

**PRESS RELEASE**

**BETTER FINANCE REPLY TO THE EU CONSULTATION ON PERSONAL PENSIONS: LAUNCH A PAN-EUROPEAN PERSONAL PENSION TO DIFFUSE THE PENSIONS TIME BOMB**

**3 November 2016** - Better Finance keenly supports the European Commission's proposal to launch a Pan-European Personal Pension product (PEPP) as a key component of the Capital Markets Union (CMU) initiative.

The extreme fragmentation of the numerous EU markets in Personal Pension Products (PPP) hampers the development of badly needed economies of scale. Better Finance strongly doubts that any meaningful harmonisation of the myriad regulatory regimes for PPPs within the EU could be achieved in time to diffuse the ticking European pensions' time bomb.

The PEPP should be simple, standardised and cost effective, with an even simpler and safe default investment option, so that this option can be subscribed to without advice.

Such a PEPP should be open to any other investment product, including shares and bonds, but should at the same time be equipped with the highest level of consumer protection. With wildly inconsistent EU directives on conduct of business rules for investment products, it is vital that any PEPP should follow stringent consumer protection rules such as those established by MiFID II and be accompanied by a no-nonsense Key Information Document (KID) that includes the standardised and long-term historical performance and discloses transparent and aggregated fees.

As it stands, European citizens are restricted to national markets where tax-incentives frequently discriminate against savings products emanating from other Member States. Differing national tax treatments and incentives for pension products are the main obstacle to the establishment of a Europe-wide market.

Without such a standardised pan-European product that benefits from the same tax treatment across the EU, the ticking of the time bomb will grow louder very quickly.

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