, private pensions can be offered by other persons who fulfil regulatory conditions. Main distribution channels for pension savings are banks and insurance companies. Their staff is trained for selling funds and they are continuously working on education and development of sales skills. Other sales agents and agencies showed little interest in personal pensions selling due to product complexity and low commissions.

France

For occupational pensions, the Employer (workplace) is the main distribution channel, although for SMEs, professional financial advisers can also play a role.

For personal pensions, from our experience they are mostly distributed like other savings products: through banks, insurance agents or brokers and financial advisers. Internet is progressing but still constitutes a very small share of the market.

Germany

The IORP of the stakeholder that has provided feedback has only one "distribution channel": All employees of the respective sponsor company (and other related companies) are mandatorily becoming members of the sponsor company´s respective pension institutions. However there are also other IORPs in Germany using traditional distribution channels for their products.

Italy

Occupational pension funds (close-ended pension funds) are distributed mainly through social parties and employers.

On the other hand, banks and insurance companies play a key role in the distribution of occupational open-ended pension funds and personal pension products (insurance products and individual subscription of open-ended pension funds). As for the distribution channels, no major change has been observed in the last years.

The Netherlands

Pension delivery organisations that provide services to pension funds are prohibited from using the plan members' data for offering additional 3rd pillar products to individuals. They are however free to develop such products and market them to the audience at large. The main channels are internet, HR departments, trade unions who increasingly operate as service organisations, and the usual media mix.

Sweden

The main distribution channels are the workplace/unions, intermediaries, advisors at banks and insurance companies. The evolvement of distribution channels will most likely be more intense the coming years, due to MIFID 2 and IDD. Internet may be of more importance.

UK

For occupational pensions, the Employer is the main distribution channel, although for SMEs, professional financial advisers can also play a role. For personal pensions, they are mostly distributed like other savings products: through banks, insurance agents or brokers and financial advisers. Internet is progressing but still constitutes a very small share of the market.

On the other hand, consumer expectations of being able to access financial and other information continue to rise and many providers are responding through, for example, on-line calculators and digital access to pensions information through a range of platforms. Further, the UK Government together with the Pensions Industry are looking to develop an online pensions dashboard so that pensions savers can view details of their pensions arrangements in one place.

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