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

PRESS RELEASE

BETTER FINANCE is happy that the EP adopted the PEPP Regulation but hopes that the major "Guarantee" issue for European Savers can be adequately addressed in the near future

4 April 2019 – As shown by independent research into the real net returns of European pension savings carried out by BETTER FINANCE, pension savings products too often significantly underperform capital markets, and even sometimes destroy the real (after inflation) value of pension savings over the long-term due mostly to high fees and commissions. This in turn is also linked to the extreme fragmentation of the voluntary pension saving products' markets within the EU, to the complexity and opacity of many products, and to insufficient competition.

This is why BETTER FINANCE is happy that the European Parliament adopted the Regulation for a Pan-European Personal Pension (PEPP) today.

That being said, and as highlighted several times by BETTER FINANCE, the PEPP's "Capital Guarantee" feature in the default option remains a major issue, since it will do nothing to protect the real value of the capital invested. As it stands the purchasing power of the "capital guarantee" upon retirement will amount to just a small fraction of lifetime savings. A short video by BETTER FINANCE clearly illustrates this highly misleading "guarantee".

Guillaume Prache, Managing Director of BETTER FINANCE, stated: "*Even though BETTER FINANCE strongly regrets that its proposed compromise amendment on a clear warning to PEPP subscribers concerning the Capital "Guarantee" has not been adopted, we commend MEPs for adopting such a crucial regulation for European citizens as savers. Rejecting the PEPP overall would have been much worse for EU citizens as pension savers!*"

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Contact: Chief Communications Officer | Arnaud Houdmont | +32 (0)2 514 37 77 | houdmont@betterfinance.eu

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