

LifeGoals.

BLUEPRINT

A Pan-European Pension Product

Revision of the PEPP Regulation to incorporate Occupational Pensions



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Introduction

As the European Union grapples with an aging population and increasing labour mobility, the limitations of the current pension landscape have become evident. The Pan-European Personal Pension Product (PEPP) – established in 2019 as a third-pillar personal pension – was a flagship Capital Markets Union initiative to encourage long-term retirement savings across the EU. However, PEPP uptake has been modest, with few providers and low public awareness to date. Meanwhile, workplace (occupational) pensions governed by the IORP II Directive (EU 2016/2341) – *the second pillar* – remain fragmented along national lines, hindering truly pan-European occupational schemes. Cross-border corporate pension arrangements under IORP II have been scarce (only 28 active cross-border IORPs by 2023, representing a mere 0.4% of pension assets, 0.2% of the overall membership across all IORPs), largely due to regulatory and practical barriers.

Drawing on our practical experience, as the manager of both a PEPP as well as a Multi-sponsored IORP active in two Member States, this blueprint advocates updating the PEPP Regulation to **incorporate occupational pension provisions**, creating an integrated framework that leverages the strengths of both PEPP and the IORP II Directive. By combining a fully portable personal pension product with key occupational pension features (as found in IORP II), the EU can foster a genuine single market for retirement provision. The proposal is aligned with broader EU priorities: protecting mobile citizens' pension rights, supporting cross-border labour mobility and remote work, and channelling more savings into long-term investments to fuel the European economy.

Addressed to EIOPA and the European Commission, this report lays out the legal, regulatory, and policy case for integrating occupational pensions into the PEPP

framework. It begins by analysing the current state of the PEPP Regulation and IORP II Directive – highlighting their strengths and shortcomings, especially for cross-border pensions. It then details how occupational pension provisions could be coherently woven into a revised PEPP regime. The persistent obstacles faced by multinational companies under IORP II are examined, illustrating why a new approach is needed and how an expanded PEPP could overcome these hurdles. Finally, the blueprint draws on precedents and policy initiatives (including recent EIOPA papers and stakeholder proposals) that support extending PEPP into the occupational domain, and it underscores the implications for remote work, worker mobility, and EU capital markets integration.

Background: Personal vs. Occupational Pensions in the EU

Pan-European Personal Pension Product (PEPP) – Regulation (EU) 2019/1238

The PEPP was established by Regulation (EU) 2019/1238 to create the first EU-wide personal pension product, launched in March 2022. As a fully harmonized third pillar retirement savings framework, PEPP's design emphasizes **portability, transparency, and consumer protection**. Key features include:

EU Portability

A PEPP saver can continue the same pension product when moving across Member States. The PEPP uses a system of national “compartments” enabling providers to comply with different local tax regimes within one product. This portability service means an individual changing residence can either keep contributing to their existing PEPP or have their provider open a new sub-account aligned with the pension rules of the new country. The goal is seamless retirement saving across borders, fostering a single market for personal pensions.

Standardized Product & Disclosure

The PEPP Regulation imposes uniform rules on product features and information. Providers must offer a **Basic PEPP** option with a cost cap of 1% on fees, ensuring affordability. They must also employ risk-mitigation

techniques or guarantees to protect savers' capital in the basic option. Savers receive standardized disclosures, including a PEPP Key Information Document and benefit statements, enhancing comparability and transparency across providers and countries.

Broad Provider Base and Supervision

A range of financial institutions can offer PEPPs – insurers, asset managers, banks, IORPs, etc. – provided they are authorized and meet the Regulation's requirements. Once authorized in one Member State, a PEPP provider can notify other Member States and offer the product EU-wide (a passporting regime). EIOPA maintains a central registry of PEPPs, and national authorities supervise providers according to both sectoral rules and the PEPP Regulation.

Strengths

As an EU Regulation, PEPP achieves a high degree of harmonization. It directly contributes to the Capital Markets Union by channelling household savings into long-term investments across the EU. Its portability and single-market branding are especially attractive to young and mobile workers ("PEPP follows you anywhere in the EU"). The standardized consumer protections (cost caps, disclosures, default investment safeguards) set a strong baseline for investor confidence and comparability.

Limitations

Despite its promise, PEPP in practice has seen limited uptake. Up to date, only two providers, including LifeGoals, have launched PEPP products, and consumer awareness remains very low. Structural issues have dampened supply and demand: the 1% fee cap on the basic PEPP, while consumer-friendly, may deter some providers given the costs of offering cross-border pensions. Moreover, taxation – a key driver of pension participation – is left to Member States. Many countries have not extended favourable tax treatment to PEPPs (preferring national pension products), reducing the incentive for individuals to open a PEPP. Crucially, **PEPP currently covers only personal (voluntary) pensions**, with no direct mechanism for employer contributions or integration into workplace schemes. This confines its scope to the third pillar, separate from the occupational pensions that cover millions of employees under employment contracts. In sum, PEPP introduced a pan-European pension vehicle, but it has yet to realize its potential in scale or to interface with the world of workplace pensions.

Occupational Pensions under IORP II – Directive (EU) 2016/2341

Occupational pensions (the second pillar) in the EU are governed by the IORP II Directive, which sets minimum standards for Institutions for Occupational Retirement Provision (IORPs). IORPs – pension funds or similar institutions – manage collective retirement schemes sponsored by employers (or groups of employers) for their employees. The Directive covers areas like governance, investment rules (prudent person principle), information to members (e.g. the Pension Benefit Statement), and conditions for cross-border activity. Importantly, IORP II was intended to facilitate cross-border provision of occupational pensions – allowing a pension fund in one Member State to manage a plan for employers and members in another – and to permit cross-border transfers of pension schemes between IORPs.

Strengths

IORP II builds on Europe's long experience with employer-based pensions and trust-based fund management. The Directive reinforces **robust governance** in occupational schemes: IORPs must have sound risk management, fit and proper administrators, and member representation in oversight (for many traditional pension funds, employees and employers jointly govern the scheme). Members are protected by requirements for clear communication (e.g. annual benefit statements) and, where applicable, funding rules to secure promised benefits. IORP II's prudent person rule gives IORPs flexibility to invest long-term in diverse assets, aligning with beneficiaries' interests, and Member States cannot arbitrarily impose local investment quotas on foreign IORPs operating in their market. In essence, IORP II provides a framework for trust and accountability in occupational pensions, while respecting national social and labour prerogatives.

Limitations

As a Directive, IORP II is **minimum harmonization** – it left significant leeway to Member States on crucial aspects, especially those touching social and labour law. Each country's implementation varies in terms of benefit design, vesting periods, survivor benefits, indexation requirements, tax treatment, etc., reflecting different social policy choices. This means an **occupational pension is still largely a national construct, and full portability of occupational rights across borders is not ensured** by IORP II alone.

Notably, while IORP II sought to facilitate cross-border IORPs, in practice **stringent conditions and national barriers have made cross-border occupational plans the rare exception rather than the rule**. The Directive requires that an IORP engaging in

cross-border activity “fully respects the provisions of the social and labour law” of the host Member State relevant to pensions. In other words, a Dutch or Irish pension fund managing a plan for German or Spanish employees must comply with each host country’s social and labour regulations (retirement ages, benefit conditions, etc.), which significantly complicates plan design and administration. Additional hurdles apply to cross-border **transfers of pension schemes**: such a transfer requires approval from a majority of members and beneficiaries (as defined by each Member State) in both the transferring and receiving scheme. Several Member States have set very high approval quorums (two-thirds or higher), making it virtually impossible in practice to get consent for cross-border mergers of pension plans. As the European Commission acknowledges, **national implementation of IORP II has left “a wide variety of different national standards” and considerable Member State flexibility**, especially in procedural requirements like member consent for transfers. This flexibility has enabled protectionist tendencies: some countries have imposed gold-plating rules that de facto discourage incoming foreign IORPs (e.g. duplicative funding requirements or burdensome approval processes).

The net effect is that the **cross-border consolidation of occupational pensions has been stymied**. Apart from a cluster of pre-IORP II arrangements between the UK and Ireland, few new cross-border IORPs have formed. As of end-2023, only 38 IORPs engaged in cross-border activity EU-wide (out of thousands of pension funds). Large multinational companies that hoped to run pan-European pension plans face a patchwork of local requirements. In many cases, multinational employers still maintain separate pension schemes in each country or resort to complex international pension plans outside the EU framework for mobile employees. The **promise of an integrated European market for occupational pensions remains largely unrealized** under IORP II, due to these regulatory fractures.

Cross-Border Pension Mobility: Gaps in the Current Framework

In summary, the status quo reveals a structural gap in Europe's pension architecture when it comes to cross-border coverage:

- The **PEPP** personal pension was designed to be portable and uniform across the EU, but it addresses only individual, third-pillar savings. While it is not destined to serve as an occupational scheme for employers to contribute to on behalf of employees, Article 24 of the Regulation provides for a "group" of PEPP savers *"such as an independent savers association, acting on behalf of that group provided that this is done in compliance with this Regulation and applicable national law and that PEPP savers subscribing in this way obtain the same information and advice as PEPP savers concluding a PEPP"*. Thus, although the PEPP framework is clearly tailored for the third pillar, this provision leaves room for workplace-related arrangements, thereby opening a potential pathway to tap into employment-based pension plans-which are essential for ensuring adequacy in retirement income.
- The **IORP II** regime anchors occupational pensions within national systems. Its limited harmonization and demanding cross-border conditions mean that an EU-wide occupational plan is exceedingly difficult to implement. A person changing jobs across borders often ends up leaving one occupational plan and starting anew in another, resulting in fragmented "small pots" and potential coverage gaps. Even for the same employer operating in multiple countries, consolidating pension arrangements under one roof is often not feasible or attractive due to the legal obstacles.

Neither framework alone currently delivers a truly **Pan-European occupational pension solution**. For workers, this means portability of second-pillar rights is restricted – a barrier to free movement of labour when people fear losing pension benefits by moving. For employers (especially multinationals), it means inefficiency and cost, having to maintain different pension plans in each country rather than manage a single pension plan for all EU staff. And for the EU economy, it means suboptimal pooling of long-term retirement assets – pensions remain segmented by country, limiting economies of scale and cross-border investment flows.

The need for reform is evident: bridging personal and occupational pensions at the EU level could **close the gap**, by enabling an occupationally backed pan-European pension product that complements the existing systems. The following sections outline how incorporating occupational pension provisions into the PEPP framework can achieve this, and why this approach is preferable to the status quo.

Table 1 below provides a comparative snapshot of key features of the current PEPP Regulation versus the IORP II Directive, underscoring the distinctions and areas where integration could be beneficial.

Table 1: Comparison of PEPP vs. IORP II Frameworks

Dimension	PEPP (Regulation (EU) 2019/1238)	IORP II (Directive (EU) 2016/2341)
Pillar (Type)	Third Pillar – Voluntary personal pension, individual contract.	Second Pillar – Occupational/workplace pension, linked to an employment relationship.
Legal Nature	EU Regulation – directly applicable uniform rules across all Member States. Provides an optional additional personal pension regime.	EU Directive – minimum harmonization. Must be transposed into national law, allowing national variation. Sets baseline standards for occupational schemes.

Providers	Broad range: insurers, banks, asset managers, IORPs, investment firms (must be authorized under PEPP regulation). All providers must meet prudential and conduct requirements (e.g. fit & proper, information disclosures).	Typically, IORPs such as pension funds, pension insurance entities, or employer-sponsored trusts. Providers must meet governance, fitness, and prudential standards per the Directive and national law.
Portability & Cross-Border Activity	High portability by design. A single PEPP account can be carried across borders; providers may create national compartments for tax/legal compliance when savers move. Providers can passport their PEPP offering EU-wide after home state authorisation. Portability is an individual right: the saver continues the same product when relocating.	Cross-border participation is allowed but cumbersome. An IORP must notify and get approval to accept sponsoring employers from other Member States. It must fully comply with each host country's social and labour laws for members in that country. Transfers of entire pension schemes across borders require extensive approvals (e.g. majority of members). In practice, portability is limited – a worker changing jobs across countries typically joins a new scheme. Cross-border IORPs exist but are few (28 as of 2023).
Governance & Member Protection	Product-based consumer protection. Uniform disclosure (PEPP Key Information Document and periodic benefit statement) to all savers. Basic PEPP must offer capital protection via guarantee or life-cycling. Providers are subject to conduct of business rules (suitability assessments, etc.). No requirement for member representation in governance (the relationship is contractual between individual and provider).	Trust-based/fiduciary governance. IORPs often have boards with employer and employee representatives, especially in traditional pension funds. Directive requires fit and proper management, written policies (risk management, internal audit, etc.), and member information including a standard Pension Benefit Statement. Members' accrued benefits are protected by funding rules for defined benefits and by national social law

		guarantees (e.g. insolvency protection schemes in some states).
Investments & Solvency	<p>Investment rules: Prudent person principle, with an overlay of the PEPP default option constraints. Sectoral rules apply (e.g. if provider is an insurer, Solvency II capital requirements; if an asset manager, UCITS/AIFM rules if an investment firms, MiFID rules).</p> <p>Solvency: No separate PEPP solvency regime; relies on the provider's own regime (insurance, banking, investment etc.).</p>	<p>Investment rules: Prudent person rule at EU level; Member States can set some quantitative limits, but not for cross-border IORPs (host states may not impose additional investment requirements on a foreign IORP).</p> <p>Solvency: For defined contribution (DC) plans, typically no capital requirements (members bear investment risk).</p> <p>IORPs are generally excluded from insurance Solvency II rules, recognizing their long-term horizon and the role of sponsors.</p>
Transparency & Disclosure	<p>High transparency: a standardized PEPP Key Information Document (PEPP KID) is given at sale (similar format EU-wide), disclosing risks, costs, investment strategy, etc. Ongoing disclosure through an annual PEPP Benefit Statement and communications on options at decumulation. Fees are capped in the basic option to ensure cost transparency. Switching providers is allowed (with caps on transfer costs) to encourage competition.</p>	<p>IORP II requires an annual Pension Benefit Statement to members with key information on accrued rights, projected retirement income. Other communications include pre-enrolment explanation of scheme rules and options, and information on benefit payments. Disclosure is more heterogeneous, as details are set by national law (within the Directive's minimum requirements). There is typically less emphasis on pan-European standardization of member-facing documents compared to PEPP.</p>
Tax Treatment	<p>Not harmonized by the Regulation – each Member State decides whether and how to grant tax relief to PEPP contributions/benefits. The Regulation</p>	<p>Usually enjoys favourable tax treatment as occupational pensions are encouraged by Member States (e.g. employer contributions often tax-</p>

	<p>provided for a possibility of “tax compartments” so that contributions could be directed to a sub-account conforming to national tax rules. Many States have been reluctant to extend to PEPP the same tax advantages as national pensions, which is a current barrier to its attractiveness.</p>	<p>deductible, employee contributions tax-deferred up to a limit, and investment growth tax-exempt until retirement). However, tax rules vary widely among countries. Cross-border portability of tax benefits is poor. If a worker moves, the new country's tax regime applies and may not recognize the deductibility of past foreign contributions. The lack of EU tax harmonization affects both IORPs and PEPP alike, but occupational schemes often fit within national tax-favoured structures, whereas PEPP must fight for equal treatment.</p>
<p>Social & Labor Law Integration</p>	<p>Not integrated with labour law as it is purely a personal savings product. Employment law (e.g. mandatory participation, vesting, or survivor pension requirements) does not apply, since PEPP is not tied to a job contract. This makes it flexible but also means it currently cannot automatically serve as a company pension plan governed by labour/social regulations.</p>	<p>Embedded in labour and social law. Occupational pensions often entail labour-law provisions: minimum vesting periods, portability of accrued rights when leaving an employer (addressed by Directive 2014/50/EU), survivor benefit requirements, etc. These laws differ by country. IORP II explicitly leaves social and labour aspects to national law, meaning any pan-European operation must navigate each country's rules. National labour law can mandate employers to provide pensions or specify design features (e.g. Germany's social partner models).</p>

The comparison highlights complementary strengths: PEPP offers unity and portability, while IORPs offer deep integration with employment systems and social policy. The envisioned **Pan-European occupational Product** would seek to combine these strengths – the portability and scale of PEPP with the social purpose and collective ethos of occupational pensions.

Limitations of the IORP II Framework for Cross-Border Pensions

While IORP II modernized occupational pension regulation, it has manifest shortcomings in facilitating cross-border and multi-jurisdictional pensions. This is especially evident for **multinational companies, multi-sponsor IORP providers** and for new forms of work like cross-border remote working. Key limitations include:

Complex Approval and Governance Requirements

As described, consolidating pension plans across countries under IORP II faces high hurdles. A multinational wishing to merge several national pension schemes into one pan-European fund must obtain dual regulatory approvals and, under Article 12 of IORP II, secure member/beneficiary consent often at unrealistically high thresholds. Some Member States require two-thirds or even higher majorities for affected members to approve a cross-border transfer – standards that in many cases are far more onerous than those for domestic pension fund transfers. In effect, **member consent rules and regulatory steps intended to protect beneficiaries have paradoxically become barriers** to any cross-border scheme changes. Members may be unfamiliar with the advantages of cross-border consolidation and thus inclined to reject it, even if it could strengthen their scheme's sustainability. The CBBA-Europe has flagged this disparity, noting it as a form of discrimination: domestic pension consolidations face lower hurdles than cross-border ones, discouraging cross-border activity.

Host Country Social and Labour Law Compliance

Every cross-border IORP must tailor each section of its plan to each host country's social and labour laws. In practice, this could mean different retirement ages, benefit formulas, revaluation requirements, etc., for each national segment of a supposedly single plan. This fragmentation erodes the efficiencies of having one plan in the first place. Companies effectively run “multiple plans under one roof,” each obeying different rules – a cumbersome arrangement. The European Commission itself observed that IORP II leaves Member States great flexibility to shape occupational pensions, **resulting in a wide variety of standards and additional local requirements**. Some of these local rules “*undermine or block cross-border activities*” in a protectionist manner, which conflicts with single market principles (free movement of services and capital). In short, **national labour and social provisions can override the intent of a unified market**, as IORP II has limited power to pre-empt them.

Multinational Enterprises Operating Multiple IORPs

Many multinational corporations maintain separate pension vehicles in different Member States, each subject to local oversight. Under IORP II, there is no easy way to manage these as one. A company cannot simply designate one “European Pension Fund” for all employees EU-wide without navigating the obstacles above. Even multinational IORPs that exist (often headquartered in a pension-friendly jurisdiction like Belgium, Luxembourg, or Ireland) tend to serve a limited number of countries or a mobile segment of employees, rather than all EU staff, due to the compliance burden. This patchwork prevents full pooling of assets and risk-sharing across a company's European workforce.

The lack of scale can lead to higher administrative and investment costs in each small fund, costs ultimately borne by employers and members.

Remote Work and Cross-Border Workers

The rise of cross-border remote work has highlighted deficiencies in the current framework. When employees work remotely from a Member State where their employer has no establishment, **conflicts arise as to which country's pension regime applies**. For instance, if a French company has an employee now working full-time from Spain, Spanish law might consider that employee as needing to be enrolled in a Spanish occupational pension plan (if Spain has, say, mandatory company pension requirements or auto-enrolment). The employer, however, already provides a French plan or international plan. Today, that employer may face double pension obligations or an administrative quagmire – having to either set up a small plan in the employee's country of residence or secure an exemption that may not exist. The Cross-Border Benefits Alliance (CBBA-Europe) notes that many countries' regulations do not easily exempt remote employees from local schemes even if they have adequate coverage from a foreign employer. For example, Italy has auto-enrolment or mandatory enrolment triggers for any workers on Italian soil, regardless of participation in a foreign plan. Such rules, well-intentioned for worker protection, can create **duplication and inequity** for cross-border remote workers – they might end up contributing to two pension schemes or miss out on one if their situation falls through the cracks.

The CBBA-Europe's January 2025 position paper on remote work underscores these issues. It recommends allowing **formal exemptions from local second-pillar schemes when a remote worker is already covered by an equivalent occupational pension abroad**, to avoid double contributions. It also advocates for pan-European

solutions so that companies can cover remote workers via a single plan regardless of location. These challenges reveal that current rules, anchored in purely national occupational plans, are ill-suited for modern, borderless work arrangements.

In sum, the IORP II framework's limitations boil down to one core problem: **cross-border pensions under current rules are too complex and restrictive to flourish.** The result is that neither employers nor employees find it easy to carry occupational pension rights across borders. This undermines the fundamental EU principle of free movement of workers, and it leaves retirement savings fragmented by nationality. A new approach is needed – one that **retains the trust and protections of occupational pensions but drastically simplifies cross-border operation.** That is where an expanded PEPP framework could step in.

Integrating Occupational Provisions into the PEPP Framework

To address these challenges, we propose a **Pan-European pension framework** that merges the personal portability of PEPP with the collective features of occupational pensions. In practice, this means **updating the PEPP Regulation to include occupational pension provisions**, allowing it to serve as a vehicle for workplace pensions. The integration must be coherent – respecting the social purpose of second-pillar pensions while leveraging PEPP’s regulatory uniformity. This section outlines how such integration could be designed:

Voluntary “Second Regime” Approach

The inclusion of occupational pensions in PEPP should follow a voluntary EU framework model, not a mandatory replacement of national schemes. Just as the original PEPP offers an optional regime for personal pensions (complementing national products), the occupational extension would be an optional regime for employers and providers. All Member States would allow employers or pension providers to establish a Pan-European Occupational PEPP within their jurisdiction, but no employer would be forced to switch to it. This approach avoids intruding on national social policy sovereignty yet provides a fully harmonized alternative for those who choose it. Over time, its attractiveness (if well-designed) will drive uptake. Importantly, making it voluntary defuses political resistance: Member States can keep their systems unchanged if they wish, while the European framework operates in parallel as a “second regime”.

Employer Contributions and Sponsorship

A core new element would be to expressly permit **employer and employee payroll contributions into a PEPP**. Concretely, an employer could select a PEPP provider and arrange for contributions on behalf of its employees, under agreed terms of a “sponsoring undertaking agreement”. Each employee would have their individual PEPP account (as with current PEPP), but it would be designated as an occupational plan for that employer – akin to a group contract. This mirrors arrangements in some Member States where group personal pensions exist (e.g. group PRSA in Ireland, group personal pensions in the UK) that are individual contracts used for workplace plans. By allowing employers to pay into the PEPP, it effectively extends PEPP into the second pillar. These contributions should enjoy the **same tax treatment** as ordinary occupational pension contributions in that Member State (e.g. tax deductions or exemptions), to ensure a level playing field. If the Occupational PEPP did not receive equivalent tax incentives, neither employers nor employees would have incentive to participate. EIOPA has explicitly noted that if the PEPP is used to fund occupational pensions, it *“should receive the same tax treatment as other occupational products available in each market”*.

Alternative PEPP Strategies Tailored to Occupational Plans

To ensure that the Occupational PEPP can serve as a viable and competitive second-pillar product, the Regulation should expressly allow for an **unlimited number of alternative investment strategies** beyond the Basic PEPP. This flexibility is essential to accommodate the diversity of workplace pension arrangements across Member States and sectors.

In occupational settings, it is common for the **investment strategy to be tailored in cooperation with employers, employee representatives, or social partners**, reflecting the specific demographic, wage structure, or risk appetite of the workforce. A one-size-fits-all approach would be insufficient. Accordingly, the Occupational PEPP should enable providers to design and offer **one or more occupational-specific investment strategies** under the alternative PEPP structure, in line with the wishes of the sponsoring employer and employee representatives.

These strategies should not be subject to the cost cap applicable to the Basic PEPP, but should instead be governed by the **existing stochastic modelling and outcome-testing requirements for alternative PEPPs** under the PEPP Delegated Regulation (EU) 2021/473. This ensures that each strategy is prudently designed, risk-mitigated, and transparent, without constraining providers from offering more sophisticated or higher-return approaches that may better suit occupational needs.

Allowing multiple, occupationally aligned investment strategies would:

- Empower employers and providers to jointly define long-term goals and risk profiles,
- Increase relevance and attractiveness to employers considering switching from a national scheme, by closer aligning to their current strategy(ies)
- Enhance the adequacy of retirement outcomes by enabling strategies tailored to sectoral income trends and labour patterns.

Such flexibility would also align with the treatment of investment policy under IORP II, where providers may offer multiple funds or strategies based on collective agreements and member profiles. By embedding this feature into the Occupational PEPP framework, the Regulation would preserve **freedom of**

design within prudential limits, and allow the PEPP to meet the expectations of employers, unions, and members alike.

Auto-Enrolment and Coverage Boost

The occupational PEPP could be a powerful tool for Member States aiming to increase pension coverage via auto-enrolment or other schemes. A government could recognize a PEPP as a qualifying workplace pension plan for its auto-enrolment program. For example, rather than forcing each employer to set up or join a domestic plan, employers could simply enrol workers into a PEPP offered by an authorized provider. Because the PEPP is pan-European, this enrolment could persist even if the worker moves to another country or if the employer has employees spread across the EU. EIOPA's staff paper suggests exactly this synergy: an occupational component of PEPP – essentially opening a PEPP for every employee – could serve as the backbone for new auto-enrolment systems and *“drastically increase”* participation in supplementary pensions. Lessons from other jurisdictions back this up: auto-enrolment in the UK and mandatory workplace pension systems like Australia's Superannuation have greatly expanded coverage. The PEPP could play a similar role EU-wide, particularly for SMEs and for younger, mobile workers who currently may not join any scheme. By combining second and third pillar functions in one product, savers gain flexibility (continuing the same account through job changes) while enjoying employer contributions when available.

Preservation of Occupational Benefits

To integrate occupational features, the PEPP framework should incorporate certain member protections akin to those in IORP II. This includes **vesting rules** – ensuring that if PEPP is used as a workplace plan, employees acquire rights to the contributions after a maximum period (as per Directive 2014/50/EU, vesting period is now max 3 years in occupational schemes). In practice, since a PEPP account is individually owned, vesting may be immediate (each contribution goes into the individual's account). But if employers want to impose conditions (e.g. matching contributions only fully vest after 2 years of service), the framework could allow it within limits. Upon leaving employment, the individual would simply keep their PEPP – there is no question of losing the pension; at most, unvested contributions might revert to the employer. The portability is inherently solved: the **PEPP stays with the person**. This is a major improvement over traditional occupational plans where leaving often means either a frozen deferred benefit or a complex transfer.

Governance and Fiduciary Duty

In a pure personal PEPP, the provider's duty is governed by contract and financial regulation. To reflect the occupational nature, **additional governance safeguards** could be brought in for Occupational PEPPs. For example, if an employer is sponsoring a PEPP for its staff, employee representatives (or the employer, or both) might form part of an advisory committee to liaise with the provider on plan administration – introducing an element of social partnership. At minimum, the provider should be subject to a **fiduciary duty** to act in the best interests of PEPP members (similar to a trustee's duty in an IORP). Many of these duties exist implicitly via conduct regulations; making them explicit for

Occupational PEPP would build trust that this product safeguards members' retirement interests just like a traditional occupational fund.

Adaptation to National Social and Labour Law

A crucial design challenge is reconciling an EU-wide product with diverse national labour laws, given that this product straddles labour/social domains. The solution likely lies in a hybrid approach where the Occupational PEPP is defined by EU law - ensuring uniform prudential rules and basic product features - but it can be adapted to meet essential national social and labour requirements when used in a given country.

EIOPA could take the lead in defining a core benefit framework that addresses common needs across Member States, while also cooperating with national authorities to record and accommodate country-specific parameters. In doing so, EIOPA could issue supervisory guidelines to ensure consistent application and oversight of Occupational PEPPs across the EU.

For instance, if a country mandates that all occupational plans must provide a survivor benefit or disability coverage, an Occupational PEPP used in that country should include an equivalent feature (perhaps via optional riders or insurance add-ons offered by the provider). The EIOPA OPSG discussion paper emphasizes crafting PEPP to be fully in line with national SLL requirements so as not to conflict. In other words, the EU framework sets the stage but recognizes one size may not fit all social promises; thus, providers might need to have flexible plan terms country-by-country. However, unlike IORP II's approach (which defers completely to national law per host country), the Occupational PEPP could define a core benefit framework that satisfies most needs, and only specific parameters vary per country. Clear boundaries should be drawn on what falls under **prudential regulation (EU level) versus social**

and labour provisions (national) – bringing much-needed clarity to avoid one undermining the other.

Member States would agree that the PEPP counts as compliant if it meets the core framework and localisation conditions as set by EIOPA, preventing local regulators from imposing extraneous requirements.

Supervision and Home/Host Coordination

Mirroring the passport system of PEPP, an Occupational PEPP provider would be subject to supervision by its home state regulator, with relevant notifications submitted to host Member States when acting cross-border.

The goal is streamlined approval; once a provider is authorized to offer Occupational PEPP in one country, extending it to other countries should be a matter of notification and adaptation of terms, not a re-authorization. This is in line with the OPSG recommendation that a provider “once authorized in one Member State, should be able to notify and offer the Pan-European Occupational Product in other Member States” with ease. Such attractive cross-border access will encourage providers to enter multiple markets, increasing competition and choice for employers and members.

Funding and Capital Requirements

If the occupational PEPP is strictly defined contribution (each member has an individual account balance), issues of underfunding do not arise as they do in DB plans. The framework could **limit Occupational PEPP to defined contribution arrangements**. Employers seeking to provide a defined benefit would likely remain under national schemes or a separate cross-border IORP

structure if possible. By focusing on DC, the Occupational PEPP can be lighter and uniformly regulated. Providers would still need adequate capitalization per their sector (e.g. an insurer provider backing a guarantee must hold Solvency II capital), but there would be no special funding rules like IORP's technical provisions – simplifying cross-border consistency.

Asset Portability and Transfers

The Regulation shall ensure that the costs of the transfer are not incurred by the remaining members and beneficiaries of a transferring IORP or by the incumbent members and beneficiaries of the receiving PEPP. Also, as per the applicable PEPP regulation, the IORPs Directive revision shall ensure that costs for the switching applied by the transferring IORP should be kept to an amount that does not constitute an obstacle to mobility and in any case, be capped.

Improving on of the much-criticized provisions of the IOPR Directive, transfers shall be subject to prior approval **by the same majority of members as dictated by national law** for transferring between local IORPs.

Furthermore, **transfers should not be subject to authorisation** by the competent authorities of the home Member State of the receiving PEPP, **nor require the prior consent** of the competent authority of the home Member State of the transferring IORP.

Pension Consolidation Vehicle

One role the Occupational PEPP can uniquely play is as a transfer vehicle to consolidate existing small pots. For workers who have multiple pension pots from different jobs, the PEPP could allow transfers-in of those rights (if the member chooses) to have all their retirement savings in one place. This aligns with initiatives to facilitate pension tracing and consolidation across the EU.

The OPSG paper notes PEPP could serve as a model for facilitating cross-border transfers that many countries struggle with, acting as a ***“cross-border transfer facilitator”*** and demonstrating solutions to portability issues. In practical terms, if a worker moves to a new job in a country and opts to use their existing PEPP as the occupational plan for the new job (with the new employer contributing to it), **then no transfer is needed** – the account simply continues. If they had to leave behind a vested benefit in a traditional fund, they might transfer that value into their PEPP (subject to safeguards and consents) to consolidate. The EU could encourage Member States to **remove any legal barriers to transferring out** of national schemes into an Occupational PEPP if the member desires, provided the PEPP meets quality standards. Over time, this could greatly reduce the problem of stranded small pension pots and improve overall efficiency.

Leveraging IORP II Elements within a Revised PEPP

In integrating these provisions, it is vital to **carry over the prudent and member-centric elements of IORP II into the PEPP context**. Some key IORP II elements to be incorporated would be:

Institutional nature of the product

PEPPs, much like IORPs, are designed to accumulate savings over multiple decades, often mirroring the **life-long saving cycle** of occupational schemes. The long investment horizon and the predictability of contributions position PEPPs well to assume a greater role in long-term capital formation and to invest prudently in **illiquid, non-publicly traded assets** with long-term economic value.

This is precisely the rationale that justifies **IORPs' treatment as institutional investors**. As noted in the IORP II Directive, IORPs *"should be able to opt for an asset allocation that suits the precise nature"* of their liabilities, including investment in instruments that are not traded on regulated markets, MTFs, or OTFs, provided this occurs within prudent limits and in the interest of beneficiaries.

The current regulatory design of the PEPP focuses on individual savers under the third pillar and, as such, PEPP providers operate under strict consumer protection frameworks and **retail-level investment constraints**. While appropriate for retail savers, these constraints may **artificially limit the long-term investment potential** of the product and **undermine returns**, especially if the product would accommodate collective and occupational arrangements within the PEPP framework.

Restricting occupational PEPPs to retail-eligible assets could significantly limit their ability to:

- Diversify internationally and across asset classes,
- Invest in **infrastructure, private equity, ELTIFs, or real estate**,
- Achieve returns necessary to secure adequate retirement incomes.

By contrast, granting institutional investor status would:

- **Improve the risk-return profile** of PEPP investment options over the long term,
- **Lower portfolio volatility** through broader diversification,
- Support the **EU Capital Markets Union (CMU)** by channelling retirement capital into long-term projects.

Allowing occupational PEPPs to invest under institutional rules would **not diminish consumer protection**, but rather **align investment capability with the product's pension purpose**. Given the structural similarities to IORPs - long duration, pooled contributions, pension purpose - it is both appropriate and necessary that occupational PEPPs be **recognised as institutional investors**, subject to prudent person principles, thereby empowering them to invest in the same manner as other long-term pension vehicles. Failing to do so risks **undermining the adequacy and efficiency** of the PEPP framework, and by extension, its role in strengthening retirement security and European capital markets.

Non-EU Nationals Employed in the EU

institutionalising the PEPP, particularly in its occupational form, could potentially help address **barriers to onboarding U.S. and other 3rd country citizens**, who are currently excluded from PEPPs in many cases due to its classification as a **retail product** under MiFID II. **IORPs can and do onboard non-EU nationals** employed in the EU, which is usually the case in multinational corporations.

Under MiFID II, PEPP is regulated similarly to packaged retail and insurance-based investment products (PRIIPs). This classification means providers must apply strict retail investor rules, including appropriateness testing and disclosure obligations. Because of this retail classification, many EU-based PEPP providers:

- **Avoid onboarding U.S. citizens**, due to **U.S. securities and tax compliance issues**, especially FATCA and SEC rules around solicitation of U.S. retail clients.
- Fear being seen as **marketing a retail financial product** to U.S. persons, which would require SEC registration or compliance with Regulation D or Regulation S under the U.S. Securities Act.

If Occupational PEPPs were reclassified or recognised as “institutional” products, akin to IORPs, then the product could be treated as an occupational pension arrangement, governed by prudential rules (like IORPs or occupational pensions managed by insurance companies). Therefore, U.S. and other 3rd party citizens could potentially participate as they already do in some IORP-based occupational pension schemes, provided:

- They are part of an employer-sponsored arrangement,
- The product is not marketed directly to them as retail clients,
- The provider applies appropriate disclosures and compliance exclusions.

Therefore, if Occupational PEPPs were to be recognised as institutional products akin to IORPs, this could facilitate participation by **non-EU nationals employed in the EU** who are currently excluded due to the retail classification of PEPPs under MiFID II. Aligning Occupational PEPPs with the institutional treatment already afforded to IORPs would remove this barrier, allowing broader and more inclusive coverage for mobile and international workers.

Enhanced Disclosure and Communication

While the PEPP framework already includes strong consumer disclosure requirements — such as the Key Information Document (KID) and the annual PEPP Benefit Statement — these are **designed for individual savers**, not occupational settings. If PEPPs are to be used as **workplace retirement solutions**, especially under group or employer-sponsored arrangements, the disclosure and communication regime should be **augmented to reflect the employer-employee relationship**.

Adapting IORP II's member communication practices would boost confidence among employers and employees alike while enhancing clarity and transparency:

a. Employer Contribution and Vesting Information

Upon enrolment in an Occupational PEPP, employees should receive:

- **Clear disclosure of the employer's contribution formula**, whether fixed, percentage-based, or discretionary.
- **Any vesting conditions**, such as minimum years of service required to retain employer-funded benefits.
- **Entitlement rules** in the case of early termination, job change, or part-time transitions — similar to Article 38(1)(a) and (b) of the IORP II Directive.

b. Notification of Significant Changes

Occupational PEPP savers should be informed **promptly and clearly** of material changes, such as:

- Modifications to investment strategy or risk-mitigation technique,
- Changes to the decumulation options or retirement age rules,
- Adjustments in contribution levels (employer or employee).

This aligns with **Article 39 of the IORP II Directive**, which requires that members be informed of any material changes that affect their retirement entitlements.

c. Regular Annual Statements with Employer Details

The current PEPP Benefit Statement could be enhanced to include:

- **Breakdown of employee vs. employer contributions** over the year,
- **Accrued rights**, if relevant to vesting calculation,
- **Projection of expected pension** based on combined funding sources.

This mirrors the practice in IORP II under **Article 38(1)(e)** and improves transparency for occupationally linked savings.

d. Cross-Border and Termination Rights

If the PEPP is used across multiple Member States (e.g., for mobile workers or multinational companies), members should be clearly informed of:

- **Rights to portability**, in line with PEPP Article 17,
- **Treatment of dormant accounts**, if employment terminates,
- **Transfer options** to other pension schemes.

This aligns with IORP II's **Articles 12 and 21** on cross-border activity and the treatment of former members.

By integrating these IORP-inspired communication practices, the **Occupational PEPP** can deliver a disclosure framework that is **fit-for-purpose**, instilling trust among both employers and employees. It also reinforces the PEPP's ambition to offer a **truly portable, transparent, and pan-European**

pension solution, especially for mobile workers and multi-national employer plans.

Labour Law Compliance Features

a. Social and labour law

IORP II's deference to social and labour law would be mirrored but in a managed way. For example, if a country's law mandates that in employer-sponsored plans employees must have the right to representation or to collective agreement on certain features, the Occupational PEPP should be open to such governance input. Similarly, any national minimum employer contribution or benefit requirements (e.g. some countries mandate that if a plan exists it must contribute at least X% of salary) would need to be met by the Occupational PEPP used in that country. The difference from IORP II is that these conditions could be pre-defined or pre-approved by EIOPA and within the PEPP framework, rather than discovered ad hoc. The result would be clarity that the **PEPP does not override national labour guarantees** (e.g. it won't be used to undercut existing mandatory pensions) but rather provides a vehicle to fulfil them more efficiently across borders.

b. Supervisory Cooperation and EIOPA Role

Borrowing from IORP II's cross-border notification system, the Occupational PEPP should institute a simple notification to host countries when an employer in that country starts using the PEPP (for information and statistical purposes), but without needing host authorization. EIOPA could maintain a list of Occupational PEPP providers and the countries in which they have notified activity. EIOPA might also develop **technical standards or guidance** to ensure

consistent application (similar to how it issues guidelines for IORPs on topics like risk assessment). One could envisage EIOPA preparing an implementation handbook for Occupational PEPP to help national regulators and providers navigate the intersection of EU rules and national social laws – effectively bridging the gap with clear guidance. In case of disputes (e.g. a host supervisor believes a PEPP doesn't meet a local labour requirement), EIOPA could mediate or issue an opinion to resolve the issue, preventing unnecessary barriers.

Under IORP II, national authorities supervise occupational pensions with only loose coordination from EIOPA. This results in inconsistent application of rules, regulatory gold-plating, and delayed authorisations for cross-border activities. Even under the current **PEPP Regulation**, EIOPA **has limited enforcement power** and largely relies on Member States' cooperation (Art. 62–64 PEPP Reg.). For example, Cross-border IORPs often face **long delays** or **denials without clear justification**, and EIOPA can only mediate disputes but **cannot compel** compliance.

1. The **Pan-European** objective of PEPP demands **genuine regulatory consistency**. Without strong supervisory coordination, cross-border occupational PEPPs will suffer the same fate as IORPs. This problem is magnified for occupational PEPPs if employers in multiple Member States are involved (e.g. multinational companies). Consideration should be given to reinforcing **EIOPA's oversight and dispute resolution role** to support consistent implementation of occupational PEPP provisions across Member States.

c. Protection of Members' Rights and optimisation of Transfers

If an employer decides to switch from a national scheme to an Occupational PEPP, member rights must be safeguarded. IORP II contains protections for bulk transfers (like requiring member consent or representation). In a revised framework, if the Occupational PEPP meets the EIOPA standards qualifying as an Occupational PEPP, a transfer of assets from a local scheme to the PEPP for the same members might be permitted with the same standard as a transfer between local IORPs in the host Member State.

In cases where an employer seeks to fully **replace an existing occupational arrangement** with an Occupational PEPP, a more **streamlined yet democratic approval process** could be introduced — consistent with IORP II's emphasis on governance and communication (Articles 36–40).

This could include:

- **Approval by the pension fund's board of trustees or employee representatives** (build on the governance principles established in Article 46),
- **Prior consultation** with affected employees and full transparency on rights, fees, and investment strategy (Article 36),
- A **default opt-in mechanism**, where members are automatically included in the new Occupational PEPP **unless a defined minority objects** (e.g. 20–30%).

Such an approach would not only respect collective representation but also draw on **established practices in several Member States**:

- In the **Netherlands**, **collective value transfers** (*collectieve waardeoverdracht*) are allowed without individual member consent, provided members' rights are preserved and the Dutch Central Bank (DNB) approves;
- In **Germany**, occupational pension transfers can proceed through **works council agreements** without requiring individual opt-in, if the pension promise remains intact;
- **Sweden's ITP system** permits collective transfers under social partner frameworks, with no need for member-by-member approval;
- In **France**, transfers of retirement rights from Article 83 schemes or PEROs are allowed collectively, subject to employee representation and ACPR oversight.

These precedents demonstrate that collective transfers — when transparently communicated, fairly governed, and protective of member rights — are a well-established legal and regulatory practice within the EU pension landscape.

Adopting a similar model for Occupational PEPP transitions would encourage **efficient consolidation**, promote cross-border operation, and enhance the appeal of the PEPP framework, all without sacrificing **democratic oversight or trust in the system**.

By building on these IORP II elements, the Occupational PEPP would not lose the **essence of occupational pensions – collective responsibility, security, and social embedding**. Instead, it transposes those qualities onto a pan-European platform. The result would be an EU-level pension product that can function both as a personal and a workplace scheme.

Policy Momentum and Precedents Supporting Reform

The idea of expanding PEPP into the occupational arena is not emerging in a vacuum – it has been gaining support across various EU stakeholders, expert groups, and policy discussions. Recognising this momentum provides further justification and guidance for the proposed reform. Below are key precedents and initiatives that underpin the case for an Occupational PEPP:

- **EIOPA’s Own Reflections – Staff Paper (September 2024):** In its staff paper on the future of PEPP, EIOPA explicitly floated the idea of **combining occupational and personal pensions in a single product**. The paper suggests that allowing tax-favoured employer contributions alongside personal contributions would effectively make PEPP a “second and third pillar” product, increasing its appeal. EIOPA points out that products blending workplace and individual saving have succeeded elsewhere and offer flexibility, citing examples like Australia’s superannuation or the UK’s auto-enrolment where individuals accumulate retirement savings with contributions from both employer and them. The staff paper also noted that such a combined product, if adopted, should receive equal tax treatment as existing occupational pensions, and that an occupational component PEPP for each employee could connect with auto-enrolment drives. This EIOPA view lends strong credibility to our blueprint. It shows Europe’s pension regulator envisions a similar path of evolution for PEPP, reinforcing that our proposal is not only appropriate but feasible and already under consideration.
- **Occupational Pensions Stakeholder Group (OPSG) Discussion Paper on PEOP (May 2024):** EIOPA’s OPSG – a group of industry, academic, and consumer representatives – published a detailed discussion paper on

introducing a **Pan-European Occupational Pension Product (PEOP)**. This paper essentially advocates for creating a second regime (voluntary) for occupational pensions at EU level, very much in line with what we propose. Notably, the OPSG paper emphasises aligning a PEOP with European priorities, such as improving pension coverage (second pillar growth), contributing to a strong capital market and economy, and leveraging innovations like those in the Letta report. It highlights the Letta Report (April 2024) perspective – former Italian PM Enrico Letta’s review of the single market – which proposed a European long-term savings product (likened to a “European 401(k)”) to boost citizens’ retirement security and investment in the economy. The OPSG paper calls for **harmonization and standardization** to meet the needs of both large corporations and SMEs, noting that a voluntary, fully harmonized framework could encourage second pillar growth without disrupting national systems. It also stresses the importance of **streamlined cross-border pension management**, arguing that a PEOP can cut through the administrative complexities currently seen. In particular, the paper suggests PEOP as a complementary “second regime” coexisting with existing schemes, thereby not replacing national IORPs but offering a new option. It positions PEOP as an enabler of economies of scale and competition, allowing providers to offer one cross-border solution to multiple employers, reducing costs for all. The OPSG’s work is a clear precedent that provides a conceptual foundation and many practical considerations (target market, collective arrangements, etc.) that we echo here. We have directly incorporated several OPSG insights, such as the **voluntary nature** of the framework and the goal of **easy market access across the EU for providers**.

- **Cross-Border Benefits Alliance-Europe (CBBA-Europe) Initiatives:** CBBA-Europe, an advocacy group focused on pan-European employee benefits where LifeGoals is an active member, has been a vocal proponent of a European occupational pension solution. In December 2020 – even before

PEPP came into force – CBBA published a reflection paper foreshadowing the Pan-European Occupational Pension Product idea. They envisioned a “PEOP” analogous to PEPP, noting it could share similar features as an EU legal framework for occupational pensions. CBBA’s stance is that such a product would complement PEPP and help truly unify the pension market. In March 2022, CBBA-Europe sent a letter to Commissioner Mairead McGuinness explicitly asking to consider a new **optional pan-European framework for occupational pensions** as a counterpart to PEPP, to reap economies of scale in the single market. The paper argued that low cross-border pension activity is not due to lack of interest, but to legal obstacles, and that a bold new framework is needed. In its response, the European Commission (DG FISMA) acknowledged the limited harmonization of IORP II and noted it was launching a review (including a mandate to EIOPA to analyse cross-border issues). While the Commission’s 2022 response was cautious, it did not rule out new approaches; it indicated ongoing evaluation of IORP II’s effectiveness in cross-border activity. Additionally, CBBA’s more recent work on remote work (2025) reinforces the need for **innovative solutions for cross-country pensions** as highlighted earlier. The CBBA-Europe’s advocacy demonstrates strong stakeholder demand for exactly the kind of reform this blueprint proposes. It also shows that such reform can address pressing issues (like remote workers’ coverage) in the eyes of employers and employees alike.

- **Political Support and the Letta Report:** In April 2024, Enrico Letta presented “Much More Than a Market – Empowering the Single Market to Deliver”, a high-level report to the European Council. Among its recommendations was the concept of a “European 401(k)” – a reference to the U.S. employer-based retirement savings accounts – essentially calling for a European occupational DC savings plan to enhance capital formation and worker savings. This idea from a former head of government underscores that at the political level, there is recognition of the value of a pan-European pension solution. The label

“401(k)” emphasizes employer involvement and personal ownership, which is precisely the hybrid we aim for with Occupational PEPP. Policymakers are increasingly aware that relying solely on national pension schemes may not fully exploit the potential of the single market. The Letta report’s backing provides momentum and could translate into political will to consider legislative change in the near future, possibly as part of a renewed Capital Markets Union or Social Europe agenda.

- **Jurisprudence and Free Movement Principles:** While there is no direct EU Court of Justice ruling yet on a PEPP or PEOP (given their novelty), the Court has long established that occupational pensions, when they affect worker mobility, fall within the scope of free movement of workers (Article 45 TFEU) and freedom to provide services (for pension providers) (Article 56 TFEU). In cases like Beckmann and Martin (CJEU, early 2000s), occupational pensions were considered deferred pay, implicating worker rights under EU law. The Commission and Court have intervened in the past when national pension rules unduly impeded worker mobility or discriminated by nationality. For example, the EU enacted Directive 2014/50/EU on minimum requirements for boosting the portability of supplementary pensions, precisely to reduce the obstacle that differing vesting rules posed to mobile workers. All these legal underpinnings support the notion that **facilitating cross-border pensions is not just a market nicety, but a matter of upholding fundamental EU freedoms and worker rights**. If Member States do not adequately remove barriers (as arguably they haven’t under IORP II), the Commission and legislators are empowered to act. An enhanced PEPP framework providing an EU-wide occupational solution could be seen as a fulfilment of these Treaty principles, by eliminating hidden discrimination and barriers (e.g., an employer in one country being prevented from covering employees in another). In the extreme, if a Member State tried to block use of an authorized Occupational PEPP on its territory without justification, it could face infringement action for

breaching EU law. Thus, our proposal is on solid ground not only in policy but in law – it advances the internal market in pensions and the free movement of labour and capital.

- **Related EU Initiatives:** The European Commission’s agenda on creating a **“Savings and Investments Union”** (building on the CMU) also aligns with this blueprint. There is recognition that Europeans hold excessive savings in bank deposits, and better pension products could mobilize these funds into investments. The PEPP was a start, but an occupational extension would go further by capturing employer-sponsored retirement savings, which form a significant pool of capital. Moreover, ongoing work on the European Pension Tracking System (an EU-wide pensions dashboard) is premised on the idea that individuals will have multiple pensions to track. A single portable product that follows individuals would simplify pension tracking considerably. EIOPA has championed pension dashboards to give citizens a one-stop view of their state, occupational, and personal pension entitlements. An integrated PEPP that spans personal and workplace contributions would fit neatly into such a dashboard, improving transparency for savers. Lastly, as the EU pushes for the Green Deal and sustainable finance, large pools of pension assets will be crucial for investing in the transition. A Pan-European pension product can channel funds across borders into green investments more easily than fragmented small national funds, supporting the EU’s climate goals.

In aggregate, these precedents and initiatives form a compelling narrative: the time is ripe to evolve PEPP into a more ambitious tool that encompasses occupational pensions. Support exists from technical experts, industry alliances, and thought leaders for such a move. The Commission and EIOPA are already studying the relevant areas (IORP II review, PEPP enhancement, cross-border obstacles). The stage is set for action.

Implications for Remote Work, Mobility, and Capital Markets Integration

Adopting an Occupational PEPP framework would have far-reaching positive implications, addressing some of the pressing socio-economic trends in Europe:

Facilitating Remote Work and the Digital Nomad Economy

As remote and flexible work arrangements proliferate, more individuals are working for an employer in one Member State while residing in another (or moving frequently). The Occupational PEPP would provide a **ready-made solution for portable benefits** in such scenarios. Instead of forcing employers into complex compliance in each country or risking that remote workers miss out on pension enrolment, a single PEPP could cover them regardless of location. This dramatically reduces administrative burden and ensures no worker falls through the cracks of social protection when working across borders. It would make Europe **a more attractive labour market** for digital nomads and remote workers, supporting productivity and innovation. Member States would also benefit – their residents would still be building retirement income (reducing future social assistance burdens) even if their employer is foreign.

Empowering Cross-Border Labour Mobility

A truly portable occupational pension removes one more barrier to workers taking jobs in other Member States. Currently, concerns about losing pension accruals or dealing with multiple pension plans can deter mobility. With an

Occupational PEPP, a professional can change jobs in different Member States over their career, and if each participated in the PEPP framework, the worker could carry on with the same pension account (simply new contributions flowing in from the new employer). This means **no more fragmented small pensions and no complex transfer paperwork** – mobility becomes smoother. It also helps address the problem of **pension adequacy for mobile workers**. Often mobile workers end up with lower pensions because of broken service in each plan; a continuous PEPP account would mitigate that, allowing uninterrupted compounding of their retirement savings. In a single market where labour mobility is encouraged to optimize employment and skills matching, such a pension system is a logical enabler.

Benefits for Employers – Especially Multinationals and SMEs

For multinational companies, an Occupational PEPP means they can potentially streamline many pension arrangements into one or a few, achieving economies of scale. They could negotiate one provider, one investment strategy, and one administration platform for all EU employees, significantly cutting costs per member. Even if not all countries join immediately, it's far easier to manage a centralized plan. Reduced cost and complexity might encourage more employers to offer pensions, since some currently avoid or minimize them in certain countries due to complexity or lack of scale. SMEs too, who often lack capacity to set up pension plans for employees, could simply join an Occupational PEPP provided by a third-party, fulfilling any national obligations and offering a benefit that makes them competitive employers. Thus, this framework could **increase overall pension coverage** by bringing more employers (including small ones) into the system via a plug-and-play EU product.

Capital Markets Union and Investment Impact

Integrating occupational pensions into a pan-European product would significantly boost the pool of retirement assets that can be invested across borders. Occupational pensions in the EU hold trillions in assets, but often these are invested domestically or with home bias. A pan-European fund is more likely to diversify investments on an EU-wide or global basis, thus improving risk-adjusted returns and directing funds to where capital is needed in Europe. The European Commission noted that a more developed market for personal pensions (like PEPP) would channel more savings into long-term investments and deepen capital markets. Extending this to occupational pensions multiplies that effect. It supports the Capital Markets Union objective of removing barriers to cross-border capital flows. Furthermore, large cross-border pension funds can invest in infrastructure, green energy, and innovative projects at a scale that smaller national funds might not. This aligns with the EU's goals for the Green Transition and Digital Transformation, which require massive investment – some of which can come from pension capital seeking stable, long-term returns. In short, a Pan-European occupational pension system is not just social policy; it is also economic policy, strengthening the union's financial system and growth prospects.

Safeguarding Pensions in Case of Mobility

There is also a social protection angle. When workers move countries, even within the EU, they can sometimes fall outside of occupational pension coverage (for example, if they work in a country or sector without a tradition of employer pensions, or if they do short periods not long enough to vest). By having a pan-European scheme, we ensure that every tract of employment can

contribute to a portable pension. This provides a **safety net of supplementary pension rights** EU-wide. It complements EU coordination of state pensions (under Regulation 883/2004) which ensures state pensions are pro-rated across countries; now the supplementary pensions would also follow the worker, filling the gap. It thus reinforces the multi-pillar approach to old-age security.

Transparency and Simplicity for Citizens

A single account accumulating via different jobs is far easier for an individual to understand and plan with. It would likely come with modern digital access (perhaps EIOPA or providers could offer a dashboard where one sees all contributions, from oneself and various employers, in one place). This aligns with the idea of an EU pension tracking system where citizens get a clear picture of their retirement income sources. We can envision that with widespread Occupational PEPP usage; a young worker might have one app showing their state pension estimate and their PEPP balance which includes all their jobs' contributions. This clarity can motivate more saving since people will be able to see their gap and choose to top-up voluntarily if needed and improves financial literacy regarding pensions.

In conclusion, the integration of occupational pensions into the PEPP framework promises to **modernize Europe's pension landscape** in line with socio-economic trends. It offers solutions for the emerging remote-work culture, enhances labour mobility, bolsters the Capital Markets Union, and ultimately provides citizens with better retirement security and understanding. It is a forward-looking reform that matches the reality of a more interconnected, mobile European society and economy.

Conclusion and Recommendations

This blueprint has outlined why and how the Pan-European Personal Pension Product (PEPP) should evolve to include occupational pension provisions, effectively creating a Pan-European Occupational Personal Pension framework. The analysis shows that such a reform is not only desirable – to fill gaps in cross-border pension coverage and facilitate mobility – but is also realistically achievable by combining the existing regulatory architectures of PEPP and IORP II.

Legal and Regulatory Rationale

The current divergence of EU pension law (personal vs occupational) leaves a strategic opening for a hybrid product that can serve both individual savers and employers wishing to provide portable pensions. By amending the PEPP Regulation (2019/1238) to accommodate employer-sponsored plans, the EU can establish a fully harmonized second-pillar vehicle. This would rely on the legal base of internal market (Article 114 TFEU) similar to PEPP, justified by the clear cross-border objectives. It would complement the ongoing IORP II Directive, offering a “second regime” rather than replacing national schemes. Importantly, it would address the shortcomings identified in the IORP II review regarding cross-border activities, thereby heeding the call from stakeholders and the European Parliament for more action on pension mobility.

Recommendations

We urge EIOPA and the European Commission to take the following steps, in close cooperation with Member States and stakeholders:

Develop a Legislative Proposal for Occupational PEPP

Draft a substantial PEPP Regulation amendment that establishes the framework for a Pan-European Occupational Pension Product. This should set out: eligibility of providers, conditions for employer participation, prudential requirements, member protection measures, and mechanisms to accommodate national social-law requirements. The framework should explicitly allow employer and employee contributions, auto-enrolment usage, and easy cross-border portability without requiring new authorizations in each country. It should draw on the text of IORP II where relevant (e.g. prudent person rule, information duties) and on PEPP for portability and product features. The legislation must also **stipulate equal tax treatment when used occupationally, encouraging Member States to grant the same deductions or exemptions as local plans.**

Consult and Involve Social Partners

Because occupational pensions involve employers and workers, the social partners at EU level should be actively consulted in designing the Occupational PEPP. Their buy-in will be crucial for practical uptake. Trade unions and employer associations can help ensure the product meets the needs of both parties – for instance, addressing how collective bargaining agreements might incorporate the PEPP, or how employee representatives might oversee its implementation in companies. The goal is an inclusive framework that could even be used in sectoral agreements or multi-employer plans (e.g. an industry-wide PEPP for SMEs in a sector).

Address Remote Work and Cross-Border Employment in the Rules

The new framework should include provisions that directly tackle scenarios of cross-border remote work. For example, it could mandate that if an employer based in Member State A enrolls a remote employee living in Member State B into an Occupational PEPP, Member State B must consider this compliant with any mandatory occupational pension obligations (i.e. grant an exemption from requiring a local scheme). This ensures no double coverage and removes uncertainty for remote workers. It operationalises CBBA-Europe's recommendation by writing it into EU law, using the PEPP as the recognized cross-border solution.

Leverage EIOPA's Oversight for Smooth Implementation

Empower EIOPA to develop technical standards or guidelines to support the Occupational PEPP. For instance, EIOPA could create a template for the information pack that employers must give to employees when offering the PEPP (combining the PEPP KID with details of employer contributions). EIOPA should also maintain and publish a list of qualified Occupational PEPP providers and track the growth of cross-border participation. In addition, a forum under EIOPA for home/host supervisors to discuss any issues should be established early, to pre-empt and resolve conflicts of law.

Ensure Coherence with IORP II Review Outcomes

Any improvements agreed in the IORP II review (for example, simplifying cross-border transfer approvals, or clarifying social law scopes) should feed into the Occupational PEPP design. The Commission should ensure that IORP II and the new PEPP regime are complementary.

Launch Pilot Programs and Incentives

The Commission and EIOPA could facilitate pilot projects – e.g., allow a group of multinational companies to pioneer the use of Occupational PEPP with regulatory sandboxes or early approval, to demonstrate proof of concept. Additionally, work with Member States to consider incentive schemes such as EU-wide awareness campaigns. The aim is to jump-start adoption so that success stories emerge, creating positive feedback.

Monitor, Refine, and Expand

Once implemented, closely monitor the new framework's uptake and effectiveness. Key metrics would be number of providers, number of employers participating, cross-border membership counts, and cost levels. Frequent reports should be established for any issues to be identified and addressed in follow-up amendments or guidance.

In making this case to EIOPA and the Commission, we underline that **the integration of occupational pensions into the PEPP is both a market innovation and a social policy advancement**. It embodies the principle of subsidiarity by leaving traditional systems in place but offering an EU solution where it adds value – in cross-border situations and for mobile citizens. It also enables broader risk-pooling and potentially extending pension coverage to workers who currently lack it.

The upcoming review of the IORP II Directive, together with the early implementation experience of the PEPP, presents a timely opportunity to reflect on the future of supplementary pensions in Europe. A more integrated framework that supports both individual and occupational provision across borders would significantly enhance

retirement outcomes and labour mobility. A coordinated evolution of IORP and PEPP could lay the groundwork for a truly portable, pan-European supplementary pension landscape.