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The European Federation of Investors and Financial Services Users
Fédération Européenne des Épargnants et Usagers des Services Financiers

BETTER FINANCE responds to

European Commission Target Consultation on Supplementary Pensions

29 August 2025

Executive Summary

BETTER FINANCE welcomes the European Commission's intention to review the EU's legal framework for supplementary pensions—the IORP II Directive and PEPP Regulation—as well as promote measures for the development of pension tracking systems and pension dashboards.

As BETTER FINANCE research has shown for years, the EU's supplementary pensions landscape is characterised by pervasive underperformance. We, therefore, strongly support measures that would enable occupational and personal pension product providers to increase nominal performance for the benefit of their members and customers. Enhanced transparency on costs and risks, through the disclosure of reliable, actionable information in Pension Benefit Statements, annual statements, Key Information Documents and Pension Tracking Systems. Crucially, though, pension savers need to have the possibility to transfer their savings from underperforming schemes to those that offer better value-for-money.

On occupational pensions, we call upon the legislator to enhance the information disclosure requirements set upon IORPs and harmonise them further. On personal pensions, BETTER FINANCE remains a strong supporter of the PEPP, a product which, we believe, has the potential to constitute a competitive alternative to the crowd of overpriced, underperforming products currently shoved onto customers. To realise this potential, however, the PEPP needs to be simplified to the extent that it could be distributed online, without advice.

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Automatic enrolment in occupational pensions, we believe, can contribute to increase occupational pensions coverage and get younger workers to start saving early for their retirement. Nevertheless, we urge caution upon imposing automatic enrolment before the right conditions are in place to make it acceptable, starting with the existence of high-performing, cost-efficient occupational pension systems.

We suggest looking at the reforms engaged in France by the "loi Pacte", which made the "Plan Epargne Retraite" (PER) a success thanks to what we see as a few key factors:

- a universal contract, the PER, which is then adapted for use in different context (PERIN, PERCO, etc.) ;
- no mandatory subscription for personal pension products (PPPs), but incentives to start saving early and make regular contributions ;
- transparency on and a soft regulation of costs of products, enabling providers to offer a variety of solutions while allowing clients to compare these offers ;
- investment policies that integrate the long-term horizon of pension savings, the need for derisking and diversification ;
- various pay-out options ;
- the involvement of independent associations of pension savers in the governance of the products and;
- subjecting PER to value-for-money supervision.

We look forward to engaging with the European Commission, the EU legislator as well as national authorities in the Member States to continue the debate on the measures that would improve the outcome of supplementary pensions for all.

Keywords : occupational pensions, IORPs, personal pensions, PEPP, auto-enrolment, pension tracking system, pension dashboard

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About BETTER FINANCE

BETTER FINANCE — the European Federation of Investors and Financial Services Users — is the voice of European citizens as savers, investors, and financial users at the EU level. Working independently from the industry, BETTER FINANCE serves as an independent hub of financial expertise for the direct benefit of individual shareholders, investors, savers, life insurance policyholders, pension fund participants, and mortgage borrowers across Europe. Their work aims to promote research, information, and training on investments, savings, and personal finances to lawmakers and the public. BETTER FINANCE counts 40 independent, national, and international member organisations, sharing similar objectives from the EU Member States as well as Iceland, Norway, Turkey, Lebanon, and Cameroon.

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Questions and answers

Pension Tracking Systems

Q1. – Do you consider that the pension tracking system in your Member State functions well? Please elaborate your answer. In case you are not satisfied, please indicate which features should be improved or added.

No, it should be extended/improved

Pension Tracking Systems (PTSs) are intended to help raise citizens' pension awareness and retirement planning by providing them with information about the rights they have accumulated across various pension schemes and nudging them to make more contributions where and when they can, so that they obtain an adequate retirement income.

Reaching this objective requires that individuals have a comprehensive view of *all* the pension schemes they contribute to. Nevertheless, many PTSs in place or in development offer a partial view only: many of them only cover two, or even one, of the three main pillars. While we acknowledge the challenges in bringing together all the relevant information about accrued pension rights from sometimes widely different pension schemes (both within and across pillars), we believe that these difficulties should not be taken as an excuse to leave aside some parts of a country's pension system. As a second step, we believe it necessary to develop the European PTS as an umbrella making it easier for EU citizens who have worked in multiple countries to monitor their accumulated pension rights across those countries.

In terms of functionalities, we believe that PTSs should, first and foremost, provide clear and accurate information about the current state of one's pension rights, and a history of how these rights have accumulated. For supplementary pensions, this implies a clear presentation of accumulated pension savings, the overall costs and charges levied for the management of these savings and the financial performance of these savings net of costs (i.e. nominal net returns) and adjusted for inflation (i.e., real net returns), as well as warnings from providers when taking decisions that may negatively affect future returns. Pension savers should also receive information about their rights to transfer their accumulated pension savings to other products within the same pillar and, should such rights exist, to another pillar or another country (such information is, for instance, provided by the French PTS for personal pensions, but not in the Belgian PTS for occupational pensions). Information on both amounts and performance is necessary for retirement planning: reaching one's retirement income target may require increasing one's contribution rate, but it may also require switching pension saving plan for a more cost-efficient one.

Tools for projections of future retirement income may be useful, provided that (a) they enable users to test the effects of financial or career decisions they may take (change personal pension product [PPP], take a sabbatical) and (b) they are clear and transparent about the assumptions used to make the projections, especially as regards future financial performance and inflation. The possibility to add missing details to the record, like in the Swedish minPension.se is also a useful feature.

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On a practical note, we also stress the need to make access to PTSs as seamless as possible for users, while maintaining a high level of data protection. The example of the German pension tracking platform is, in this regard, a counter-example, which requires the online ID card, a platform-specific app and the user's tax ID. By contrast, the Belgian platform "MyPension.be", which is, until now at least, accessible with the same tools as all public administration and many banking platforms, could be considered a best practice for authentication.

Q2. – What do you consider will make a pension tracking system a useful tool to increase citizens' awareness of their future pension entitlements and to enable them to plan for retirement? (please rank options according to their importance) Please elaborate your answer.

1. c. the system covers all pillars of the pension system
2. b. users can be sure that the information is objective, i.e. not influenced by the interest of those that provide the information
3. a. access to the system and the information provided is simple and secure
4. d. the system is cost-effective

We find it paramount that PTSs cover all pillars of the pension system. We fully share the OECD's view that "including both public pay-as-you-go pensions as well as asset-backed pensions would allow individuals to see how much they can expect to have in total, and thereby more easily assess what actions they would need to take to achieve their desired retirement outcomes." (Organisation for Economic Co-operation and Development, 2024, p. 172). As already stated, we believe the primary objective of PTSs is to assist citizens' retirement planning, a task that requires a comprehensive view of the various pension schemes they contribute to.

Efforts towards developing PTS should, therefore, be made under the premise that such systems cover *all* pillars of the pension system, including third pillar personal pension products and long-term investment products that, without formally being pension products, are effectively designed as pension saving products and used for the primary purpose of retirement savings. Rather than relying on the formal denomination of a product as a "pension" product, PTS could for instance include, like the German PTS, all long-term investment plans where the drawdown plan cannot start before the investor reaches or nears the statutory retirement age. For personal defined-contribution schemes in particular, the PTS information should include at least the information that EU legislation requires provider of retail investment products generally to provide to investors (net nominal and real returns, costs and risks) in a way that makes information disclosure consistent across all long-term retail investment products, regardless of the formal denomination of these products as "pension" products.

Reliability and accuracy of the information provided is the second key requirement to make PTSs a useful tool for retirement planning. Citizens need the assurance that the information provided is based on actual data about the accumulated benefits and, in the case of supplementary pensions, the actual cost and performance of their pension plans, and that

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this information is provided free of any interference from any interested party, either government administrations or private pension providers.

Simplicity and security of access to, as well as cost-effectiveness of the service should be considered as the starting point of specifications for builders of PTSs, as costs, complexity and security concerns constitute obvious deterrents for citizens to use the service.

Q3. – Which of the following elements should a pension tracking system cover (please rank options according to their importance)? Please elaborate your answer.

1. a. Information from all schemes about past contributions and accrued entitlements
2. e. Other: Information about cost and past performance (in real terms)
3. d. Information about the options and the pay-out (*where possible,* net of taxes) a citizen can expect in case of early withdrawal
4. c. Possibility to simulate pension entitlements under different scenarios of individual contributions, retirement age, investment allocations, and financial market developments (where relevant)
5. b. Projected pension benefits at a set retirement age based on standard career assumptions

As already mentioned, we believe that information about past contributions and accrued entitlements is essential, but so is—in the case of supplementary pensions—information about costs and past performance net of costs and adjusted for inflation. As BETTER FINANCE research shows, too many supplementary pension schemes return a loss of purchasing power in the long-term (BETTER FINANCE, 2024); providing individuals with cost and past performance data about their pension savings through the PTS could raise awareness about the need not only to save more but also to save in more cost-efficient schemes. In this regard, we argue that PTSs should provide the same information about PPPs as the EU legislation requires to be disclosed to holders of shorter-term, non-pension retail investment products.

Information about the various pay-out options available and their respective tax implications would also greatly support retirement planning. Tax implications can be difficult to compute where tax rate depends on the personal tax situation of the individual; in this case, a short summary of the applicable rules and link to further information should be provided. This information, we shall note, is as important for withdrawals at retirement age as they are for early withdrawals: options and tax implications should, then, be presented for the time of consultation and for the retirement age (which in some cases might deter individuals from tapping their retirement savings before it becomes fiscally advantageous).

As regards projections, we urge caution. Income projections need to account for the long time-horizon of pension planning, i.e., adjust the projections for inflation, which implies making assumptions about future inflation (which might become increasingly difficult in years and decades to come). Income projections also, and crucially, imply making assumptions: for public pensions, the projected income is usually based on the current legal framework on pensions, although EU Member States regularly review their laws on public pensions with the aim to maintain financial sustainability; for supplementary pensions, the projected income depends on future financial performance of the pension scheme, its future costs and future inflation, all three unknown. We would then favour interactive tools that enable users to test the effect of decisions regarding their pensions (level of contribution, switching pension savings plan, retirement age) and make it clear that future retirement income is uncertain, dependent as it is on several factors, some of which are in the hands of the pension saver.

Q4. – What do you consider are the most difficult challenges in setting up a pension tracking system (please rank in the order of importance)? Please elaborate your answer.

No opinion.

BETTER FINANCE does not have any experience with setting up pension tracking systems; we therefore cannot answer this question.

Pensions dashboards

Q5. – Which elements do you consider useful to make pension dashboards an effective tool to monitor the performance of a Member States' pension system (please rank the options according to their importance)? Please elaborate your answer.

1. a. Detailed data about occupational and personal pensions, in addition to statutory pension
2. b. Breakdown of pension data by different cohorts of the population (e.g. by gender, age, type of employment, economic sector, income, etc.)
3. c. A forward-looking projection of pension adequacy and sustainability, based on transparent and robust assumptions.
4. d. Consistent data and methodology across Member States to allow for comparisons
5. e. Other elements, please list

Just like for individual PTSs, pension dashboards must integrate data about all three pillars of the pension system if they are to be of any use to policymakers and the general public. A partial view of the pension system may lead to erroneous conclusions about the actual state of the system and its capacity to generate adequate pensions to future generations.

We note that occupational and personal pension schemes benefit, in many Member States, from public subsidies (usually in the form of tax incentives to contribute) that are justified by the policy objective of ensuring citizens save enough of their income to obtain an adequate pension. It is, therefore, legitimate for governments and the citizenry to observe whether this public policy indeed reaches its goal. We then argue that producing the pension dashboards should be the responsibility of national ministries or state agencies and that these dashboards, including data about the costs and performance of occupational and personal pension schemes entirely available to the general public.

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Public access to the pension dashboard (either through a web portal or the publication of annual reports) would also enable individuals to compare their own situation to that of the general population and their own cohort and assess whether they are on track to reach an adequate pension or whether they need to take action (e.g., contribute more, change their asset allocation, find a less expensive pension scheme).

Detailed data about personal pension products (PPPs) and other long-term investment products used for retirement savings purposes might be difficult to collect and aggregate but are particularly needed. Indeed, should the data about public and occupational pensions lead to the conclusion that these first two pillars are insufficient to maintain standards of living in retirement, policymakers should be able to turn to data about the third pillar and determine whether it is sufficiently performant to constitute an alternative for citizens. Evidence of good performance and cost-effectiveness would justify calls to save in personal pensions. By contrast, evidence of pervasive value-for-money issues in this third pillar should spur regulatory and supervisory action to improve performance and cost-effectiveness.

A breakdown by age cohort is also necessary for pension dashboards to be useful. As stated in the previous section on PTSs, the long-term perspective of retirement planning implies that the conditions (legal, macroeconomic, etc.) that apply to pensions are likely to change substantially over the course the forty plus years of an age cohort's working life. Therefore, pension dashboards should, to the extent possible, factor in the effects of projected inflation, potential performance of financial markets, as well as political decisions (e.g., level of taxes and indexations, changes to calculation formulas, statutory retirement age) that are likely to be made to ensure the long-term sustainability of public finances and public pensions, which could have negative effects on the value of future public pension benefits and the financial returns of supplementary pension savings. Older age cohorts are less exposed to such changes of macroconditions than younger ones; a breakdown of data by age cohort would provide policy-makers with the necessary data to assess for each cohort, with its own set of risks, is on track for an adequate pension.

Q6. – Which dimensions of a pension system's performance do you find most meaningful (please provide a ranking)? Please elaborate your answer

a. Income replacement, i.e. the level of retirement income relative to work income now or in the future

b. Pension sustainability, i.e. measured by its capacity to deliver a decent level of retirement income in the next decades in face of a declining working age population

c. Contribution to poverty reduction and equality

d. Fiscal costs now and in the future

All four dimensions are interrelated: a high-performing pension system should deliver a decent level of retirement income in the next decades in face of a declining working age population; and a "decent level of retirement income" means a sufficient rate of income replacement relative to work income for an individual to be able to maintain their standard of living in retirement. A pension system that manages to deliver such "decent level of retirement income" would, then, contribute to poverty reduction—or at least prevent individuals from falling into poverty when reaching retirement age—by the mere fact of

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ensuring that all citizens have a sufficient income to cover their fundamental needs and participate to social life. Doing so at a limited fiscal costs now and in the future implies some degree of redistribution within the pension system to avoid the recourse to public funding (State general budget) beyond the contributions explicitly aimed at the pension system (social contributions).

Several remarks can be made with regards to the above. First, what level of retirement income is necessary for maintaining one's standard of living in retirement depends greatly on what goods and services are provided for free or with a taxpayer-funded rebate to the elderly and the general public. For instance, rebates for train travel for the 65+ reduce the amount needed to keep travelling the same distance; the availability of free or subsidised public transport or sport equipment means that individuals transport habits or sport activity depend to a lesser extent on their income. The more public authorities provide for free or at a reduced rate, the lesser replacement income might be needed; therefore, the assessment of a country's pension system performance needs to consider the broader context of that country's provision of public goods and services to its population.

Second, while the design of each country's specific pension system should always be the subject of a democratic debate and decision at the national level, there should always be a clear distinction between the regulatory policy of ensuring a proper management of pension savings and the social policy of ensuring a decent pension for all. The social policy objective implies the possibility of a redistribution through mandatory taxes or social contributions and social transfers, which requires public enforcement powers. Ensuring a decent minimum pension to all, therefore, is a goal specific to the first pillar of the pension system, which is generally organised and run by the State. The proper management of pension savings, in turn, implies ensuring that the savings placed in pension schemes are managed in a way that enables people to reach their retirement income objectives at the time of retirement. This requires proper supervision of the organisations managing these pension savings plans, ensuring they design their products in a way that offers value for money to pension scheme participants and, at the very least, enable them to recoup their invested contributions, including the value that got eroded by costs and inflation (i.e., positive real net returns). There are various ways to set up pension savings plans to reach these objectives, and the design of a pension system should generally promote, not curtail, diversity. The second and third pillars of pension systems should, then, feature a variety of different arrangements, but all subject to high standards of transparency, investor information, adequate governance (in particular involving pension scheme participants, like in France for PPPs ("PER"), financial management and a strict supervision.

Auto-enrolment

Q7. – What are in your views the key features for an auto-enrolment mechanism to be successful? (please rank the options according to their importance) Please elaborate your answer.

1. h. Other: A high-performing, cost-efficient default pension scheme.
2. a. Provision of auto-enrolment administration facilities by the State
3. g. Involvement of social partners in its design.
4. e. Preservation of statutory pension benefits and sustainability
5. c. Duration and recurrence of opt-out windows and options for re-enrolment

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6. b. Starting with low contribution rates for participants with their gradual escalation over time
7. d. State incentives (e.g. tax or subsidies), with calibration based on income categories
8. f. Full or partial early withdrawal of pension benefits (subject to penalty, where relevant)

Automatic enrolment in occupational pension schemes is a powerful tool to increase the coverage of occupational pensions, with the potential to double participation rates amongst new hires, with the most pronounced effect in the younger and low-income workers (Clark and Young, 2018), i.e., those amongst which pension awareness is usually the lowest (European Insurance and Occupational Pensions Authority, 2024). Individuals' inertia in pension saving decisions, which plays against them under a voluntary enrolment system, can instead be used, under an auto-enrolment system, to put them on the right track. We are, nevertheless, concerned about the impact of mandatory auto-enrolment (i.e., without opt-out option) on individual autonomy, flexibility and free choice and stress that such mechanism should in no case apply to the third pillar of the pension system, that of personal pension products.

The positive effect of auto-enrolment on pension savers depends on a number of legal and financial system pre-conditions being met, as Muller et al. (2021) showed in a study of auto-enrolment best practices commissioned by DG FISMA. The first and potentially most important of these pre-conditions that we would like to stress, is the availability of occupational pension schemes that provide adequate returns to investors (even after deducting costs, and doing all they can to offer positive returns after adjusting for inflation) and could be considered as good candidates for the default pension plan of the auto-enrolment scheme. As our research shows, few existing occupational pension schemes in the EU currently pass that test (BETTER FINANCE, 2024, pp.26–27). We articulate our views about the default pension plan(s) in our answer to Q8.

The second condition is that individuals thus enrolled have an opportunity to switch from the default to another occupational pension plan or even exit the scheme altogether. Auto-enrolment should be notified to the new member, and the notification should came with a clear mention of the various options available (depart from the default option, exit the scheme). Considering that new members do not ask for enrolment and may not be aware of what it entails, they would need time to inquire, compare and finally take a decision. Since pension saver is not a full-time job, we believe that these new members should be given a period of six months to make use of the opt-out option before any contribution is made. Beyond this initial period, participants should be offered at regular intervals the possibility to ask for changes without costs or exit without penalties (e.g., every four to six years). The opt-out windows should, however, not be so frequent that they hamper the proper functioning of schemes that are collective and long-term oriented by design, in particular DB occupational schemes.

We believe that a State agency should be responsible for administering the auto-enrolment system, with a strong involvement of social partners in its design and enhanced supervision of eligible pension schemes by the national occupational pensions supervisor. As Muller et al. note: "people must have trust in the scheme. If such trust does not exist, […] significant numbers of people will exercise the option to opt out from the pension scheme" (Muller et al., 2021, p.19).

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Setting default contribution rates can be a double-edged sword: it facilitates the onboarding process (one decision less to make), but "the behavioural phenomena of inertia and anchoring [...] mean that individuals are likely to contribute at these default rates, even if they would contribute more in its absence" (Muller et al., 2021, p.46). Automatic increase mechanisms, coupled with a lower initial contribution level seems the most promising solution. First, it limits the initial impact on take-home pay, which can be a sensitive issue for early-career and/or low-income workers. Second, it gives the pension scheme member a few years of low contributions to "test the water" before deciding whether to opt-out or increase their stakes. Third, evidence from the US shows that the presence of an automatic increase mechanism leads to significantly more scheme members increasing their contribution rates (Clark and Young, 2018, pp.8–9). Linking contribution rate increases to pay raises, as proposed by Thaler and Benartzi (2004), could foster acceptance of the system, ensuring it does not reduce take-home pay.

Q8. – In your opinion, what should be the features that the default pension plan(s) should have to be successful? (please rank the options according to their importance) Please elaborate your answer.

1. c. Minimum contribution, with the option to increase it at later stage

1. e. Sufficient scope of target population, to ensure cost effectiveness and investment diversification capability of the default fund(s)

1. b. Option to shift pension plan and risk profile at a later stage (in addition to opt out).

2. a. Life-cycle asset allocation (more prudent as the retirement date approaches)

4. d. Capital guarantee, despite expected lower return compared to solutions without that guarantee

We believe the design of the default pension plan(s) is a key factor of success for an auto-enrolment scheme. A successful default pension plan would attract broad participation, be cost-efficient and enable participants to reach their retirement income target.

Setting low minimum contributions upon enrolment, with the option to increase it at a later stage (or, better, a flexible automatic increase mechanism, see our response to Q7) would contribute to broaden the participation: it would limit the impact of participation for early career/low income participants, reducing the likelihood of opting out (and, as mentioned earlier, there is evidence that most of the participants who stay enrolled voluntarily increase their contribution rate after a few years). The broader participation would bring economies of scale in the management of the default pension plan, thereby contributing to cost-efficiency, and enable more diversification as the total amounts under management would be larger.

If the default is a DC plan, offering participants a range of options to shift pension plan and risk profile, without necessarily opting out, is necessary to ensure that the plan enables all participants to reach their retirement goals, even those whose specific situation may not be best served by the default option. Participants who believe the default option does not suit their situation should be able to change the allocation of their savings, the contribution rate and other parameters of the plan. We remark, however, that the situation might different with DB plans, where options to shift and opt-out can entail significant management difficulties.

The default option itself should be set to meet the objectives and needs of the majority of the newly enrolled participants. We believe that a simple life-cycle asset allocation, that considers the new participants' remaining years before retirement to define the specific glide path of their plan, generally serves the purpose of balancing high-long-term performance and protection of the accumulated capital (Berardi, Tebaldi, and Trojani, 2018; Bodie, Detemple, and Rindisbacher, 2009). The default life cycle option for French PPPs ("PER") or the Swedish AP7 Såfa are good examples. Nevertheless, capital guarantees should always be available as options for the specific cases they may be beneficial (Antolín et al., 2011), with their impact on cost and performance clearly explained to the participant.

Q9. – In your opinion, who should have the responsibility to establish the default pension plan that eligible participants should enrol in? Please elaborate your answer.

a. The legislator

b. The social partners, where applicable

c. The employer

As already mentioned, we believe that trust is an essential pre-condition for any kind of auto-enrolment system to be successful. Without sufficient trust, enrolled workers will take any opportunity they have to exit the system and protect their pension savings from a system that they may suspect of mismanagement or even corruption. Who should have responsibility to establish the default pension plan, then, depends on the degree of trust that various institutions and organisations enjoy; in many EU Member States, we would expect that the legislator is the most trusted body to set the criteria for eligibility of a pension plan to the default, and the national competent authority (NCA) in charge of occupational pensions supervision to be entrusted with the supervision of this or these eligible plans. That is, however, not necessarily the case across all Member States: there may be countries where social partners or organisations representative of pension scheme participants enjoy more trust (and are, often, already involved in the governance of pension plans), in which case they should play the main role in setting up the default pension plan(s).

Whatever body has the primary responsibility for setting up the default pension plan, we note that building trust in such a system will require consensus across a broad range of actors, including the legislator, State agencies (including social security agencies), representatives of plan participants, social partners, employers, where applicable, and financial supervisors. This process must therefore not be rushed, but conversely enable all stakeholders to express their potential concerns and contribute to the definition of a system acceptable to the whole population.

Q10. – In your opinion, what measures shall be adopted to ensure equal opportunities for self employed and employees not covered by auto enrolment? Please elaborate your answer.

c. Other: Granting of equivalent tax incentives or other subsidies to participate in general default occupational pension plans *and any occupational pension plans available to employees covered by the auto-enrolment scheme.*

Self-employed and employees not covered by auto-enrolment should have the possibility to voluntarily participate in the occupational pension schemes accessible to employees covered by auto-enrolment with equivalent tax incentives or other subsidies. Flexibility should be granted regarding specific arrangements, to adapt to the highly diverse (and complex) situations of EU Member States regarding tax and labour law.

Q11. – What is in your view the task of the public authorities in enabling the use of auto-enrolment (please rank the options)

1. a. To set the relevant legal framework
2. e. To provide administrative support
3. f. To provide comprehensive and impartial information to the target population
4. g. Others: To provide enhanced supervision of eligible pension plans
5. b. To provide detailed guidance to employers and other bodies
6. c. To provide tax incentives or public subsidies to the target population
7. d. To provide tax incentives or compensation for employers or other bodies that administer enrolment, contributions and pay-outs

We consider that the main tasks of public authorities relate to designing an auto-enrolment mechanism that is transparent, fair and delivers good returns for enrolled pension savers. This, in our view, entails a clear and transparent legal framework and the administrative support for its implementation, the provision of comprehensive, impartial and, crucially, intelligible information to the target population. Detailed guidance to employers and other stakeholders involved in the scheme should also be provided by public authorities, if only to ensure that the new scheme runs smoothly.

Providing tax incentives and/or subsidies is not the "role" of public authorities as such, but is a policy tool that public authorities may find useful to "nudge" employers and employees to embrace the new system (i.e., at least not opt-out, at best contribute beyond the default rate). Nevertheless, we make two remarks regarding tax incentives and subsidies. First, it appears that the *existence* of a tax incentive is more important than the *extent* of that incentive in convincing individuals to adhere to savings vehicles (see, e.g., Bierbaum, 2025 on investment savings accounts). Second, tax incentives and subsidies are no substitute for good financial returns: good investment decisions by occupational pension scheme managers should enable economic growth, i.e., the creation of additional value in the economy that can be used to generate additional retirement income without incurring additional fiscal cost; but if tax incentives are used to somehow reward participants' investments in underperforming schemes, there is no value creation, merely a transfer from taxpayers to pension savers, possibly with regressive distributional effects. Tax incentives for pension savings should then (a) be wide in scope but limited in amounts and (b) avoid rewarding financial underperformance.

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Review of the PEPP Regulation

Basic PEPP

Q12. – In your view, does the current structure of the Basic PEPP allow for wide uptake by savers across the European Union, helping to ensure adequate income in retirement while also contributing meaningfully to the objectives of the Savings and investments union?

Please elaborate your answer. What changes, if any, would be necessary to enhance the attractiveness of the Basic PEPP for both providers and savers?

b. No

From the pension saver's perspective, the Basic PEPP is a good product: it is cost-efficient, which enables pension savers to obtain substantial real net returns on their savings. We believe that simplifying the Basic PEPP further (e.g., getting rid of the second sub-account requirement, standardising derisking mechanisms by adopting standardised life-cycle derisking, as is the default in the French "PER") could enhance attractiveness by making it easier for prospective customers to understand the product; nevertheless some simplifications that could be considered (e.g., limiting the range of risk mitigation techniques available) also risk unduly limiting consumer choice. But a lower-hanging fruit to boost the PEPP's attractiveness would be to grant it, in each Member State, the same fiscal treatment as the most favoured national PPP, as the Commission already recommended (European Commission, 2017), so far with little effect (EIOPA Occupational Pensions Stakeholder Group, 2024).

The "fault" of the current Basic PEPP, we argue, lies with its lack of attractiveness for traditional providers of PPPs: its fee cap both makes it particularly cost-efficient, therefore a potential serious competitor to existing PPPs, but then necessarily limits the profit that providers can expect to extract from its distribution (European Insurance and Occupational Pensions Authority, 2024). Regardless of the potential benefits for pension savers and the additional investments into the EU economy that could result from a wider uptake of the PEPP, we cannot realistically expect that providers will voluntarily commercialise, let alone advise, a product that might significantly reduce their revenue stream (please see our response to Q18 for further comments on this point)

One change we believe needs to happen is dropping the requirement that the Basic PEPP be sold with advice. Allowing sales of PEPP without advice would reduce client acquisition costs for providers, mechanically increasing their profit margin on the product. It would also enable PEPP distributions through online platforms, reaching a wider (and younger) audience (see also our response to Q18).

It might be argued that the Basic PEPP, basic as it may be, still remains too complex for sales without advice. Therefore, we advise simplifying its structure (e.g., simplify and standardise the risk-mitigation techniques like life-cycling management) to the extent that an individual with only basic financial literacy would be able to understand what they invest in, what the risks are and how these risks are being mitigated. Requirements to include standard educational materials in the online onboarding process would also ensure that, even without advice, prospective customers receive proper information before subscribing.

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Q13. Do you consider that the Basic PEPP should necessarily be designed with a built-in lifecycle investment strategy, as a standard feature of the product? Please elaborate your answer. Please consider whether other risk mitigation techniques should also be considered as a standard feature of the Basic PEPP and why.

a. Yes

There is evidence that life-cycle pension savings strategies generally outperform capital guarantees (see, e.g., Berardi, Tebaldi, and Trojani, 2018) and favourably compare with other dynamic strategies, with the additional benefit that a life-cycle strategy that maintains a constant exposure to equities during most of the accumulation phase before switching the majority of the assets to bonds in the last decade prior to retirement (but retaining a significant part of the assets invested in equity markets even in retirement) is easier to explain (Antolín, Payet, and Yermo, 2010) and less expensive than minimum investment return guarantees (Antolín et al., 2011). Making a simple, standard lifecycle investment strategy the default risk-mitigation technique for the Basic PEPP would, therefore, contribute to simplify the product while maintaining its performance potential and cost-effectiveness.

Other simple risk-mitigation techniques, such as capital guarantees should remain available as options, all presented in clear terms, including their potential effects on cost and performance.

Q14. – Do you consider that the Basic PEPP should be designed in a way that it can be offered also on an execution-only basis (i.e. without requiring investment advice)? Please elaborate your answer. If yes, what additional design features could support or facilitate the distribution of the Basic PEPP on an execution-only basis? Additionally, do you consider that there would be value in linking such distribution to a condition that contributions remain within the nationally applicable tax-deductible limits?

a. Yes

The Basic PEPP is intended as simple, standard pension saving product, with cost-efficiency embedded in its design. Its actual design should, therefore, match this intention. If, and only if, a pension saving product is simple enough can it be distributed without advice, reaching a wider range of (younger) investors who use digital channels such as neo-brokers to invest. For those of such investors who invest for retirement purposes, the Basic PEPP would constitute a superior alternative to basic ETF savings plans currently on offer with most neo-brokers.

We do not believe that execution-only distribution should be linked to a limit on contributions. The usual behaviour of pension savers would be to start with small contributions and increase them progressively as their disposable income increases, but also as their experience with investment increases. It is, therefore, most likely that contribution levels would overcome tax deductibility limits only some time after the distribution of the Basic PEPP, when the investor already has some experience with the product and probably a few years of cost and performance track-record to assess it. Furthermore, it would be highly impractical to require execution-only providers to provide advice after the distribution; it seems much more appropriate to ensure that the appropriateness test required under MiFID and IDD for all execution-only sales of retail investment products and IBIPs avoids inappropriate execution-only sales of Basic PEPPs just like it is supposed to avoid inappropriate execution-only sales of other products.

Q15. – Do you consider it is useful to maintain the availability of alternative investment options, in addition to the Basic PEPP? Please elaborate your answer. If yes, should such options be defined and if yes, what should be such additional investment options and what should their purpose be (e.g., making the PEPP more aligned with an employer matching scheme, offering a broader PEPP investment portfolio, etc.), while ensuring they remain consistent with the PEPP's objectives?

a. Yes

Alternative investment options, beyond the Basic PEPP, should remain available. Alternative options provide additional investment strategies that can be relevant for many pension savers who wish to remain within the general framework of the investment rules set in Article 41 of the PEPP Regulation but go beyond the standard offer of the Basic PEPP.

Providers should be free to define additional investment options as needed, provided the specific functioning of an option remain transparent and transparently outlined in product documentation, as well as explained to the prospective client. The provider should, in particular, always be able to explain how the functioning of their alternative options meet the general investment rules set in Article 41 of the PEPP Regulation.

Sub-accounts

Q16. – In your view, does the sub-account structure align effectively with the specificities inherent in a cross-border product, including how Member States grant tax or other relevant incentives for personal pension products? Please elaborate your answer. If no, what alternative structure would better serve the objectives of the PEPP?

a. Yes

The sub-account structure, although far from optimal in terms of simplicity of the product for providers and holder alike, probably remains, all things being equal, the most simple way to make PEPP contracts transferable across EU Member States. (We note that transferability *within* Member States is itself not fully implemented, and should be a priority.)

Taxation of personal pension products varies significantly across Member States, making it summarily complex to enable savers in one country to contribute to a pension product in another. Nevertheless, if the end goal is to create a genuine Savings and Investments Union featuring an EU-wide competitive market for pension savings, then savers should have the possibility to buy and contribute to a personal pension product, including PEPP, in any Member State of the EU, regardless of whether they have their fiscal residence in that country. This entails working on a harmonisation of the way in which Member States tax contributions to and pay-out from personal pension products (levels of taxation may remain different). Similarly, the current PEPP Regulation says little about the decumulation phase, in particular how savings accumulated in one Member State ought to be integrated

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in an individual's pension in another Member State (which country's rules apply on the tax treatment of pay-outs, but also, for instance on minimum retirement age?).

Q17. – Do you consider the requirement for PEPP providers to offer sub-accounts for at least two Member States is necessary to foster cross-border provision of PEPPs? Please elaborate your answer. In addition, should the Regulation ensure that savers have access to a PEPP from any PEPP provider, regardless of their Member State of residence and without requiring a sub-account to be available in that Member State?

b. No

The goal of making the PEPP simple and cost-efficient takes precedence, in our view, over the goal of cross-border portability, without contradicting it. The opening of sub-accounts in at least two Member States is only appealing to EU citizens who plan to move across borders during the course of their career. For all others, a single sub-account, open in their current country of residence, would suffice (and would simplify the management of the product for providers). We would, therefore, support dropping the requirement, and transform it into an option that should be offered to the PEPP-holder to open additional sub-accounts later on, when and if the need arises.

We do support the notion that the Regulation ensures savers' access to a PEPP from any PEPP provider regardless of their country of residence, even where that provider does not offer sub-accounts in that country.

As already noted, we believe that the Savings and Investments Union cannot be complete without an EU-wide competitive market for personal pension products. Such market can only exist if the barriers that prevent pension savers' access to better products in other EU countries are removed. Preventing prospective clients to access PEPPs in other countries than their country of residence effectively curtails competition amongst providers (and its potential benefits for pension savers) on each national market. It also prevents providers from smaller Member States to access potential clients in other countries, thereby limiting their capacity to grow and benefit from economies of scale.

The main reason invoked for maintaining this barrier is the difficulties that may arise with the taxation of contributions to and pay-outs from a PEPP in another country than the country of fiscal residence of the holder. As already noted in Q16, this calls for further harmonisation of the way in which Member States tax contributions and/or pay-outs to personal pension products, an issue that is not limited to PEPP. We also note that such restriction does not apply to most long-term non-pension saving products (e.g., life insurance) for which general taxation principles apply and cross-border issues are usually solved through bilateral fiscal conventions (which may be complex but at least show that there is no inherent impossibility). A prospective pension saver should be free to access offers PEPP offered in other Member States and choose a specific offer based on clear, transparent information about the product itself (costs, past performance, risks) as well as the fiscal consequences of that selection.

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Fee cap

Q18. Do you consider that the Basic PEPP should continue to be subject to a 1% fee cap? Please elaborate your answer. If no, what alternative measures would you propose to keep the cost of the Basic PEPP at affordable levels?

a. Yes

BETTER FINANCE supports the principle of a 1% fee cap for the Basic PEPP, but if and only if the Basic PEPP is significantly simplified along the lines we lay out in our responses to the other questions of this section of the consultation and is simple enough to be distributed online without advice. Together with EIOPA, BETTER FINANCE "does not find the 1% fee cap of the accumulated capital per year to be particularly low in the long term" (European Insurance and Occupational Pensions Authority, 2024). Most US Individual Retirement Accounts (IRAs), for instance, have an average fee below 1% per annuum.

First, we must remember that the fee cap only applies to the Basic PEPP, while no limit applies to the charges levied on the more elaborate (and potentially more costly) investment options. It is therefore simply not true that the fee cap prevents providers from offering more diversified investment options: those would in any case not be Basic PEPPs, ergo their fees not capped.

Second, as noted by EIOPA in their 2024 paper on PEPP, the high level of costs related to the Basic PEPP, in comparison to comparable low-cost products in Europe and elsewhere (including the US IRAs) results largely from its small target market and the complexities of the product. As we already stated in a previous position paper, the alternative is therefore between lifting the fee cap (as the industry demands) or expanding the target market and simplifying the product. Three cumulative solutions to that effect have already been evoked in our responses to the previous questions: dropping the mandatory advice, dropping the two sub-accounts requirements and standardising the risk-mitigation techniques. As we will further develop in our response to Q21, we also believe that explicitly allowing the use of PEPP in a workplace context would broaden the target market and offer providers a way to reduce distribution costs to levels compatible with the fee cap. Then, we argue that the target of a maximum annual fee of 1% of accumulated capital should be upheld in the revised PEPP, at least for the long-term.

In the short term, considering the state of development of the market for PEPP, a "softer" fee capping mechanism could be implemented, that allows higher annual fees while maintaining the cost-efficiency of the product. In this regard, we find interesting and would be open to discuss further, for instance, the proposal laid out by PEPP provider FINAX in their April 2024 opinion paper of a Cost-Effectiveness Performance Ratio (CEPR), which establishes a relationship between level of costs and annualised performance, potentially enabling more room for fees while retaining the cost-efficiency of the PEPP (FINAX, 2025, pp.7–8).

Q19. – If the fee cap for the Basic PEPP were to be maintained, do you think certain cost components (e.g. taxes, specific distribution costs) should be excluded from the cap, or that other adjustments to the cap should be considered? Please elaborate your answer. If yes, please specify which types of costs you believe should be excluded or what adjustments should be considered, and explain why.

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a. Yes

We believe that all costs related to distribution (which would primarily happen online, without advice), ongoing administration and investment costs of the Basic PEPP should be included in the fee cap, but costs related to the management of options added upon request of the pension saver (e.g., capital guarantees), should be excluded.

VAT currently applies to PEPP contracts distributed by some providers but not all, creating an unlevel playing field across providers, which is not solved merely by excluding VAT from the fee cap. Indeed, if VAT is included in fee cap, then the profitability of PEPP is invariably lower for VAT-subject providers compared to what it is for those providers not subject to VAT; but if VAT is excluded, then the Basic PEPPs distributed by providers subject to VAT would be more expensive, therefore less competitive. We argue that the same tax treatment should apply to all PEPP contracts, regardless of the nature of the provider.

Risk-mitigation techniques

Q20. – In your view, do the existing risk-mitigation requirements strike an appropriate balance between ensuring consumer protection and maintaining sufficient flexibility and incentive for PEPP providers to offer the PEPP? Please elaborate your answer. If no, which aspects do you find problematic, and how might they be improved?

b. No

The risk mitigation techniques listed in Article 46 of the PEPP Regulation are consistent in terms of investor protection but complex and costly for providers to implement within the fee cap. Also, they make comparison between PEPPs using different risk-mitigation techniques very difficult for pension savers. They should, therefore, be offered to the prospective savers on an optional basis, with appropriate information about each of these options, and their respective impacts on costs (which would be on top of the fee cap) and performance of the contract.

Use in a workplace context

Q21. – Do you consider that the Basic PEPP should be explicitly open to use in a workplace context? Please elaborate your answer. If yes, should this involve just explicitly allowing employer contributions or offering the Basic PEPP as an employee benefit while retaining its character as a personal pension product, or should it be adapted to function also as an occupational pension scheme? What regulatory changes would be necessary to enable either of such options, if any?

a. Yes

We generally support the use of PEPP in a workplace context, which would massively expand the target market for PEPP, enabling potential economies of scale for providers, as well as offering a standard, portable solution for occupational pensions, which could be appealing to large cross-border companies and to SMEs alike.

We support explicitly allowing employers to make tax deductible contributions to employees' existing PEPP as well as offer the Basic PEPP as an employee benefit. The

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advantage of that scenario is the easy portability of the pension schemes (since they retail their character as personal pension products, they could follow workers changing jobs, within or across borders) and the little amendments it requires to the existing Regulation. Nevertheless, this scenario may be too restrictive: employers and employees may want to give themselves pension plans that substantially depart from the Basic PEPP model and function as occupational pension schemes.

We therefore support the plan outlined by EIOPA's Occupational Pension Stakeholder Group for the introduction of a Pan-European Occupational Pension (EIOPA Occupational Pensions Stakeholder Group, 2024). Works in that direction could also draw inspiration from existing personal pension products that include an occupational version, such as the French *Plan d'Epargne Retraite* (PER), which can also be established as a PERCO ("collective PER") offered by employers in a workplace context. Such a occupational PEPP should enable employers and representatives of employees to negotiate the specific conditions of the plan, within the general investment rules of the PEPP.

Registration and supervision

Q22. – In your view, should the current rules on the registration of PEPP be revised? Please elaborate your answer. If yes, please specify which aspects of the registration process you believe should be modified.

b. No

There is too little practical experience with these registration rules to assess them and determine whether amendments are needed.

Q23. – Do you consider that the current rules for the supervision of PEPP should be revised? Please elaborate your answer. If yes, please specify which aspects of the supervisory framework you believe should be modified.

a. Yes

There is little practical experience with these supervision rules; assessing them and determining whether amendments are needed is, therefore, difficult. This being said, we recommend that PEPP are subscribed and governed by independent savers associations, following the model in place for the French "PER". We should also note that the supervision of personal pension products generally, beyond PEPP, should be enhanced to better address value-for-money issues as well as breaches of investor information requirements.

Investment rules and diversification

Q24. – Do you consider the investment rules in the PEPP Regulation appropriate to support the achievement of adequate long-term returns? Please elaborate your answer.

a. Yes

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We believe that the principle-based investment rules in the PEPP Regulation are adequate to frame the design of PEPP contracts that deliver adequate long-term returns, while leaving sufficient room for providers to define their practical implementation in a variety of contexts.

Level playing field across personal pension providers and rules on distribution

Q25. – Do you consider that PEPP's limited uptake is due to the existence of competing personal pension products across the Member States? Please elaborate your answer. If yes, what key features do you think give existing national products a competitive advantage over the PEPP? Please provide examples. Should the European Commission adjust the PEPP to allow it to be more competitive with national products? If so, what kind of adjustments should be considered and how could the framework be improved?

a. Yes

It can be said that the PEPP's limited uptake is due to the existence of competing personal pension products, but not in the traditional sense. It is not that existing products across the Member States are more competitive from the pension saver's perspective (they usually are not), but that, because those fee-laden existing products provide a superior revenue stream to providers and intermediaries, mainstream providers and distributors of personal pension products have little to no incentives to distribute a low-cost alternative. This is the "product cannibalisation" fear that EIOPA mentioned in its 2024 paper (European Insurance and Occupational Pensions Authority, 2024). We draw two conclusions from this situation.

First, the Basic PEPP (the only one with a fee cap) must be made available for distribution without advice, so that (a) it can be distributed by providers and intermediaries who have an incentive to distribute a low-cost product (including neo-brokers) and (b) it reaches new investors who may not have bought a traditional personal pension product (increasing the market rather than "cannibalising" it).

Second, and independently of the PEPP Regulation, rules governing financial advice need to be revised effectively to ensure that intermediaries distributing personal pension products recommend their clients products that work for the benefit of the client (high long-term performance) and not merely for the benefit of the provider (high fees).

Additionally, we must stress again the negative effect of most Member States not extending to the PEPP the tax treatment granted to their most favoured national product: without the same tax treatment, including incentives and subsidies, the PEPP suffers from a competitive disadvantage. Furthermore, transferability of accumulated pension savings from existing products to PEPP is allowed in only a minority of Member States (EIOPA Occupational Pensions Stakeholder Group, 2024). For any version of a revised PEPP to be successful, it is crucial that (a) pension savers are allowed to move their existing savings into a new PEPP and (b) that this switch does not entail for them a less advantageous tax treatment.

Q26. – To your knowledge, does the existing framework create any obstacles or barriers to the distribution of PEPP, including across providers and Member States? Please

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elaborate your answer. If no, what are the main factors that create such obstacles and barriers in distribution, and how could these be addressed?

a. Yes

We have already mentioned in Q25 the absence, in most Member States, of a favourable tax treatment for PEPP equivalent to that granted to the most favoured existing product. Additionally, we believe that the possibility for EU citizens to buy a PEPP offered in another Member State than their country of residence, even if the provider does not have sub-accounts available in that country, would remove a barrier to the distribution of PEPP and greatly expand the target market for any provider. We have already discussed the upsides of this possibility as well as the obstacle—which we believe should be addressed for SIU to become a reality—in our response to Q17.

Individual transfers

Q27. – Should the PEPP Regulation ensure that savers can make individual transfers between existing personal pension products and the PEPP? Please elaborate your answer.

a. Yes

The PEPP Regulation should definitely establish the right for EU citizens to transfer their savings from any existing personal pension product to the PEPP. The right to transfer savings from a (potentially) expensive, underperforming product to a cost-efficient, high-performing one like the PEPP without incurring taxes or penalties is absolutely necessary for any new product to be adopted massively. Without it, the target market is limited to those prospective pension savers who have not started saving for their pension yet: the others remain tied to their existing product.

The exercise of the right to transfer savings from existing national PPPs to PEPP and conversely could be made conditional upon the transfer being recommended by a professional financial advisor (as is the case in France).

The French case is telling in this regard: the inception of the PER by the "loi PACTE" in 2019 also introduced a full transferability of pension savings across products, enabling all pension savers to switch to the new product and paving the way to its success.

We also note that there already exist many national-level products that are similar to PEPP in terms of structure and could be transformed into PEPPs with only minor adaptations. National authorities should enable providers to make these adaptations where relevant.

Transparency, information and pension tracking systems

Q28. – Are the transparency requirements envisaged by the PEPP Regulation adequate? Are they comparable to those applicable to other personal pension products under national law (e.g. in terms of cost disclosure, performance information, risk indicators and benefit projections)? Please elaborate your answer. If no, please clarify in what respects the PEPP Regulation does not ensure adequate transparency requirements and where the PEPP Regulation and national frameworks governing

competing personal pension products differ, and how could the EU regulatory framework be improved. In particular, please specify if are you aware of any best practices at Member State level that could be reflected in the PEPP Regulation.

c. No opinion

There is too little practical experience with the implementation of these transparency requirements to determine whether changes are warranted.

As for the comparison between the PEPP transparency requirements and those applicable to other personal pension products, we note that the variety of applicable legal frameworks would require a systematic comparison that goes beyond what is feasible in the context of this consultation. Nevertheless, we argue that all packaged retail investment products and insurance-based investment products, including personal pension products and the PEPP, should be subject to the same requirements in terms of information to be provided to the (prospective) client.

More than the PEPP Regulation, it is, in this regard, the PRIIPs Regulation that should be reviewed, to ensure that the Key Information Document (KID) of such products provide intelligible and comparable information about past performance, actual costs, risks and weaknesses and sustainability features, implementing information layering where necessary for better understanding. Similarly, the MiFID and IDD provisions governing annual reporting to investment firms and insurance undertakings' clients holding such products should be harmonised to provide the same set of information, on an annual basis, for as long as the client holds the product.

Q29. – In your view, could the inclusion of the PEPP along with other personal pension products in national pension tracking systems improve transparency for savers? Please elaborate your answer. If yes, do you believe the PEPP Regulation should require Member States to ensure such inclusion?

a. Yes

As we stressed in our responses to questions on PTSs, we believe all pension products from the second and third pillars should be included. As a personal pension product, the PEPP should naturally be included.

Q30. – In your view, could pension tracking systems be considered a suitable means to fulfil certain disclosure requirements under the PEPP Regulation for members and beneficiaries who interact via digital tools? Please elaborate your answer. If yes, how should the pension tracking system and the PEPP Benefit Statement interact or coexist in practice? In particular, how could dual reporting be avoided while ensuring that all relevant information requirements under the Directive are fulfilled?

a. Yes

PTSs could, in theory, be a suitable means for providers to fulfil certain disclosure requirements under the PEPP Regulation. There are, however, a number of preconditions to that. First, this requires that the national PTS effectively collects and displays all the data and information that the provider is required to provide to the PEPP-holder; as we touched upon in the section on PTSs, there are several Member States where this is still not the case. Second, if there is no proactive provision of this information by the PEPP provider, there is a serious risk that pension savers neglect consulting the PTS to monitor the performance of their PEPP (and there is, usually, no way for the provider to know whether the client does consult the PTS). Therefore, we have reservations about considering PTSs as potential replacement for proactively distributed annual statements from product providers.

Tax treatment

Q31. – To your knowledge, has the Commission Recommendation of 29 June 2017 led to the PEPP and other personal pension products being placed on a level playing field in terms of tax treatment? Please elaborate your answer, providing relevant examples where possible.

b. No

As EIOPA's Occupational Pension Stakeholder Group's study showed, only a minority of Member States implemented the Commission Recommendation of 29 June 2017 (EIOPA Occupational Pensions Stakeholder Group, 2024). In most Member States, the PEPP is not granted a tax treatment that placed it on a level playing field with other personal pension products. In view of this, it could be said that equipping the PEPP with its own "28th regime" would not only have led to greater integration and harmonisation, it would also have avoided situations where the PEPP is not granted any tax incentives.

Q32. – Would further action at the level of the European Union be necessary to ensure a level playing field in terms of tax treatment between the pan-European Personal Pension Product and other competing personal pension products? Please elaborate your answer. If yes, what type of action would you consider most appropriate?

a. Yes

We have already touched upon the tax treatment issue that effectively penalises the PEPP compared to most existing national products. Beyond this issue, we shall note that, despite its intent, the PEPP framework lacks the uniformity that would support a truly pan-European product: the lack of standardisation across Member States makes cross-border provision very difficult for providers to navigate and creates unnecessary complications for all parties.

Other aspects

Q33. – Are there any additional issues that you believe should be considered in the review of the PEPP Regulation? Please elaborate your answer. If yes, please describe these issues and explain why they should be addressed.

a. Yes

We have already covered many of the issues surrounding the PEPP and the factor of its (lack of) success: complexity, opposition from incumbent distributors of personal pension

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products, lack of support from the Member States. Much of the narrative around the PEPP amounts to "it is not needed, existing products are fine".

But many of them are not, and European leaders would not be calling for a successful pan-European long-term savings product if they were. We believe the PEPP has the potential to be this successful long-term savings plan that brings benefits to pension savers as well as funding to the EU real economy, not just fees to the financial industry.

For that to happen, however, we need a deep reform of the market for retail investment products that ensures product providers and intermediaries are no longer free to knowingly market expensive and underperforming products that serve their interests at the expense of the interests of their clients. In a healthy, transparent market, the cost-efficiency of products, their suitability to clients' objectives and needs, should be the key considerations of financial advice; in such a market, there is a major place for the PEPP, as for other cost-efficient retail investment products.

In the meantime (since the heavy lobbying of the financial industry ensured it would not happen anytime soon), the Basic PEPP needs to be simplified to the point where its sale can be authorised without advice, Member States must commit to place the PEPP on a level playing field with national products in terms of tax treatment and subsidies, and its use in a workplace context must be explicitly allowed.

We all seem to agree that a revision of the PEPP Regulation is warranted. For the industry, the main, if not the only, change necessary is to delete the fee cap. That would make the PEPP yet another expensive personal pension product in a market that is already crowded with such product. From our viewpoint, it is unacceptable; for the EU economy, it would be a missed opportunity.

Review of the IORP II Directive

Investment rules and diversification

Q34. – Do you consider that a diversified portfolio of assets, including also investments in unlisted securities or alternative assets classes (with proper management and adequate risk safeguards) could enhance long-term returns for scheme members and beneficiaries? Please elaborate your answer. Please justify your answer based on data, if available. Furthermore, please elaborate what are in your view the risks and benefits associated with a share of IORPs assets being allocated to alternative assets, and which alternative asset classes would be more suitable and how would hereto related risks be best managed.

a. Yes

Before talking of investments in unlisted securities or alternative asset classes, we should note that, currently, many IORPs underinvest the equity market: based on EIOPA data, we calculate that, on average, EU IORPs invest only 28% of their assets in equity (all equity types, directly or through equity funds); defined benefit (DB) IORPs invest on average 25.7% of their assets in equity, while defined contributions (DC) IORPs invest 31.1% of theirs. A large majority of IORPs assets then remains invested in fixed-income assets which may be safer in terms of volatility, but often offer returns below what is necessary to get IORP members

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a substantially positive financial real net performance. Turning to what can be done to improve the situation, we must distinguish between DB and DC schemes.

The former have fixed pension liabilities and must, therefore, ensure they have sufficient stable and liquid funding to meet these liabilities, even in a market downturn. This has traditionally been solved by a conservative investment policy, geared towards fixed-income assets which, by definition, guarantee the IORP a broadly constant revenue stream. Alternatives might nevertheless be considered, considering the specifics of each IORP. The constitution of liquidity buffers, akin to those in place in banks and insurance companies could be one such solution: since, contrary to other long-term investment products, withdrawals from pension plans are normally prohibited, with limited exceptions. With amounts of withdrawals being mostly foreseeable, a DB IORP could calculate its expected cash outflows for the next 12 to 24 months and ensure that a corresponding amount of its assets is invested in high-quality liquid assets (HQLA), as defined in the CRR and Solvency II, assets that can be realised without significant loss even in a severe market stress. Such a buffer would ensure that the IORP remains able to meet its liabilities even when a market crash temporarily reduces the value of the rest of its portfolio. This would enable DB IORPs to adopt, for the rest of their portfolio, a more dynamic orientation, promising higher long-term performance for their members, without renouncing to the high level of safety they offer.

For DC schemes, the payment commitment is not fixed, which allows more risk-taking, but such IORPs still need to offer their members a high likelihood to at least recoup their investment. The introduction of a life-cycle approach, as discussed in our response to the questions on the PEPP, appears as one good solution to balance good performance and relative safety. Applied to the investment policies of DC IORPs, a life-cycle approach can be implemented, for instance, by defining a glide path, either for individual participants or for an age cohort (a life-cycle approach for the entire membership of an IORP, who may range from early-career workers to retirees, seems harder to implement, for much smaller benefits in terms of performance).

Reducing the fixed-income bias of IORPs generally should be the priority. Once IORPs invest substantially more in equity can we start looking into the possibilities to expand the classes of equity they can invest in.

Allowing IORPs to also invest in unlisted securities or alternative asset classes may enhance long-term returns for scheme participants. We would support this possibility, for instance allowing investments in ELTIFs, but only within certain quantitative, flexible limits in terms of the share of an IORP portfolio that could be invested in such asset classes, and excluding asset classes that are short term-oriented, speculative by nature. This authorisation should be conditional upon the IORP manager having the organisational capacity to properly assess the specific risks related to the alternative asset classes it decided to invest in, and the policies in place to manage those risks.

At any rate, the EU should avoid setting any mandatory minimum allocation to private assets (as was, unfortunately, done in France for the French PER default option). Generally, BETTER FINANCE believes that the optimal mix of asset classes for any given IORP should be left for its actuaries to determine, based on the specific constraints and expectations the IORP faces. Actuaries might, of course, be wrong, which makes it paramount that effective, easily accessible collective redress mechanisms are made available to occupational pension scheme members.

Q35. – Are there in your knowledge any national quantitative or other type of investment rules imposing overly restrictive limits on investments in alternative assets? Please elaborate your answer. If yes, what is the rationale for such limits and should Member States continue to be allowed to impose such limits, despite the reliance on a risk-based supervisory approach? If investment limitation rules continue to be allowed under the IORP Directive, do you consider it important to place limits on overly restrictive national rules in certain asset classes, including unlisted assets? Please also indicate which types of restrictions you consider most problematic and how they could be addressed without undermining appropriate risk control.

c. No opinion

Responding to this question would require an analysis of the specific investment rules applicable to occupational pension funds in each Member States, many of which do not necessarily apply to the specific category of IORPs. We know of several Member States that impose overly conversative investment rules, although those are not necessarily curtailing investment in alternative asset classes as such, but more commonly requiring a minimum level of investments in sovereign debt. This, combined with the exemption of the issuer concentration limit for sovereign debt of the home country, in the IORP II Directive, actually creates another risk: that of an overexposure of pension savers to the sovereign risk of their own country. We then consider it necessary to place limits to national rules requiring minimum investments in sovereign debt, as this would not only enable IORPs to increase their exposure to equity markets and improve returns for their members, it would also improve their safety.

Q36. – Do you consider that other factors, such as limited IORPs' expertise with unlisted asset classes, may contribute to the low level of diffusion of these investments among IORPs? Please elaborate your answer. If yes, please indicate which other factors you consider most relevant and whether and how they could be addressed in the context of the review of the IORP II Directive.

c. No opinion

The limited expertise of IORPs with unlisted asset classes may indeed contribute to the low level of diffusions of these investments among IORPs, but what contributes to their limited in the first place? There is a number of factors that may explain why many IORPs have chosen so far not to invest in unlisted asset classes, limited experience is unlikely to be the main cause.

Identifying the causes of this low level of diffusion of unlisted asset classes would require a study of IORPs investment decisions, including a survey of IORP managers to obtain insights into what the key factors are.

Q37. – Do you consider that the current provisions on risk management in the IORP II Directive and the intervention capacity of supervisory authorities could be further enhanced to strengthen trust in institutions under the scope of the Directive? Please elaborate your answer. If yes, please specify in what ways these aspects could be

improved. In particular, do you consider that the existing framework provides adequate transparency on IORPs' use of derivatives, as well as the use of investment vehicles and private credit transactions? If no, please elaborate how any existing gaps should be addressed.

a. Yes

Risk management is too often interpreted in the narrow sense of ensuring the short-term stability of the pension savings and the institution managing it. The IORP II provisions on risk management should be enhanced to integrate the long-term risk that decisions taken by the IORP depress returns to the point that members fail to reach their retirement income target. In other words, risk management in IORPs must integrate the management of Value-for-Money risk and ensure that IORPs take appropriate risks to safeguard the long-term interests of their members, not merely avoid risks.

Q38. – Do you consider that the introduction of an explicit duty of care provision could further strengthen the level of protection of members and beneficiaries? Please elaborate your answer. If such a duty were to be made explicit in the Directive, what elements should it cover?

a. Yes

Protecting the long-term interests of their members should be the overarching principle of all IORPs. At a time when many governments and companies throw conspicuous glances at pension savings to finance ventures in the latest of a long series of "strategic" sectors (at the moment AI, defence…), it is of the utmost importance to remind IORPs (and, beyond, all retail investment managers) that their first duty is to the individuals who entrusted them with their life savings. An explicit duty of care provision, if nothing else, would constitute such a reminder.

As an overarching principle placed on top of all more specific requirements, an explicit duty of care provision would be a valuable tool for IORPs to guide their investment decisions and for supervisors to look at the motivations of IORPs in the conduct of their business and assess whether the interests of pension savers are indeed central to these motivations. An explicit duty of care provision would also reinforce the legal standing of aggrieved pension savers seeking judicial redress.

An explicit duty of care provision should then be seen, first, as a mean to make supervisory practices more effective, as a way to prevent the emergence of detrimental situations for pension savers and, second, when supervision fails, as a way to improve redress mechanisms for aggrieved pension savers.

Q39. – Do you consider that national competent authorities are adequately equipped under the Directive to oversee that assets are invested in the best long-term interests of members and beneficiaries as a whole? Please elaborate your answer. Do you believe that national competent authorities should have an explicit mandate to oversee and, where appropriate, intervene in order to help ensure that supplementary pension schemes deliver adequate investment returns for members and beneficiaries? If yes,

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what tools or powers should supervisors be equipped with to address situations where schemes systematically fail to deliver good outcomes?

a. Yes

We do believe that NCAs are generally equipped with all the necessary power to investigate potential breaches of the principle to invest in the best interests of IORP participants, and even of a more encompassing duty of care principle. The issue is not so much in the legal capacity of NCAs to act as in their willingness to do so. There are conspicuously few product interventions across the EU towards occupational pension schemes, resulting in the worrying situation that BETTER FINANCE's research reveals (BETTER FINANCE, 2024).

Beyond the powers to act, the IORP II Directive should, therefore, require Member States to give NCAs a mandate to intervene: failing to intervene when members of an IORP suffer a detriment would constitute a breach of that mandate, of which the NCA should be held responsible. NCAs should be required to develop supervisory practices (policies, guidelines) for the effective supervision of IORPs.

Scale

Q40. Do you consider that the scale of many IORPs may affect their overall investment capacity, for example by reducing their ability to build a diversified portfolio, hindering the performance of the schemes due to cost inefficiencies, or by creating other inefficiencies? Please elaborate your answer. If yes, are you aware of any best practices which can facilitate the build-up of scale in the IORPs sector (e.g. asset pooling, fiduciary management, outsourced chief investment officer, multi-employer schemes, master trust arrangements) In particular, are you aware of any obstacles or difficulties (including but not limited to cross-border issues) preventing scale-up or any of the above-mentioned practices? Please indicate if and how the review of the IORP II Directive can foster the take up of such practices or otherwise contribute to the potential scale-up of workplace pension schemes?

a. Yes

We understand the question as targeting the small scale of many IORPs and not the large scale of some.

A small-scale IORPs may indeed face difficulties to build and manage a diversified portfolio, or to reduce its costs, which may result in lower returns for scheme members. It may, but not necessarily. Small-scale IORPs may use the service of third-party providers for various of their functions in order to reduce management costs, and to asset-pooling and other arrangements to diversify their portfolio despite its small size. We note that while the IORP sector has gone through a phase of concentration that reduced the number of small-size schemes, that trend is unlikely to end with the eradication of all small-size plans: many professions and companies are attached to the possibility to define the rules applicable to their own pensions instead of being subject to general rules.

A nuanced approach must, therefore, be taken as regards the question of scale. Any policy measure adopted with the objective to push small-size IORPs to scale-up through, e.g.,

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mergers, must be based on a thorough, fine-grained analysis of the potential relationship between size, costs and performance.

Collective transfers

Q41. – Do you consider that the current framework for cross-border collective transfers between IORPs has managed to achieve the objectives that justified its introduction, namely facilitate the organisation of occupational retirement provision on a Union scale?

Please elaborate your answer. If no, should it be simplified and how (e.g. a uniform EU definition of the majority of members and beneficiaries or their representatives needed to approve a cross-border transfer)? In addition, have you experienced or are you aware of any difficulties with domestic collective transfers? In particular, are you aware of any Member State not having in place clear and simple rules for such transfers?

b. No

The possibility of cross-border collective transfers between IORPs is necessary to enable foreign IORPs to enter a national market and offer sponsors of existing occupational pension schemes to replace their existing, domestic IORPs. The hope that such new entrants would put competitive pressure on incumbents and lead to a reduction in the cost of occupational pension schemes leads us to support efforts to simplify these transfers.

Nevertheless, we should note that these collective transfers will in most likelihood remain rare events, even with a simplified framework, due to the existence of several practical impediments that would difficult for EU law to address.

The first is the fact that, in IORPs, the "policyholder" (the sponsor, the employer) and the "beneficiary" (the employees) are distinct persons, and while the "beneficiaries" (a term we would like to see replaced with "members" or "participants", in EU legislation and communications) are the one who potentially suffer from the high costs and low performance of the IORP, it is the "policyholder" who gets to decide with which IORP they conclude a contract for their employees.

The second is that many IORPs are linked to just one employer or consortium of employers and function as a sort of "closed shop", especially those set up for the employees of large companies. The strength of the position that this situation gives the employer over the IORP (that simply would not exist otherwise) is such that we can expect the employer to impose whatever rules they want to the IORP. The fact that they do not is unlikely to change with the revision of the rules on cross-border collective transfers.

Third, the main reason so few IORPs offer their occupational pension management services across borders lays not in the difficulty to identify a majority of members or their representatives, but much more likely in the complex and very different regimes of labour laws, contributions to social security systems and taxes amongst the EU member states, which makes cross-border activities unappealing.

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Cross-border operations

Q42. – In your view, does the current EU legislative framework effectively ensure that cross-border activities of IORPs can be carried out in practice, in a proper and timely manner?

Please elaborate your answer. If no, please describe any practical barriers or delays you have encountered or are aware of, and suggest how the framework could be improved to facilitate smoother cross-border operations, including in areas not currently covered by the Directive. In particular, to what extent could a simplification of the existing cross-border notification procedures (e.g. the period of up to six weeks for the competent authority of the host Member State to inform the competent authority of the home Member State of the requirements of social and labour law relevant to the field of occupational pension schemes) help facilitate such operations?

b. No

Cross-border activities of IORPs are primarily hindered by complex labour and tax laws, which are not only divergent across Member States, but also tend to be revised with increasing frequency. Member States' freedom to set the legal framework for labour and taxes in their jurisdiction is, of course, part and parcel of democracy at the national level; we must live with the diversity that this democratic principle creates, inconvenient as it may be.

We also have to acknowledge that supervisory efforts to facilitate the cross-border provision of occupational pensions will be vain unless there is a greater degree of harmonisation between national legal frameworks on labour and taxes. Therefore, EU and national policy-makers should see ways to manage this diversity: some harmonisation around common principles, but also, for the part that will inevitably remain country-specific, efficient tools to for IORPs to obtain timely information about national legal requirements, seamlessly report to tax administrations, etc.

Q43. – In your view, are the current supervisory powers for cross-border activities under the IORP II Directive adequate to ensure trust and prevent regulatory arbitrage?

Please elaborate your answer. Is there room for improvement in the current rules governing the cooperation and division of responsibilities between home and host Member States in the supervision of institutions for occupational retirement provision?

c. No opinion

There is still too little practical experience with these supervisory powers for cross-border activities of IORPs to assess their adequacy and whether they ensure trust and prevent regulatory arbitrage.

Scope

Q44. – In your view, could the current scope of the IORP II Directive be adjusted to better capture the diversity of the supplementary pension landscape and the organisation of

the different pension systems across all Member States, to ensure a minimum level of protection for all supplementary pension savers across the European Union?

Please elaborate your answer. If yes, how could the scope of the Directive be adjusted to better reflect the diversity of systems and ensure effective protection for all supplementary pension savers? In particular, Please elaborate your views on whether other institutions for retirement provision that serve similar purposes but are currently not covered by any EU prudential legislation (e.g. institutions covered by Regulation (EU) 2018/231 but not falling under the scope of the Directive) should be fully or partially brought within the scope of the Directive. If no, please describe how the current scope of the Directive ensures adequate prudential protection for supplementary pension savers across all Member States.

a. Yes

The EU supplementary pension landscape is very diverse; many occupational pension schemes are not provided by IORPs and currently do not fall under the scope of the IORP II Directive. This does not necessarily mean that they are altogether not supervised: many of these non-IORP occupational scheme are regulated under national law, in most cases in ways that are broadly adequate.

Of course, bringing these institutions, notably those covered by Regulation (EU) 2018/231, under the scope of the IORP II Directive would provide an opportunity to better harmonise information disclosure requirements of institutions that, for many EU citizens, are virtually indistinguishable from IORPs. Nevertheless, should that be the direction chosen by the legislator, the IORP II (or, rather IORP III) provisions should be adapted to accommodate the diversity of the institutions under the enlarged scope without unduly constraining it.

Minimum standards

Q45. In your view, does the existing framework ensure a level playing field for all providers under the scope of the Directive across the European Union?

Please elaborate your answer. If no, what are the main sources of imbalance or fragmentation, and how could the review of the IORP II Directive be improved to support regulatory and supervisory consistency across providers and Member States?

b. No

Rather than the level playing field across providers, our concern about minimum standards relates to the management of financial risks for members of IORPs. The progressive switch away from defined-benefit (DB) schemes and towards defined-contribution (DC) ones entails a transfer of the risk from the shoulders of the sponsor (usually) to those of the individual members, since (at least in a "pure" DC scheme) there is no commitment to ensure a fixed level of benefits.

This risk transfer exposes EU citizens, as pension savers, to the risk of losing a substantial part of the capital they have accumulated with the expectation to draw a retirement income from it. Past examples, notably in the US, has shown that unchecked risk-taking and the absence of appropriate risk mitigation can lead to scandalous situations where

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pensioners are left destitute after a life of hard work due to their pension fund's mismanagement of their pension savings.

If EU law is to build citizens' trust in the financial system, and especially in IORPs, it is, therefore, paramount, that the IORP Directive mandates stringent risk-management requirements to both DB and DC schemes to ensure that, regardless of who is bearing the risk *in fine*, there is a high probability that members will receive sufficient pay-outs from their occupational pensions to maintain their lifestyle throughout their retirement years.

Intelligible and reliable information to the members about performance and risk, as well as possibilities to transfer their accumulated savings to another scheme (should a member deem the performance too low or the risk-taking inconsiderate) constitute important safeguards in this regard. Intervention powers to supervisors should also be sufficient to ensure that they always have the possibility to question the management of an IORP and, if necessary, require changes.

Supervision

Q46. – In your view, has a satisfactory degree of supervisory convergence been achieved among national competent authorities in the implementation and application of the IORP II Directive? Please elaborate your answer. If no, what areas of supervision do you consider to be most affected by divergences, and what further steps could be taken at the level of the European Union to promote more consistent supervisory practices across Member States?

b. No

The minimum harmonisation mandated by the IORP II Directive, while necessary by the diversity of national situations across the Member States, has also led to the continuation of divergent practices in terms of supervision. These divergences are especially striking in the area of information disclosures to IORP members, as we note in our comments on the Pension Benefit Statement (PBS), and more broadly in all areas implying relations of IORPs to their members: while some NCAs enforce, and indeed work together to better enforce standardised frameworks to inform IORP members of the performance, risks and costs of their schemes, as well as their rights to opt-out, withdraw or transfer their pension rights, others barely publish any data on IORPs' performance and fail to intervene while IORPs in their jurisdiction are in blatant breach of their obligations to inform their members. In between these extremes, we see a whole range of practices that, due to the lack of a common framework, increase the fragmentation of the occupational pension landscape even when they try to contribute to a better information and empowerment of pension savers.

Q47. – In your view, does the IORP II Directive sufficiently guarantee that national competent authorities in all Member States are equipped with all the necessary powers to effectively carry out their supervisory responsibilities? Please elaborate your answer.

b. No

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We believe that NCAs are generally well equipped to carry out their supervisory responsibilities regarding IORPs. We do not know of any NCA that would not have the necessary powers to investigate an IORP and force it to make changes to its management or investment policies. The one area where we believe the IORP Directive could and should increase those powers is in the collection of annual supervisory data about performance, costs, asset allocation; these powers should come with a requirement to publish these data on an annual basis and to provide these data to EIOPA for EU-level aggregation and publication.

Transparency, information and pension tracking systems

Q48. – In your view, are the current rules in the IORP II Directive sufficient to ensure that all members and beneficiaries receive clear and effective information (e.g. on cost disclosure, performance, risk indicators and benefit projections)? Please elaborate your answer. If no, which aspects of the information requirements are most lacking, and how could the regulatory framework be improved?

b. No

There is a notable diversity in the format of Pension Benefit Statements (PBSs) participants to IORPs receive, which hinders general comprehension and comparability of the information provided. This is notably due to the voluntary character of the two PBS models published by EIOPA in 2019.

Standardisation of the content and layout of PBSs would greatly ease the monitoring of their pension savings for the large (and growing) part of the workforce that accumulates pension benefits with several IORPs over their career. The general trends of career fragmentation and cross-border mobility makes this standardisation effort more important than ever.

On content, the legislator should take the opportunity offered by the revision of the Directive to ensure that IORP participants receive crucial information for their retirement planning: accumulated savings and their real net performance, i.e., financial performance after deducting costs and adjusting for inflation, possibilities and consequences of early withdrawals, risks and weaknesses of the pension scheme.

Standardised, intelligible and comparable information to IORP members but also to prospective members is all the more important if policy-makers are considering implementing auto-enrolment mechanisms that would require workers to decide whether to stay with the default option, select an alternative occupational pension scheme or opt-out altogether. That decision should be supported by reliable, actionable information.

Q49. – Do you consider that all supplementary pension savers should have the right to receive certain general information about their supplementary pension scheme, regardless of the institution providing it?

Please elaborate your answer. If yes, should the Commission pursue greater alignment of pension information for supplementary pension savers, irrespective of the provider?

a. Yes

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We definitely support the view that all supplementary pension savers should have the right to receive general information about their supplementary pension scheme, regardless of the institution providing it and, for most of the information, regardless of the particular nature of the plan. We would then support the Commission's efforts to pursue greater alignment of pension information across types of plans and types of providers.

Crucially, this general information should include amounts of accumulated savings (adjusted for inflation since the time of contribution), the full, actual amount of costs and charges levied for the management of the pension savings, the financial performance after deduction of costs and adjusting for inflation, risks and weaknesses of the scheme that may entail a financial loss for the pension saver, information about the possibilities and consequences of early withdrawals as well as about pay-out options (and their related costs), and the fiscal treatment of financial gains and pay-outs from that specific scheme.

Q50. – In your view, could the inclusion of institutions under the scope of the Directive in national pension tracking systems improve transparency for savers?

Please elaborate your answer. If yes, do you believe the IORP Directive should require Member States to ensure such inclusion?

a. Yes

Please see our comments about Pension Tracking Systems, in particular about the conditions for these PTSs to be useful tools for retirement planning.

Q51. – In your view, could pension tracking systems be considered a suitable means to fulfil certain disclosure requirements under the IORP II Directive for members and beneficiaries who interact via digital tools? Please elaborate your answer. If yes, how should the pension tracking system and the Pension Benefit Statement interact or coexist in practice? In particular, how could dual reporting be avoided while ensuring that all relevant information requirements under the Directive are fulfilled?

b. No

In the current state of their development, Pension Tracking Systems (PTSs) in most EU Member States are not suitable to fulfil the disclosure requirements of IORPs under the IORP II Directive. As of yet, much of the information included in the Pension Benefit Statement is not displayed in national PTSs.

Should PTSs be developed in the way we called for earlier on in our response to the questions on PTSs, we do believe that the PBS would remain a useful tool to raise pension awareness. Indeed, sent proactively, the PBS also constitutes a reminder to the IORP member to monitor the progress of their pension savings accumulation and performance, delivered in their (physical or electronic) mailbox directly. By contrast, accessing the same information through the PTS requires the scheme member to take action to log in, which, as we highlighted earlier, sometimes overly complex.

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Tax treatment

Q52. – To your knowledge, do tax obstacles continue to hinder the cross-border provision of occupational pensions?

Please elaborate your answer. If yes, please indicate which specific tax-related barriers you consider most relevant today, as well as whether, in your view, should further action be taken at the level of the European Union to address these barriers.

a. Yes

Please refer to our response to Q41.

Scope of prudential regulation

Q53. – In your view, has the IORP II Directive achieved a sufficiently clear and workable definition of prudential regulation?

Please elaborate your answer. If no, please indicate which aspects of the distinction between prudential regulation and social and labour law continue to give rise to uncertainty or diverging interpretations, and how should these be addressed.

c. No opinion

As BETTER FINANCE is neither an IORP nor a supervisory, we have no practical experience with implementing the IORP II prudential requirements.

Other aspects

Q54. – Are there any additional issues that you believe should be considered in the review of the IORP II Directive?

Please elaborate your answer. If yes, please describe these issues and explain why and how they should be addressed.

b. No

We have laid out in our responses to the previous questions all the main issues we believe the IORP II review should address.

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