

Press Release | 20 November 2025

BETTER FINANCE welcomes reforms to the Pan-European Personal Pension product, but cautions “the devil is in the detail”

The European Commission’s proposed reforms to the Pan-European Personal Pension product (PEPP) could make retirement savings simpler, more transparent, and potentially more cost-efficient for millions of Europeans — but BETTER FINANCE warns that “the devil is in the detail.”

The proposed changes for Basic PEPPs include the introduction of a simplified lifecycle glidepath, the removal of mandatory capital guarantees and of the mandatory second sub-account, as well as the requirement to make the Basic PEPP suitable for sales without investment advice. These measures aim to make PEPPs simpler and more flexible while keeping costs under control.

“Retail investors could finally access a pension product that is suitable by design, easy to understand, and aligned with their long-term interests,” said Aleksandra Mączyńska, Managing Director of BETTER FINANCE.

Other notable improvements include the possibility for employers to offer auto-enrolment in Basic PEPPs as a cost-efficient default solution, and stronger transparency measures, including enhanced pension benefit statements and a central public register maintained by the European Insurance and Occupational Pensions Authority (EIOPA). National authorities and EIOPA would also have the power to intervene if PEPPs consistently fail to provide value for money. BETTER FINANCE also views positively the proposal to make investment advice on PEPP available but only if it is provided on an independent basis and at the investor’s request.

However, BETTER FINANCE expressed concern over the removal of the explicit fee cap, replaced by a so-called “Value for Money” approach.

“Our research shows that too many savers are trapped in expensive, underperforming pension products. The fee cap was a critical safeguard to ensure Basic PEPPs remain affordable and efficient. While the Value for Money approach

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is promising in theory, it is still unclear whether it will truly protect retail investors from high costs," Mączyńska added.

BETTER FINANCE stresses that while the reforms contain important improvements, the success of PEPP will depend on how they are implemented. Clear rules on fees, strong supervision, and robust enforcement will be essential to ensure that PEPPs genuinely deliver on their promise of simplicity, transparency, and cost-efficiency.

"Europeans deserve retirement products that are straightforward, transparent, and cost-effective. These reforms could deliver that, but only if the details are right," Mączyńska concluded.

Further Reading & Background

- [Press Release](#): The Muddled Pan-European Pension Revolution: Why PEPP's Potential Is Still Out of Reach
- [Position Paper](#): The Future Pan-European Pension Product: Realising PEPP's Potential for Pension Adequacy
- [Consultation Response](#): BETTER FINANCE Response to ESMA's Call for Evidence on the Retail Investor Journey