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EXECUTIVE SUMMARY

General comment

BETTER FINANCE welcomes the establishment of Pension Tracking Systems (PTS) in each EU Member State as a pivotal step towards achieving pension adequacy. EU citizens, being able to easily monitor the status of their pensions pot, will be more aware and prone to actively engage with their retirement savings plans. As such, it will constitute an important step towards achieving pension adequacy for EU citizens.

Principles of PTS

A Pension Tracking System (PTS) must be built having in mind solely the perspective and interests of individual, non-professional pension savers as its unique beneficiaries. To stimulate a high take up, the PTS must be a trustworthy, clear, and accurate as a source of information. Thus, its design and governance must be independent of the finance industry, non-profit, and credible as an official source, in addition to being free of charge for its users. In this light, BETTER FINANCE fully agrees and supports the principles put forward by EIOPA governing its functioning and set-up.

Scope & purpose of Pension Tracking Systems (PTS)

A PTS must provide a clear and complete overview of the accrued pension entitlements and forecasts which implies that all sources of retirement income, whether public or private, traditional pensions or long-term products, must be encompassed. While BETTER FINANCE supports EIOPA's proposal to include statutory (State/ public/ Pillar I) pension information, we firmly recommend including also investment products that are not designated as pensions but are sold or used as retirement provision vehicles (such as life cycle funds or insurance-based investment products).

Language & Format

The pensions jargon tends to be very complex, non-intelligible or, at least, not appealing for the average EU citizen. In this light, BETTER FINANCE congratulates EIOPA for identifying a key issue in investor disclosures, i.e. simplicity and understandability, and for proposing that the language requirements (descriptions, terms and concepts) must be designed by communication experts. Moreover, EIOPA rightly considered the principles of *neutrality, independence, and trustworthiness* communication within the PTS. In this sense, we recommend EIOPA to include in its Technical Advice a requirement that the communication experts must come from, or have a solid background as, user-side or consumer representatives.

Layering of information

EIOPA and the expert group advising it on this topic have rightly identified the issue of information overload, proposing a layered approach for the PTS. In short, BETTER FINANCE agrees with the three Layers of the PTS, whereby the landing page comprises key, clear, and understandable information of the retirement pot ("must know") and Layers 2 and 3 gradually provide more details that are useful and meaningful for those pension savers ("should know" and "nice to know"). However, BETTER FINANCE firmly highlights what information is necessary for each of the three layers.

For those who cannot digitally access the PTS, BETTER FINANCE recommends providing an annual statement – paper-based – comprising the Layer 1 of disclosures from the PTS.

Nudging and financial education

The PTS, besides providing a clear and trustworthy tool for pension monitoring, can also fulfil a role of financial education. While BETTER FINANCE does not recommend features that would direct the user towards a certain action (save more, change plans, etc.), nudging features and easy graphical explanations will

	definitely help savers and stimulate to more proactive towards their retirement savings plans.
<i>Governance</i>	The governance of the PTS must be independent of the financial industry, regardless of whether it is a public-private partnership or not. In addition, the PTS must be non-profit, objective, and impartial towards the investments industry.
<i>Rolling out of the PTS</i>	BETTER FINANCE believes that a full launch of the PTS, as opposed to a progressive development (adding data or sources of information) is more desirable in order to stimulate user take-up. However, BETTER FINANCE supports consumer testing and constant improvement of its features to enhance user experience.

Contact information:

Aleksandra Maczynska, Executive Director, maczynska@betterfinance.eu

Stefan Voicu, Senior Research & Policy Officer, voicu@betterfinance.eu

(+32) 2 514 37 77

Background information

During the work of the High-Level Forum on the Future of the Capital Markets Union (group of experts established by the European Commission in 2019 to propose actions that would boost progress towards achieving a fully-fledged, competitive, safe, and transparent Capital Markets Union), BETTER FINANCE fully supported the recommendation to establish *national pensions dashboards* and individual or personal *pension tracking systems* (PTS). These two platforms are complementary and serve the same purpose: to enable policy-makers and EU citizens make the right decisions towards achieving *pension adequacy*.

The Report of the High-Level Forum was adopted on the 10th of May, 2020, and comprised three main recommendations in the area of pensions:

- establishing **national pension dashboards**, which are systems of indicators for EU Member States “to monitor the state of play in Member States and, where applicable, the progress achieved by Member States with regard to pension sustainability and pension adequacy”;
- establishing individual **pension tracking systems** (PTS), which would be platforms where EU citizens can see all their pensions data (State pension and private pensions) with the purpose of providing “an overview and an estimate of the future retirement income from different sources”;
- supporting EU Member States in establishing **auto-enrolment in occupational pension schemes**, which would mean that workers would be by default contributing to a pension plan, with the possibility to opt-out (stop contributions) at no cost.

As a follow-up, EIOPA (the EU insurance and occupational pensions supervisor) was mandated by the European Commission to consult with stakeholders and put forward a *Technical Advice* on how a pension tracking system (PTS) can be set-up, what principles should govern its structure, scope of coverage and purpose, what information and in what manner should be displayed, etc.

Therefore, EIOPA launched a public consultation (for which this document is prepared) to seek views from consumer representatives and experts on the technical details that would shape a pension tracking system.

Key concepts

Pillar I/ State/ PAYG/ statutory pensions – this is the basic income stream at retirement for all EU citizens, provided that a minimum vesting period (years of contributions) is achieved; PAYG stands for *pay-as-you-go* and it means that today’s pensions are funded by today’s pension contributions (active workers pay for current pensioners);

Pillar II/ supplementary occupational pensions – this is an additional income stream at old age, financed by the employer for its employees (thus, it is generally linked to the capacity as employee) either voluntarily (in certain EU countries) or mandatory (by virtue of law or collective bargaining agreements). In certain EU countries, the self-employed can opt to participate in a Pillar II pension plan by virtue of their capacity as workers (economically active).

Pillar III/ supplementary voluntary pension plans – this is a source of pensions that can be set up or adhered to voluntarily by any EU citizen (employed, self-employed or unemployed) and it is meant to complement the first two sources of income in old age. Employers can also negotiate and set up an additional pension plan (besides the Pillar II one) for their employees, to which the latter have the choice to adhere and decide how much and for how long they will contribute.

Note: The distinction between Pillars II and III (occupational / voluntary plans) does not reside in whether the pension plan is accessed through the workplace or linked to an occupation. There are corporate pension plans (set up by a company) that are voluntary for employees (for example in France), which qualify as voluntary / supplementary pensions (Pillar III). There are also individual pension plans for employees, not financed by the employer, for which contributions are mandatory (for example in Romania). The distinctive element between these two categories is the volitive act of the worker: if the worker can choose when, for how long, where, and how much will be contributed to the pension plan, it falls under Pillar III, or voluntary pension plans.

Standard / traditional pensions – these are income streams that derive from the traditional retirement provision vehicles, such as a Pillar III life-cycle investment fund.

Non-traditional pension saving products – these are mainstream investment products which, albeit not being designed specifically for pension provision, are advised, sold, and used by EU citizens for this latter

purpose. For instance, in France, most voluntary and individual pension saving plans are life-insurances with an investment or savings component.

ANSWERS TO EIOPA QUESTIONNAIRE

Scope of a national Pension Tracking System (PTS)

1) Do you agree with the main goal, the scope and the attributes of a national PTS defined by EIOPA (please explain why)? If not, what is missing or what workable alternative would you propose which meets the principles set out in this consultation?

Yes

No

Please add an explanation

BETTER FINANCE welcomes the establishment of Pension Tracking Systems (PTS) in each EU Member State as a pivotal step forward towards achieving pension adequacy through higher awareness, knowledge, and engagement about pension savings. Providing individualised and user-friendly information to EU citizens as pension savers about the current status of their retirement savings and personalised projections will be key to enable active financial decision-making, which will inevitably lead to a higher degree of financial literacy and more participation in capital markets. At the same time, BETTER FINANCE echoes EIOPA's statement that *"by itself, a PTS will not automatically lead to sufficient understanding of and engagement with pensions"*. However, while the PTS is not a silver bullet for the issues stated, it is a pillar for the latter.

In terms of the goal stated by EIOPA for the PTS, i.e. *"to provide an overview of individualised, objective and impartial information to citizens and savers about accrued entitlements and projected retirement income provided by all possible pension sources in a simple and understandable manner"*, BETTER FINANCE fully agrees with the assessment and proposed solutions of EIOPA. Indeed, the key characteristics of the PTS must be its objectivity and impartiality in terms of information presented to pension savers. At the same time, given that capital markets is a field of growing complexity, a pillar for the success of the PTS will be that the information presented in the PTS, together with the format and interface, must be *simple and understandable* for the average EU citizen, which EIOPA correctly identified.

In this light, BETTER FINANCE stresses the importance of achieving these targets, which are also at the core of other EU investor protection policies, but for which not much progress was made so far. Still, today, a high degree of financial jargon is used in retail investor disclosures, which does not incentivise reading or help understand for those with a lower or limited level of financial literacy. Together with the issue of information overload, most forms of disclosures tailored for individual, non-professional investors may never achieve their purpose, e.g. to enable savers make informed decisions.

Considering that the PTS are made solely for the use of individual, non-professional pension savers, BETTER FINANCE recommends that EIOPA drafts the Technical Advice with the interests of the beneficiaries at heart. The members of EIOPA's expert group on the topic compared the PTS with the Pension Benefit Statement, but the former must be significantly simplified in order to achieve an optimal level of engagement from pension savers. In this sense, simplification requires a uniform approach towards pension savings products, whether designated as such or not. BETTER FINANCE draws on its experience from drafting 9 editions of the Pension Savings Report highlighting that a silo approach in terms of retirement provision products (presentation, costs & risks, performances, projections) will further confuse retail savers. More details on this aspect are given in the answer to Question 4.

In terms of the scope – what pension income sources should be included in the PTS – BETTER FINANCE first congratulates EIOPA for proposing to include statutory pensions (State or Pillar I pensions) in the scope as these will continue to be, for a long period of time, the majority of the retirement income stream for part of the EU population. At the same time, the ultimate purpose of the PTS is to offer savers an important tool towards pension adequacy, and statutory pensions will – in most cases – always contribute to the former. However, BETTER FINANCE disagrees with EIOPA’s assessment about *other sources of retirement income* (Section 1.2.2, para 42) simply because the pension saving landscape – in certain jurisdictions – is shaped much more by non-designated pension saving vehicles (such as long-term investment products) rather than traditional Pillar II-III products. For instance, as shown in the annual BETTER FINANCE Pension Savings Report, the life insurance market in France is by far larger than any other pension product (PER, PERP, PERCO, etc.), reaching almost €1.8 trillion in 2020.

2) What do you consider to be the main costs in the establishment of a PTS?

N/A

3) EIOPA views a PTS as a public good, considering the need for public intervention to address market failures stemming from limited rationality. Do you agree with the public good framework as preferred option to provide objective and impartial pension information to citizens (please explain why)? If not, what is missing or what workable alternative would you propose which meets the principles set out in this consultation?

Yes

No

Please add an explanation

BETTER FINANCE agrees and supports EIOPA’s assessment that the PTS should be a public good, to be achieved through public intervention. In our experience on trying to collect data about all – or as many as possible – retirement provision vehicles in 17 EU Member States for 8 editions so far¹, BETTER FINANCE highlights the difficulty to do so from private sources (the providers themselves or representative associations) or commercial databases. Moreover, where data is collected from public authorities, it has different methodologies, time horizons, and data points, which makes it difficult to achieve comparability. Given that many EU citizens as a cross-border workers, living in several EU Member States throughout their working life, it is crucial that the EU establishes standard methodologies and mandates for national competent authorities to collect data that will be aggregated in the PTS. In terms of the effects that the nature of public good entails for the PTS, BETTER FINANCE answered the following questions in more detail.

4) Do you agree that the PTS should provide personal information on statutory and supplementary pensions and should exclude the provision of information on other financial products that do not constitute a pension (please explain why)? If not, what would be the desirability, feasibility and benefits for bringing non-pensions long-term investment products into scope of the PTS?

Yes

No

¹ Please see <https://betterfinance.eu/wp-content/uploads/The-Real-Return-Long-Term-Pension-Savings-Report-2020-Edition.pdf>

Please add an explanation

To achieve its purpose, the PTS must fully encompass all income sources at retirement, reason why defining the scope of the PTS in binary terms (pensions per se and other investment products) can both create confusion to pension savers and be misleading at the same time. To the extent that investment advisors recommend or sell other investment products (such as insurance-based investment products or life-cycle funds) as retirement provision vehicles, these cannot be excluded from the scope of the PTS as it may be the case that a particular EU citizen may not be part of either an occupational/employment pension plan, neither have set up a personal pension scheme. The BETTER FINANCE Pension Savings report shows, for 17 EU Member States, the coverage ratio for Pillar II and Pillar III schemes, which is generally low. While it is difficult to assess whether the coverage ratios of occupational and personal pension schemes is low because savers mostly rely on statutory pensions or because they already contribute in non-traditional pension vehicles (such as long-term investment products), in certain cases (such as France or Germany) it is easy to observe that many savers in fact invest in unit-linked or capital-guaranteed investment products. In such cases, should the non-pension products be excluded, the PTS would show a low level of accrued benefits (stemming mainly from statutory pensions), which can trigger even more irrational behaviour from retail savers.

At the same time, EIOPA is faced with a challenge of determining which investment products are used for pension savings and which not. In this sense, BETTER FINANCE proposes the following three criteria:

- 1) Whether the stated objectives of the product are to provide an income stream at old age or retirement; or, where not possible to ascertain,
- 2) Whether the objectives of the product (and the target market) are to be liquidated or achieve maturity at the retirement age of the client, or close by; or, where not possible to ascertain,
- 2) Whether the recommended holding period or investment horizon of the product are at least 25 years.

5) Do you agree that MSs should assess to what extent a (digital) PTS may exclude some citizens and, depending on the outcome, consider offering alternative ways to facilitate PTS access to the digitally excluded citizens (please explain why)? What workable solutions would you propose to either make the PTS also available to non-digital or digitally excluded citizens or to make the PTS information available in a non-digital format?

Yes

No

Please add an explanation

As correctly identified by EIOPA, either lack of access to digital tools or limited digital literacy excludes, by default, a sensitive margin of the EU working population from the PTS. While achieving higher accessibility of the PTS is not the scope of this framework, EIOPA can propose in its Technical Advice to substitute the PTS platform (e.g. for citizens who have not accessed it or activated it) through an annual statement – similar to the PBS for IORPs – where simplified, key information available in the PTS of an individual would be included.

In short, the annual statement should simply indicate the actual retirement income sources identified by the platform – which could be completed or corrected by the user – and two sections of information:

- 1) total accrued benefits, expressed as the total monthly income at retirement* if no further contributions are made and the projected accrued benefits at retirement, on a monthly basis, following the methodology proposed by EIOPA (i.e. what is described in the following sections as the *landing page*);
- 2) a breakdown of the past performance and cost of all identified income sources.

** Contrary to what several pension tracking systems (such as in Belgium) do, BETTER FINANCE stresses the need to present what monthly sum will be available at retirement rather than total sums to not give the wrong impression to certain pension savers.*

The annual statement could be sent at the end of the fiscal year by post, should not exceed 3 pages and should contain limited explanations and descriptions. Potentially – also applicable to the PTS platform – each EU Member State could include an investor-friendly “FYI” section to explain, for example, the fact that contributing to a private pension (pillar III) is rewarded by certain tax advantages.

Front-end design of a national PTS

6) EIOPA has identified a set of behavioural principles which should drive the front-end design of the PTS. Do you agree with this approach (please explain why)? If not, what other behavioural principles should apply to the front-end design of the PTS?

Yes

No

Please add an explanation

BETTER FINANCE fully supports the identified principles behind the front-end design of the PTS. To begin with, the information must be neutral and trustworthy, first to avoid any biases towards certain products or retirement income streams, or to certain behaviour (divest, invest more etc.), and also to convey the message that the information is official, not marketing communications.

In this sense, EIOPA is correct to highlight that communication experts should be at the forefront of designing the language and format of the front-end of the PTS, but it excludes one crucial element: the experts must come from, or have sufficient experience in, consumer organisations/NGOs or public authorities.

Regardless of the governance structure EIOPA will recommend in terms of communication experts to be involved, we must avoid again overpopulating the advice- or decision-making process with representatives of the product/pensions industry or trade unions; instead, the communication experts should come from the background of consumer representatives in order to establish the information and format that is needed for average EU citizens as pension savers. The use of language and interface should be tested in order to improve the results and user experience.

Last, we agree with the proposal embedded in the Orange Envelope, i.e. to adopt a learning curve approach, whereby the user is first presented with must-know information (as we made the recommendation for the paper-based annual statement), followed by should-know and nice-to-know.

7) Do you agree that the PTS has a broader scope than the PBS? Whilst the PBSs can be used to feed the back-end, the front-end of the PTS should not be constrained by (all) the content or format of the PBSs.

Yes

No

Please add an explanation

Yes, BETTER FINANCE agrees with the assessment of EIOPA under this section.

8) Do you agree that the information on costs and investment funds should not be part of the front-end of the PTS and that it is a good practice for the PTS to provide a link to the website of each pension provider?

Yes

No

Please add an explanation

No, BETTER FINANCE disagrees as cross-referencing to other digital sources does not always provide optimal consumer-experience results, tends to be confusing, and the information on the costs and investment funds is a “should know” type of information that must be available on the PTS directly. Perhaps, a solution is the layered approach, by which users can choose to have this type of information displayed.

9) Do you agree that the landing page (layer 1) of the PTS should display the expected monthly retirement income and the retirement date in a simple manner whilst the accrued entitlements and pension providers (i.e. breakdown by source) should be disclosed in a second layer easily accessible to users wanting to know more? If so, do you have supportive evidence? If not, what would you propose as the key elements for the landing page (Layer 1) and those for subsequent layers (Layers 2 and 3) considering the scope of the PTS and individuals’ behavioural and cognitive biases set in this consultation?

Yes

No

Please add an explanation

We agree that the landing page should not be overloaded by information, should be simple and reflect a *dashboard* of the pension saving status of for the user. As explained for the questions above, layering is also useful, providing the opportunity for savers to choose if and what further information they can see on the PTS. However, as indicated by the expert practitioners (quoted in the consultation paper), 75% of users do not go beyond the landing page, which creates a crucial step in determining what elements *are key* for pension savers to know. EIOPA is right to identify these elements by answering fundamental questions (paragraph 75), such as *what will be my retirement income?*

The examples given from the DK and BE pensions dashboard provide a very good working basis. The landing page (Layer 1) should contain the total monthly income stream (from all pension sources) at a standard retirement age for a certain age cohort (which can be corrected in the app settings if the retirement age does not correspond to the statutory retirement age for a certain individual). However, BETTER FINANCE points that, instead of showing the projected monthly income – based on certain contributory and performance assumptions – the first layer should show what the current retirement savings pot will mean at the retirement age in *real* terms.

Indeed, even this approach requires an assumption and methodological disclosure note – inflation over 30-40 years – but we believe it to be the best approach for two reasons:

1) It sticks to more factual information, which is less misleading than estimation-based information;

2) It gives an accurate picture to the pension saver on where he/she is on the path towards pension adequacy, enabling the pension saver – at all stages during the vesting period – to compare the accumulated monthly pension income with the current salary, which is a more meaningful information for deciding on how much to contribute, to analyse the performance and

costs of the retirement products.

At the same time, since the PTS is consumer-oriented and it aims to achieve a high-consumer engagement, obliterating the question on performance projections is not feasible. For this reason, the performance estimation (as given the example on page 32, para 77) should be presented after (scrolling down) the first section.

For Layer 2, BETTER FINANCE agrees with the proposals of EIOPA, going more and more into detail as the user continues to navigate the platform. In our view, Layer 2 should present the pension sources (and providers), the total accumulated sums from each provider, followed by the third Layer where details on the cost and performance (*in real net terms*) should be disclosed. In terms of sustainability sources, provided a fully-fledged taxonomy, the *additional information* could be detailed in Layer two, and on Layer 1 a pie-chart showing how much of the monthly income stream will be “*sustainable*” (coming from sustainable investments).

10) Do you agree that difficult concepts, such as inflation, purchasing power, communication of projections, etc. should be accompanied by with visual aids, such as short movies, use of metaphors, pictures or additional explanations (pop-up windows)? Do you have supportive evidence and any examples of such “aids”? If not, what is missing or what workable alternative would you propose considering the scope of the PTS and individuals’ behavioural and cognitive biases set in this consultation?

Yes

No

Please add an explanation

BETTER FINANCE agrees with the identified approach in paragraphs 88-91 of the Consultation Paper.

11) Do you agree that information on the assumptions used to calculate projections or projections with scenarios should be placed in second or third layer? If so, do you have supportive evidence and any examples? If not, what is missing or what workable alternative would you propose considering the scope of the PTS and individuals’ behavioural and cognitive biases set in this consultation?

Yes

No

Please add an explanation

Unfortunately, the methodological disclosures for performance projections are very difficult concepts – even for professionals – that exceed the “nice-to-know” type of information for Layer 3. To the extent that it is established by regulation and applicable for all income sources and harmonized for the PTS of any individual, this information could be presented in a dropdown menu, under a “Help” section for those very savvy savers that wish to understand how estimations are calculated. There, in a separate webpage or section of the application, the PTS should relay in more details what methodology and assumptions are used to calculate the estimations.

It would suffice, in our view, to include a note at the bottom of the estimation on either of the Layer pages to indicate a short, but prominent, warning, such as “*These are estimations and they are not a reflection of what will actually happen*”.

12) Do you agree that additional information that is not linked to the goal of the PTS, such as ESG factors, should be accessed via signposting to the pension provider or placed in the third layer of the PTS? If so, do you have supportive evidence and any examples? If not, what is missing or what workable alternative would you propose considering the scope of the PTS and individuals' behavioural and cognitive biases set in this consultation?

Yes

No

Please add an explanation

See answer to question 10 above.

13) Do you agree that the PTS should ultimately help the user understand if he is saving enough for his retirement such that its role is clearly not to provide financial advice, but to show the user in a neutral manner the types of actions he can take, especially if it is integrated in a wider strategy (e.g. support auto-enrolment reforms, improve financial capability)? If so, do you have supportive evidence and any examples? If not, what is missing or what workable alternative would you propose considering the scope of the PTS and individuals' behavioural and cognitive biases set in this consultation?

Yes

No

Please add an explanation

Yes, we agree that a secondary goal of the PTS is also financial literacy and a tool for sound financial decision-making. This goal should be in line with the European Commission-OECD's project on financial "health checks" and wellbeing, and should be oriented into nudging the saver to actively engage with his retirement savings plan, but not incentivise the saver into a direction or another.

14) Do you agree that the PTS, by designing a smooth user-journey, can help reduce the time and effort to take actions towards more sensible financial decisions, if facilitated through the use of nudges, interactive tools and signposting to where users can find more help or information? If so, do you have supportive evidence and any examples? If not, what is missing or what workable alternative would you propose considering the scope of the PTS and individuals' behavioural and cognitive biases set in this consultation?

Yes

No

Please add an explanation

We agree with EIOPA's assessment in paragraphs 94-98.

Back-end design of a national PTS

15) The main advantage of a live access model is the increased data protection. Do you agree that if one can start the PTS from a 'blank page', if it is technologically feasible and if the only aim of the PTS is to show the data to the user, then a live access model is the optimal solution?

Yes

No

Please add an explanation

N/A

16) Do you agree that a pilot project should be conducted to test its technological feasibility? In which circumstances would it not be necessary to conduct a pilot?

Yes

No

Please add an explanation

N/A

17) Which additional principles should apply to ensure a secure digital access to the PTS?

N/A

18) Do you agree that a PTS in its bare minimum could consist only of the following fields: user ID, provider ID, accumulated savings/accrued entitlements, projected retirement income, retirement age and provider email or telephone number? If not, which elements are missing and should be added to operate the PTS? What would be the impact on providers of pension data to the PTS?

Yes

No

Please add an explanation

We agree with the minimum elements of the PTS.

19) Can the PBS be used as a basis to define the data needs for the PTS related to occupational pensions? Which elements would need to be added, which are redundant? What would be the impact on providers of pension data to the PTS?

N/A

20) Do you agree that setting the data standards (data standardisation, transmission) should be done by an independent body after consulting the various stakeholders?

Yes

No

Click or tap here to enter text.

21) EIOPA recommends that data standardisation should be structured, include clear definitions, make use of a uniform reference date, align with agree technical standards and determine the necessity. Do you agree with this approach? If not, what other principles should apply to data standardisation? What would be the impact on providers of pension data to the PTS?

Yes

No

Please add an explanation

Yes – in short, BETTER FINANCE experiences the issue with data heterogeneity every edition of the BETTER FINANCE’s Pension Savings report and agrees with the proposals of EIOPA in paragraphs 138-141.

22) Primarily EIOPA stresses that the methodology for projections included in the PTS should not differentiate across pension sources. It also referred to solutions in case there could be a differentiation in projection methodologies or assumptions used. However, EIOPA also suggests a legal analysis to assess if there is scope for coherent projections of statutory and supplementary-pensions. What are your views about coherent projections between statutory and supplementary pensions and uniform projections for supplementary pensions? Which barriers should be removed to achieve coherent projections for all pension products? What would be the impact on providers of pension data to the PTS? Yes, if possible, the PTS technical advice should strive to achieve full harmonization between statutory and supplementary pensions. Albeit this is subject to a legal analysis to determine whether there is scope for coherent projections, the very least that must be imposed is that the methodologies for projections must be uniform for all supplementary pension sources.

23) Are the following assumptions commonly used for calculating projections complete: interest (discount) rate, the return on investments, contributions paid during the year, real wage growth, inflation, the volatility of asset classes, correlations between asset classes and state incentives – tax discounts, costs of pension plan and retirement products, assumed longevity?

BETTER FINANCE recommends EIOPA to replicate the methodology used for the PEPP KID projections for the PTS as well.

24) EIOPA recommends that data quality checks are the responsibility of both the provider and the PTS. The data transmitted to the PTS should be complete, timely updated and consistent. Which other principles would further enhance the data accuracy of PTS?

We agree with the stated principles regarding data quality.

25) Do you agree that there should be a level playing field on data transmission between all pension providers meaning that if a certain product or product category is included in the scope of the PTS, then the protocol for the exchange of information should apply to all providers of these products, independent from the provider type, their size and their technological capacities? What would be the impact on providers of pension data to the PTS?

Yes

No

Please add an explanation

BETTER FINANCE fully agrees.

26) Notwithstanding that the requirements on data exchange identified in this consultation are not specific to PTSs, what other safety certificates and requirements would ensure the security of the PTS?

N/A

27) Do you agree with the recommendations made by EIOPA on the connectivity with the ETS? Which other recommendations would be needed to make the ETS a success?

Yes

No

Please add an explanation

N/A

28) To what extent do you see the technological developments identified in this consultation as enablers for the development of future PTSs? Which other technological developments could enhance the establishment of PTSs or support the connection to the ETS?

N/A

Governance and implementation of a national PTS

29) To foster citizens' trust, do you agree that the governance structure of the PTS should be set in national measures, which should specify the development and delivery of a non-profit, independent, credible and transparent service run through a public-private partnership or by a public entity? If not, what is missing or what workable alternative would you propose which meets the principles set in this consultation?

It is crucial that the PTS is independent of the providers of financial products, whether traditional pension products or not. It must also be non-profit making in order to boost its independence, transparency and credibility in the eyes of users. In terms of the actual governance, a public-private partnership could also be envisaged, provided that the private entity is independent from the financial industry.

30) To ensure full participation in PTS, do you agree that MSs planning to implement a PTS should introduce national measures specifying the modalities for setting up and funding the PTS as well as the legal duties and responsibilities of both the PTS and the different parties involved in the PTS? What would be the impact of this approach on your organisation/sector? If not, what is missing or what workable alternative would you propose which meets the principles set in this consultation?

We agree.

31) To facilitate the effective implementation of the PTS, do you agree with a progressive roll-out of the PTS over time based on a well-defined strategy which accounts for data providers' different readiness

levels and adjustments to new requirements ensuring the complete and accurate transmission of personal data to the PTS? What would be the impact of this approach on your organisation/sector? If not, what is missing or what workable alternative would you propose which meets the principles set out in this consultation?

We believe that, from a user experience, a progressive roll-out of the PTS will not deliver optimal outcomes in terms of user engagement as apps with limited data availability (as in demo or test versions) tend to reduce user interaction.

32) Do you agree that the PTS should be free of charge for users, hence the PTS should be financed through general taxation, or a levy on providers of supplementary pensions or a combination of both whilst MSs should also consider how these costs may be shared between government and relevant partner organisations? What would be the impact of this approach on your organisation/sector? If not, what is missing or what workable alternative would you propose which meets the principles set in this consultation?

Yes

No

Please add an explanation

Yes, we fully agree and support providing the PTS (just as the other pension tracking systems at national level) free of charge in order to be taken up and used by individuals.

33) Do you agree that the successful implementation of the PTS necessitates integrating the PTS in a wider strategy (e.g. support auto-enrolment reforms, improve financial capability) which also aims to provide useful tools for the development of the PTS (e.g. national guidance on pension communication/language)? If not, what is missing or what workable alternative would you propose which meets the principles set in this consultation?

Yes

No

Please add an explanation

N/A

Final comments

34) Do you have any other comments to share with EIOPA?

BETTER FINANCE congratulates EIOPA for the format and structure of this public consultation, which represents a stepping stone into making the public consultation more accessible for average citizens and non-professional investors. The use of the executive summary and summarised topics of discussion included in the question (e.g. Question 14) makes it easier for non-professional investors to participate and respond to the consultation.