

LifeGoals.

TARGETED CONSULTATION ON SUPPLEMENTARY PENSIONS

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PENSION TRACKING SYSTEMS

1. Do you consider that the pension tracking system in your Member State functions well?

a. Yes

b. No, it should be extended/improved

c. No, my country doesn't have a tracking system

d. No opinion

Please elaborate your answer. In case you are not satisfied, please indicate which features should be improved or added.

Answer:

b. No, it should be extended/improved

Explanation:

Cyprus does not currently have a fully operational national pension tracking system covering all three pillars. Existing public infrastructure covers the 1st pillar (statutory pensions) to some extent, but tracking is fragmented and lacks integration with 2nd and 3rd pillar entitlements. An integrated tracking system is a foundational step toward boosting engagement and long-term adequacy across the pension system.

There is an urgent need for:

- A centralized digital platform that aggregates data from all pension sources (statutory, occupational, and personal, including PEPPs).
- Real-time access to contributions, projected retirement income, and benefit scenarios.
- A legal obligation for all providers to feed standardized data into this system.

2. 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)

a. access to the system and the information provided is simple and secure

b. users can be sure that the information is objective, i.e. not influenced by the interest of those that provide the information

c. the system covers all pillars of the pension system

d. the system is cost-effective

e. No opinion

Please elaborate your answer.

Ranked criteria (in order of priority):

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

Explanation:

Objectivity is the most critical element. A pension tracking system must be trusted by its users, which means it must be free from provider bias or commercial influence. The credibility of the platform, especially if used for decision-making, depends on the neutrality of the information provided.

Next in importance is ensuring the system covers all three pillars of the pension system (state, occupational, and personal). Without this, users receive an incomplete picture of their retirement savings, which is especially problematic for non-standard workers and the self-employed who may have fragmented entitlements.

Access must also be simple and secure, ideally using EU-standard digital identification methods (e.g. eIDAS) and mobile-friendly platforms. While usability is key to adoption, it is secondary to data objectivity and completeness.

Finally, cost-effectiveness matters but should not compromise data quality, neutrality, or user confidence. A well-functioning system that supports long-term financial well-being justifies modest public investment.

3. Which of the following elements should a pension tracking system cover

(please rank options according to their importance)

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

Please elaborate your answer.

Please see also the questions on transparency in sections 4 and 5.

Ranking:

1. **a.** Information from all schemes about past contributions and accrued entitlements
2. **b.** Projected pension benefits at a set retirement age based on standard career assumptions
3. **c.** Possibility to simulate pension entitlements under different scenarios of individual contributions, retirement age, investment allocations, and financial market developments (where relevant)

4. **d.** Information about the options and the payout (net of taxes) a citizen can expect in case of early withdrawal
5. **e.** Other: Include provider-level data integration through APIs, real-time updates, and links to enrolment tools where permitted

Explanation:

A robust pension tracking system is critical for empowering individuals to plan adequately for retirement. From our experience as both an active PEPP and cross-border IORP provider and promoter of digital pension solutions, we recommend prioritising **comprehensive data aggregation (a)** above all else, users need a full picture of their pension entitlements across all schemes (statutory, occupational, personal) to make informed decisions.

Second, **standardised projections (b)** help users understand what income they may expect at retirement, even if based on simplified assumptions. This is especially helpful for comparing across countries and products like PEPP, where portability is key.

Simulation tools (c) are valuable but should be considered a second-phase feature due to their complexity and the need for clear communication to avoid misleading results. Once data aggregation and baseline projections are in place, these tools can greatly enhance user engagement and financial literacy.

Early withdrawal scenarios (d) are important, particularly for non-standard workers and cross-border savers, but should not overshadow the pension's long-term objective.

Finally, the tracking system should go beyond viewing. **We strongly support a modular API-enabled infrastructure**, allowing providers to update data directly, and giving users the ability to enrol into products or adjust contributions where national rules allow. This ensures the system becomes not only a transparency tool but a true engagement platform.

4. What do you consider are the most difficult challenges in setting up a pension tracking system

(please rank in the order of importance)

a. Data protection

b. Accuracy and impartiality of data

c. Access to the platform and presentation of the information

d. Maintenance and governance of the platform

e. Inter-operability with pension tracking systems across Member States

f. Other (please elaborate)

g. No opinion

Please elaborate your answer.

Ranked in order of importance:

1. b. Accuracy and impartiality of data

This is foundational. If the information is not accurate or perceived as biased, users will not trust or rely on the system. In fragmented systems like Cyprus, consolidating correct and neutral data across providers (insurance, IORPs, investment firms) is technically and institutionally difficult.

2. a. Data protection

Tracking systems will handle sensitive personal, financial, and employment data, making robust GDPR compliance, encryption, and access control essential to avoid breaches or misuse.

3. e. Interoperability with pension tracking systems across Member States

For cross-border workers and mobile EU citizens, pension entitlements often span multiple countries. Enabling cross-border visibility, particularly between 2nd and 3rd pillar schemes, will be essential for the system's usefulness and alignment with the PEPP's pan-European goals.

4. d. Maintenance and governance of the platform

To remain functional and trustworthy, the platform will require continuous updates, validation protocols, integration with provider systems, and oversight. A neutral body (e.g. regulator or independent authority) should oversee governance, with clear rules and funding mechanisms.

5. c. Access to the platform and presentation of the information

While user-friendliness is crucial, it is a more solvable challenge than the others listed above, especially with current digital tools and UX/UI best practices. The platform should be mobile-friendly, multilingual, and clearly explain complex projections in plain terms.

6. f. Other

Integration with existing national tax and benefit systems, to provide citizens with realistic net-of-tax retirement income estimates and to ensure alignment between pension and welfare entitlements.

PENSION DASHBOARDS

5. 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)

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

Please elaborate your answer.

Ranking (in order of importance):

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

Explanation:

- **Forward-looking adequacy and sustainability projections** are essential for policy planning, especially as Europe confronts demographic aging, lower birth rates, and increased longevity. They also guide savers and policymakers in identifying potential adequacy shortfalls.
- **Including 2nd and 3rd pillar data** is critical to capture the full retirement income picture. Dashboards that exclude occupational and personal pensions risk offering an incomplete and potentially misleading view, especially in Member States where public pensions will not provide adequate replacement rates.
- **Cohort-level breakdowns** are crucial for identifying pension gaps, such as the gender pension gap or insufficient coverage among the self-employed. Such data supports more targeted interventions and public debate.
- **Consistency across Member States** is valuable for benchmarking and best-practice exchange, but local relevance should not be sacrificed for comparability. Transparency about assumptions and data definitions is key.
- **Other element suggested:** To enhance EU labor mobility, it's helpful to track entitlements across borders and across different types of providers. Integration with national eIDs would support both security and usability.

6. Which dimensions of a pension system's performance do you find most meaningful?

(please provide a ranking)

- Income replacement, i.e. the level of retirement income relative to work income now or in the future*
- 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*
- Contribution to poverty reduction and equality*
- Fiscal costs now and in the future*
- Other, please list*

Please elaborate your answer

Ranking (in order of importance):

1. a. Income replacement
2. b. Pension sustainability
3. c. Contribution to poverty reduction and equality
4. d. Fiscal costs now and in the future

Elaboration:

- **Income replacement** is the most intuitive and meaningful metric for the average citizen. It reflects how well a pension system enables people to maintain their standard of living after retirement. For both 2nd and 3rd pillar pensions, replacement rate is a powerful communication tool to help savers understand adequacy in practical terms.
- **Pension sustainability** is critical from a long-term policy perspective. Systems must be able to deliver on promises decades into the future, especially given Europe's demographic pressures. A sustainable framework also builds trust in private solutions and ensures intergenerational fairness.
- **Contribution to poverty reduction and equality** is a vital social outcome, particularly when assessing minimum pension guarantees and coverage gaps across different worker categories (e.g. self-employed, part-time, women, migrants). This dimension becomes especially relevant in Pillar 1 and publicly supported 2nd pillar systems.
- **Fiscal costs** are important but should be assessed in proportion to social value. A well-designed supplementary pension system can deliver long-term adequacy without imposing unsustainable burdens on public finances, especially when private contributions are encouraged and tax reliefs are targeted efficiently.

AUTO-ENROLMENT

7. What are in your views the key features for an auto-enrolment mechanism to be successful?

(please rank the options according to their importance)

- a. Provision of auto-enrolment administration facilities by the State*
- b. Starting with low contribution rates for participants with their gradual escalation over time*
- c. Duration and recurrence of opt-out windows and options for re-enrolment*
- d. State incentives (e.g. tax or subsidies), with calibration based on income categories*
- e. Preservation of statutory pension benefits and sustainability*
- f. Full or partial early withdrawal of pension benefits (subject to penalty, where relevant)*
- g. Involvement of social partners in its design*
- h. Other (please specify)*

Please elaborate your answer.

Ranking

Other: Auto-enrolment should cover the entire working population through either 2nd pillar or 3rd pillar arrangements. Where occupational pensions (2nd pillar) are not available, such as for the self-employed or employees of firms not offering a workplace pension, a 3rd pillar solution (e.g. PEPP) should be used as the auto-enrolment vehicle.

- d.** State incentives (e.g. tax or subsidies), with calibration based on income categories
- b.** Starting with low contribution rates for participants with their gradual escalation over time
- c.** Duration and recurrence of opt-out windows and options for re-enrolment
- f.** Full or partial early withdrawal of pension benefits (subject to penalty, where relevant)

- e. Preservation of statutory pension benefits and sustainability
- g. Involvement of social partners in its design
- a. Provision of auto-enrolment administration facilities by the State

Elaboration:

A successful auto-enrolment mechanism should be inclusive, practical, and behaviourally effective. The most important feature is ensuring that the **entire working population is covered**, regardless of employment status. This means:

Auto-enrolment into 2nd pillar schemes where available (e.g. occupational pensions through employers).

Auto-enrolment into regulated 3rd pillar solutions (such as PEPP) for those not covered by an occupational scheme, particularly self-employed workers and employees of firms not offering 2nd pillar coverage.

The State's role in offering a centralised administration facility is key to reducing costs, improving scalability, and enabling consistent standards. Financial incentives calibrated by income category can significantly improve uptake, particularly among low- and middle-income earners.

Gradual contribution escalation helps avoid enrolment shock, while flexibility in opt-out and re-enrolment supports personal autonomy. Involvement of social partners is valuable, but the priority should remain on ensuring **broad, seamless participation** with minimal barriers to entry.

8. 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)

- a. Life-cycle asset allocation (more prudent as the retirement date approaches)
- b. Option to shift pension plan and risk profile at a later stage (in addition to opt out)
- c. Minimum contribution, with the option to increase it at later stage
- d. Capital guarantee, despite expected lower return compared to solutions without that guarantee
- e. Sufficient scope of target population, to ensure cost effectiveness and investment diversification capability of the default fund(s)
- f. Other
- g. No opinion

Please elaborate your answer.

Ranking – Features of Successful Default Pension Plans

- a. Life cycle asset allocation (more prudent as the retirement date approaches)
- e. Sufficient scope of target population, to ensure cost effectiveness and investment diversification capability of the default fund(s)
- c. Minimum contribution, with the option to increase it at later stage
- b. Option to shift pension plan and risk profile at a later stage (in addition to opt out)
- f. Other – Default plans should aim for real long-term value creation and support long-term investment strategies aligned with the Capital Markets Union (CMU).

Elaboration:

The most effective default pension plans are those that deliver good retirement outcomes for the majority of savers who do not actively choose their investment options. Key features include:

Lifecycle investment strategies that automatically adjust the asset allocation based on the saver's age or time to retirement, reducing risk progressively while aiming to preserve long-term returns.

A **broad scope of participation** across the workforce helps ensure that default funds achieve meaningful scale, cost efficiency, and adequate diversification. This is particularly important for new entrants and pan-European solutions like PEPP.

Minimum contributions, especially when paired with gradual escalation and auto-enrolment, help build retirement adequacy early in a saver's career.

The ability for savers to **shift risk profile or investment plan** at a later stage allows for flexibility while maintaining the simplicity of a default pathway.

Other considerations include ensuring that default plans are aligned with long-term EU objectives such as the Capital Markets Union (CMU) and sustainability goals (e.g. including real assets, infrastructure, or ESG-focused strategies where appropriate).

Retirement savings represent a long-term investment horizon and, as such, do not necessitate capital guarantees, which tend to significantly diminish returns over time. By contrast, long-term investment strategies with a low total expense ratio consistently deliver superior outcomes for members.

9. In your opinion, who should have the responsibility to establish the default pension plan that eligible participants should enrol in?

a. The legislator

b. The social partners, where applicable

c. The employer

d. Other

e. No opinion

Please elaborate your answer.

We believe the responsibility to define and establish default pension plans should ultimately rest with **the legislator**, in consultation with industry stakeholders and social partners.

- This ensures **neutrality**, consistency, and alignment with broader policy objectives, such as increasing coverage, promoting adequacy, and encouraging long-term investment.
- Legislators are best placed to define the minimum standards, governance criteria, and regulatory framework that protect savers and ensure transparency.
- **Social partners** should be involved where collective agreements exist, particularly in occupational pension contexts, as they have a deep understanding of sector-specific needs.
- **Employers** may not always have the expertise, capacity, or incentive to select appropriate pension providers or default investment strategies — particularly small and medium-sized enterprises (SMEs). Delegating this responsibility solely to them could result in uneven outcomes.
- A legislative-driven model can also facilitate **national pension registries and auto-enrolment systems**, reducing administrative burden on employers while ensuring scale and cost-efficiency.

10. In your opinion, what measures shall be adopted to ensure equal opportunities for self-employed and employees not covered by auto-enrolment?

a. Granting of equivalent tax incentives or other subsidies to participate in private pension plans

b. Granting of equivalent tax incentives or other subsidies to participate in in general default occupational pension plans only

c. Other

d. No opinion

Please elaborate your answer.

Answer: c. Other

Elaboration:

We believe that **all individuals entering the workforce should be covered by an auto-enrolment mechanism**, either into a 2nd pillar occupational pension or, where that is not available, into a regulated 3rd pillar product such as the PEPP or other nationally recognised personal pension plans (PPPs).

This approach ensures **universal coverage** across the workforce, including:

- the self-employed,
- workers in companies that do not offer occupational plans, and
- mobile or non-standard workers.

To support fairness and effectiveness, equivalent **tax incentives and subsidies** should apply regardless of the legal form of the plan, provided it meets regulatory standards. The PEPP offers a ready-made, portable framework for this purpose, but it should sit alongside eligible domestic 3rd pillar options to ensure flexibility and competition.

This dual-track auto-enrolment system would greatly improve pension adequacy, reduce long-term dependency on public pensions, and enhance labour mobility. To support this, individuals moving from a 2nd pillar scheme to a 3rd pillar arrangement (e.g. upon becoming self-employed or joining an employer without an occupational plan), and vice versa, should be able to transfer accrued rights and continue building retirement savings seamlessly. Such flexibility and continuity are essential for a modern, mobile workforce.

11. What is in your view the task of the public authorities in enabling the use of auto-enrolment?

(please rank the options)

- a. To set the relevant legal framework
- b. To provide detailed guidance to employers and other bodies
- c. To provide tax incentives or public subsidies to the target population
- d. To provide tax incentives or compensation for employers or other bodies that administer enrolment, contributions and pay-outs
- e. To provide administrative support
- f. To provide comprehensive and impartial information to the target population
- g. Others (please specify)

Please see also the question on PEPP in a workplace context below.

Ranking:

- a. To set the relevant legal framework
- f. To provide comprehensive and impartial information to the target population
- c. To provide tax incentives or public subsidies to the target population
- b. To provide detailed guidance to employers and other bodies
- d. To provide tax incentives or compensation for employers or other bodies that administer enrolment, contributions and pay outs
- e. To provide administrative support

Explanation:

The public authority's primary role is to **create the legal framework** that mandates or enables auto-enrolment, while ensuring that implementation respects subsidiarity and the diversity of national pension systems.

Equally important is to ensure that **clear, neutral, and accessible information** is available to all savers, particularly younger and lower-income workers, so they understand the benefits and options of supplementary pension saving.

Tax incentives for savers are essential to making auto-enrolment attractive, especially for the self-employed and those without employer-backed schemes. Complementary **guidance and compensation for employers** can reduce administrative resistance and promote smoother implementation, particularly for SMEs.

Finally, while **centralized administrative support** can enhance scalability, it should complement, not replace, private sector service delivery where it is already effective.

REVIEW OF THE PEPP REGULATION

12. 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?

a. Yes

b. No

c. No opinion

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

Answer:

a. Yes

Explanation:

Yes. The PEPP has the potential to significantly increase overall retirement savings across the EU. Its pan-European design, cost transparency, and digital accessibility make it a valuable solution not only for mobile workers, the self-employed, and younger savers, but also for a broader range of individuals who are **not covered by a second pillar scheme** and lack access to a cost-effective and transparent third-pillar product.

Key reasons why the PEPP can boost retirement savings:

- Addresses widespread coverage gaps

The PEPP can serve:

- Individuals without access to occupational pensions

- Workers in sectors or Member States with limited second-pillar participation
- Savers who lack access to competitively priced and clearly disclosed personal pension products
- Those with fragmented entitlements across countries seeking a single, portable solution
- **Encourages sustained saving through trust and simplicity**
 - The cost cap enhances transparency and trust
 - Lifecycle strategies and the default option support long-term investment behaviour
 - Portability and digital onboarding promote continuity across employment types and geographies
- **Complements national systems**

The PEPP is not intended to replace statutory or occupational pensions.

Rather, it offers a high-quality third-pillar solution to supplement retirement income in a wide range of life circumstances.

Preconditions:

- Tax treatment on equal terms with national products is essential
- Integration into national pension dashboards and employer frameworks would boost visibility and adoption
- Awareness and education campaigns will be key to reaching underserved populations and building uptake

13. 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?

a. Yes

b. No

c. No opinion

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.

Selection:

a. Yes

Elaboration:

Yes, we believe that a **built-in lifecycle investment strategy** should be the standard default approach for the Basic PEPP.

Lifecycle strategies are widely recognized by bodies like the **OECD** and **EIOPA** as effective and intuitive tools for managing risk over time. They automatically shift asset allocation from higher-risk to lower-risk as the saver approaches retirement age, striking a balance between long-term growth and capital preservation.

Importantly, **most savers are not comfortable making complex investment decisions**. A built-in, hands-off lifecycle approach provides them with a **simple and reassuring solution** that still delivers appropriate long-term returns. This is critical for broad adoption, particularly among first-time or risk-averse savers.

Lifecycle design also helps enable **execution-only distribution**, as it embeds suitability factors (like time horizon and risk appetite) into the product itself. This allows the Basic PEPP to be offered at lower cost and via digital channels, making it **scalable, accessible, and easier to compare across providers**.

While other risk mitigation techniques may be suitable for non-default or alternative PEPP options, the **Basic PEPP should universally default to a lifecycle strategy** to support adequacy, consumer protection, and uptake.

14. 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)?

a. Yes

b. No

c. No opinion

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

Elaboration:

Yes. Allowing the Basic PEPP to be offered on an execution-only basis, without requiring a full suitability assessment, would reduce distribution costs and make the product more scalable, particularly in digital channels and workplace settings. The Basic PEPP is already designed as a default product with built-in safeguards (such as a capped fee and long-term orientation), making it suitable for savers who may lack financial expertise but still wish to benefit from disciplined retirement savings.

Most individuals are not comfortable making complex investment decisions, and a simplified, hands-off default like the Basic PEPP, ideally incorporating a lifecycle investment strategy, supports wide adoption and consumer protection without the overhead of personalized advice.

However, linking such distribution to the condition that contributions remain within the nationally applicable tax-deductible limits would significantly reduce the utility of the PEPP for savers, especially since there are Member States where the applicable tax-deductible limits are very low or non-existent.

15. Do you consider it is useful to maintain the availability of alternative investment options, in addition to the Basic PEPP?

a. Yes

b. No

c. No opinion

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?

Answer:

a. Yes

Explanation:

We believe it is useful to maintain the availability of alternative investment options in addition to the Basic PEPP. While the Basic PEPP should remain the default, standardized option focused on simplicity, cost-efficiency, and long-term adequacy, alternative options allow providers to better serve savers with diverse needs, preferences, and investment horizons.

These additional options can support greater alignment with:

- Employer matching schemes,
- Higher-risk strategies for younger savers,
- ESG or thematic investments, and
- Specific member state sensitivities or retirement structures.

Moreover, alternative PEPPs can serve to accommodate national variations in taxation, retirement timing, or payout preferences, without distorting the uniformity of the Basic PEPP.

To balance flexibility with comparability, we recommend **removing the current limit on the number of alternative investment options** a provider may offer, while maintaining robust transparency and disclosure requirements. All alternative options should be **clearly delineated from the Basic PEPP**, and savers should only opt into them after affirming understanding of the risks and features. Removing the limit would also make it possible to introduce employer-matching schemes, an essential enhancement if the PEPP was to function effectively as an occupational retirement vehicle.

16. 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?

a. Yes

b. No

c. No opinion

Please elaborate your answer. If no, what alternative structure would better serve the objectives of the PEPP?

Answer:

a. Yes

Explanation:

While the sub-account structure is necessary to reflect national tax and retirement provisions, it presents a significant operational challenge. LifeGoals has implemented the sub-account approach but recognizes that it adds administrative burden and cost, particularly in the absence of harmonized guidance across Member States.

To improve alignment with the objectives of a cross-border PEPP, we propose the following enhancements:

- **A centralized EU-level registry of national tax and retirement parameters**, maintained by EIOPA in coordination with Member States' tax and pension authorities. This registry should include up-to-date and official information on tax deductibility, retirement ages, payout conditions, and applicable penalties for early withdrawal.
- **Clear, harmonized definitions of key terms**, such as retirement age, early access, and contribution ceilings, to reduce interpretation differences between jurisdictions.
- **Dynamic digital disclosures**: While the PEPP Regulation requires separate treatment for funds accumulated in different Member States (e.g. for tax or payout purposes), these sub-accounts can be logically managed and presented through a unified dashboard. The system would automatically display jurisdiction-specific information — such as projected retirement age, tax benefits, and payout rules — without fragmenting the user experience. This maintains compliance while significantly reducing complexity and improving saver engagement.

We emphasize the need for **EIOPA and the European Commission to work closely with national tax departments** to clarify the specific requirements for each Member State sub-account and to issue ongoing, standardized guidance for providers. It is currently too costly and legally uncertain for providers to independently obtain and update this information across all EU jurisdictions.

Maintaining the sub-account framework — but supporting it through centralized infrastructure, harmonized definitions, and dynamic disclosures — would preserve the regulatory intent while greatly enhancing efficiency, transparency, and cross-border scalability.

17. 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?

a. Yes

b. No

c. No opinion

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

Please elaborate your answer:

While the sub-account requirement was introduced to promote the cross-border nature of the PEPP, in practice it has acted as a barrier to entry for many prospective providers — particularly smaller firms or those looking to offer PEPPs only within their own Member State. Requiring the setup of sub-accounts in at least two countries from the outset increases operational complexity and cost, which can discourage market entry and limit the overall uptake of PEPPs.

Yet even when offered solely within one jurisdiction, the PEPP already brings significant value — including through its standardized features, strong consumer protections, and EU-level branding. Allowing providers to launch PEPPs without the two sub-account requirement would broaden adoption and coverage, helping to establish a larger and more competitive market across the EU.

The Regulation already allows savers to switch providers if their existing provider does not support the destination country in case of cross-border relocation. This consumer protection mechanism preserves the portability objective without placing an undue burden on every provider from the start.

While the principle of universal access sounds appealing, removing the sub-account requirement would create serious practical considerations. Pension contributions and benefits are subject to national tax and pension rules, which differ greatly across Member States. Without a local sub-account, it would be unclear how to apply tax incentives, report contributions, or manage payouts correctly. This uncertainty would make compliance burdensome for providers and could even discourage them from offering the PEPP cross-border. Instead of increasing access, it would risk reducing availability and weakening consumer protection.

18. Do you consider that the Basic PEPP should continue to be subject to a 1% fee cap?

a. Yes

b. No

c. No opinion

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

Explanation:

We support the 1% fee cap as a core consumer protection measure, but in its current all-inclusive formulation, it imposes disproportionate constraints on certain PEPP providers — particularly investment firms.

Our position is that the 1% cap should apply **only to provider-level fees**, excluding:

- **VAT**, which is a consumption tax outside the provider's control and varies by Member State.
- **Third-party investment costs**, such as underlying fund TERs, provided they are clearly and transparently disclosed.

This clarification is essential for maintaining a level playing field. For example, insurance-based PEPPs are generally VAT-exempt, while investment firm PEPPs must apply VAT, reducing their net revenue to well below 1%. In practice, this makes it difficult for many providers to offer diversified, long-term portfolios — especially in countries with high VAT rates.

At the same time, transparency and consumer protection can still be fully preserved through mandatory disclosures in the PEPP KID and Benefit Statement, which can reflect total costs, including VAT and third-party fees.

This more proportionate structure would make the Basic PEPP more economically viable while preserving its affordability and transparency — and would enable the product to scale more effectively across the EU.

19. 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?

a. Yes

b. No

c. No opinion

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:

Answer: a. Yes

Explanation:

Yes, we strongly believe that the current interpretation of the 1% fee cap needs to be clarified and adjusted to exclude certain cost components that are outside the provider's control or are necessary to ensure a level playing field among different types of providers.

Specifically, we propose:

- **Exclusion of VAT (Value Added Tax):**

VAT is structured as a consumption tax borne by the final consumer, not by businesses. Providers act as tax collectors for the State; the VAT they charge on fees is remitted to the government, not retained as part of their earnings. In the context of PEPP, an investment firm provider charging a management fee must add VAT (where applicable) on top of that fee. This VAT is outside the provider's control – the rate is set by law and varies by country (ranging from 17% in Luxembourg to 27% in Hungary). Treating such a tax as part of the “costs and fees” subject to the 1% cap effectively means the provider's net revenue could be only ~0.79–0.85% of assets, depending on the VAT rate, with the remainder being tax. By contrast, a provider whose fees are exempt from VAT can utilize the full 1% for operational costs and margins. The inclusion of VAT in the cap therefore penalizes providers solely based on tax regime, rather than efficiency or value. It is our position that VAT should be considered external to the cost cap, similar to how sales taxes are not counted as part of a merchant's price cap in other contexts.

VAT treatment of personal pension products (and analogous financial services) varies significantly across the EU, often depending on the legal form of the product (insurance contract, investment fund, or bespoke scheme). These differences illustrate why including VAT in the PEPP cost cap leads to uneven outcomes.

Providers of functionally similar pension products face different VAT obligations across the EU. Many insurance-based or fund-based pensions enjoy VAT exemption on fees, whereas investment-firm PEPP providers often do not. The PEPP Regulation was supposed to create a level playing field for a new pan-European pension market, allowing various providers (banks, asset managers, insurers, IORPs) to compete on equal footing. However, by capping “all costs” at 1% without excluding VAT, the playing field is tilted: • An insurer

or fund manager operating a VAT-exempt structure can devote the entire 1% to service provision and margin. • An investment firm managing individual accounts must either absorb part of the VAT cost (reducing their net fee to well below 1%) or charge the customer VAT that eats into the cap, limiting the funds available for management. • Variations in VAT rates by country further mean a saver in one Member State might effectively get less management service for the same 1% gross fee than a saver elsewhere. For instance, a PEPP saver in Hungary (27% VAT) might only receive ~0.79% worth of actual service fee, whereas a saver in Germany (19% VAT) gets ~0.84% service and one in Luxembourg (17% VAT) ~0.85%. These differences are not due to provider efficiency or product design – they are solely the artifact of tax law variation and regulatory design. By counting VAT in the cap, the EU framework is currently amplifying those distortions rather than mitigating them.

- **Exclusion of third-party investment costs (e.g., underlying fund TERs):** These should be disclosed transparently but treated separately from the provider's own management and distribution fees. This approach is already well-understood and applied in other parts of the financial sector (e.g., via MiFID II and PRIIPs cost disclosures).

Specific distribution costs: These include mandatory payments to tied agents, mandated use of certain distribution networks, or fees linked to regulated financial advice in some Member States. Such costs vary widely across jurisdictions and are not driven by provider efficiency. **Clarify the scope of "costs and fees":** The cap should apply **strictly to provider-level charges**—that is, the portion of fees retained by the PEPP provider and its distributors—excluding taxes and necessary pass-through costs. This preserves transparency and comparability while ensuring providers can sustainably operate under the cap.

By making these adjustments, the Basic PEPP can remain affordable and consumer-friendly while enabling wider market participation, greater investment flexibility, and more competitive offerings.

20. 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?

a. Yes

b. No

c. No opinion

Please elaborate your answer. If no, which aspects do you find problematic, and how might they be improved?

b. No

Explanation:

While we acknowledge the value of forward-looking projections and risk mitigation techniques, the current framework—particularly the use of stochastic modelling—remains overly complex and resource-intensive, especially under the Basic PEPP’s 1% cost cap.

To improve balance and comparability across providers, EIOPA should issue clearer technical guidance and standardized assumptions (e.g., return, inflation, volatility). This would help reduce compliance burden and variability in interpretations while still ensuring consumer protection.

A standardized approach would also support consistency across the PEPP Key Information Document and Annual Benefit Statement, without requiring disproportionate resources from providers.

21. Do you consider that the Basic PEPP should be explicitly open to use in a workplace context?

a. Yes

b. No

c. No opinion

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

Explanation:

Yes. We strongly believe the PEPP should be explicitly open to workplace use, as this is essential for scaling up coverage, reducing fragmentation of supplementary pensions, and enabling portability across borders. At present, the PEPP Regulation confines the product to the third pillar, which severely limits its ability to meet adequacy and inclusion objectives. By contrast, workplace pensions are the principal channel through which Europeans accumulate long-term retirement savings. Allowing the Basic PEPP to operate in a workplace setting would unlock its true potential.

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. The following 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.

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.

22. In your view, should the current rules on the registration of PEPP be revised?

- a. Yes
- b. No
- c. No opinion

Please elaborate your answer. If yes, please specify which aspects of the registration process you believe should be modified.

a. Yes

Yes, the current rules on PEPP registration should be revised to centralize and streamline the process, ensuring consistency, transparency, and timely access to the market across the EU.

Our experience as one of the few PEPP-authorised providers has highlighted substantial fragmentation in how the Regulation is being implemented.

We therefore propose:

- **EIOPA should assume direct responsibility for PEPP registration and monitoring** across the EU, acting as the single-entry point for provider authorization. This would ensure consistency, reduce administrative duplication, and support a fully harmonized internal market for personal pensions.

National competent authorities (NCAs) should retain oversight only over regulatory compliance matters (such as MiFID-related conduct rules, KYC/AML, and marketing) as well as areas where the PEPP Regulation explicitly allows Member State **discretion** — such as taxation rules, retirement ages, early withdrawal penalties, and payout options.

- A **centralized EU-wide digital platform** should be established (hosted by EIOPA) to handle applications, publish guidance, and ensure transparency of registered PEPPs across jurisdictions.
- EIOPA should also maintain a **live registry of Member State-specific requirements**, regularly updated in coordination with national tax and pension authorities.

This model is both feasible and justified given the **pan-European nature of the PEPP** and the need for **regulatory clarity, speed, and neutrality** — especially for fintechs, investment firms, and smaller providers who may otherwise be deterred from entering the market.

23. Do you consider that the current rules for the supervision of PEPP should be revised?

a. Yes

b. No

c. No opinion

Please elaborate your answer. If yes, please specify which aspects of the supervisory framework you believe should be modified.

Answer:

a. Yes

Explanation:

Yes, the current rules for the supervision of PEPP should be revised to reflect its pan-European nature and to ensure a consistent, proportionate, and innovation-friendly supervisory approach across the Union.

We believe that EIOPA should become the lead supervisor for all PEPPs, with national competent authorities (NCAs) responsible only for **regulatory compliance** matters (such as MiFID-related conduct rules, KYC/AML, and marketing) as well as the limited areas where Member States retain explicit discretion, including tax incentives, retirement age, and payout structures.

This would offer several benefits:

- **Consistent supervisory standards** across the EU, avoiding divergent interpretations of PEPP rules that create barriers to entry and increase compliance costs for cross-border providers.
- **Centralized monitoring of cross-border risks, uptake, and consumer protection issues**, allowing better enforcement of the Regulation's objectives.

- **Simplified coordination** for providers operating across multiple jurisdictions, particularly digital-first or fintech-based providers, who face duplication and inefficiencies under the current fragmented setup.
- **More efficient updates and guidance** on supervisory expectations (e.g. interpretation of the 1% fee cap, lifecycle strategy requirements, risk mitigation assumptions), especially when linked to EIOPA's role in PEPP product authorisation.

In this revised model, EIOPA would take the supervisory lead — as it does for internal models under Solvency II — while working closely with NCAs on locally governed parameters and market-specific enforcement.

Without such a shift, the current system risks **inconsistent treatment of PEPP providers**, regulatory arbitrage, and under-delivery on the promise of a truly portable and scalable pan-European personal pension.

24. Do you consider the investment rules in the PEPP Regulation appropriate to support the achievement of adequate long-term returns?

a. Yes

b. No

c. No opinion

Please elaborate your answer.

Answer:

a. Yes, with improvements needed to enable effective implementation

Explanation:

The investment rules in the PEPP Regulation are broadly appropriate and sufficiently

flexible to support adequate long-term returns in principle. However, in practice, structural constraints — most notably the **1% all-inclusive fee cap** and **VAT treatment for investment firm providers** — severely limit their real-world application.

As a result, PEPP providers are effectively constrained to **low-cost, passive ETF portfolios**, primarily **U.S.-domiciled ETFs**, which are the only feasible instruments under current cost limitations. This investment profile does not reflect a lack of regulatory flexibility, but rather the **economic distortion** caused by uniform cost caps applied across diverse provider types.

To unlock the full potential of the investment rules, we recommend the following targeted improvements:

- **Exclude VAT and third-party investment costs** (e.g. ETF TERs) from the 1% fee cap, ensuring a level playing field and enabling more diversified, value-driven investment approaches.
- **Align the PEPP more explicitly with the Capital Markets Union (CMU)** by promoting long-term investment in real economy assets, such as infrastructure, private credit, and sustainable strategies.
- **Issue clear EIOPA guidance on lifecycle investment parameters** to ensure consistent implementation of the Basic PEPP default strategy, while allowing innovation and product differentiation across the market.

In conclusion, the investment framework is conceptually sound but must be supported by structural and supervisory reforms to translate into **adequate long-term returns** and effective **capital mobilisation within the EU**.

25. Do you consider that PEPP's limited uptake is due to the existence of competing personal pension products across the Member States?

- a. Yes
- b. No
- c. No opinion

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?**

Answer:

- a. Yes

Explanation:

Yes, but not solely because national products are more competitive — the limited uptake of the PEPP is largely due to low awareness among the public and intermediaries, and in many Member States, local regulatory frameworks treat the PEPP at a disadvantage compared to domestic personal pension products.

In particular, the PEPP faces:

- Lack of parity in tax treatment, with many national systems not granting PEPPs the same tax incentives or administrative convenience as locally registered products.
- Exclusion from auto-enrolment frameworks, even when PEPPs meet all consumer protection and investment suitability standards.

- Ineligibility for employer matching, subsidies, or state incentives that are automatically tied to domestic pension schemes.
- Very limited public visibility and guidance from national authorities, resulting in negligible awareness by citizens and employers.

These disadvantages are not a result of consumer preference, but of regulatory inertia and implementation gaps. A 2025 report by the European Court of Auditors confirms that despite the PEPP Regulation being directly applicable, most Member States failed to actively integrate PEPP into their national pension ecosystems.

To allow PEPPs to compete on a fair basis:

- Member States should be required to grant tax and policy treatment equivalent to domestic products, where PEPPs meet the same functional objectives.
- The Commission should consider mandatory inclusion of PEPP in auto-enrolment frameworks, or at minimum, remove any unjustified exclusions.
- A coordinated EU-wide public awareness and onboarding campaign should be launched to inform citizens, employers, and distributors about the PEPP and its advantages.

Without these measures, PEPP will remain sidelined — not because it is inferior, but because it is undermined by uneven regulatory integration and a lack of visibility.

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

a. Yes

b. No

c. No opinion

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

Answer:

a. Yes

Explanation:

Yes. The current framework continues to create significant regulatory, operational, and commercial barriers that hinder the effective and scalable distribution of the PEPP across the EU.

Fragmented national implementation and limited tax integration

- Many Member States have **not fully integrated the PEPP into their national tax and pension systems**, resulting in uncertainty around deductibility, payout rules, and early withdrawal penalties.
- PEPPs are often excluded from **auto-enrolment, tax relief, or employer matching schemes**, despite meeting equivalent prudential standards — undermining their competitiveness relative to national products.

Tax fragmentation

- The absence of harmonised tax incentives is the single greatest barrier. Each Member State applies its own rules on deductibility, tax relief, and benefit taxation.
- This creates uncertainty for savers and providers, and makes the PEPP far less attractive compared to established national products.

Sub-account complexity without full central support

- The sub-account structure is conceptually sound, but in practice, **burden-sharing across providers is uneven**. EIOPA has launched a **Register of National Laws and Provisions** for PEPPs, which is a positive step.
- However, the current registry:
 - **Lacks standardization** of core implementation parameters (e.g. tax thresholds, retirement ages).
 - Is **not always up to date**, and some entries are only available in national languages.

- Does not offer a **single-source, machine-readable feed** for automated compliance — forcing providers to duplicate legal analysis and infrastructure per Member State.

Fee cap and VAT distortions

- Investment firms are subject to **VAT on PEPP fees**, unlike insurers — creating a structural **disadvantage** under the 1% cap.
- The **inclusion of third-party investment costs** (e.g. fund TERs) under the cap reduces portfolio flexibility, discourages innovation, and limits the viability of higher-value strategies.

Limited commercial incentive for distributors

- PEPP margins are capped and operationally complex, offering little incentive for banks, insurers, and payroll platforms to prioritize it over local alternatives.
- National products typically enjoy **better integration, more flexible fee structures, and simpler administration**.

Non-harmonized onboarding and disclosure regimes

- Digital onboarding is theoretically permitted, but **KYC, eID, and disclosure rules differ across Member States**, complicating scale-up and leading to inconsistent saver experiences.

Recommendations:

- EIOPA should **expand and standardize the PEPP national laws register**, providing uniform, structured data on all sub-account requirements.
- The Commission should **mandate tax and policy parity** for PEPPs when they meet equivalent outcomes. Encourage Member States to grant PEPP the same tax treatment as national pension products, or develop a common EU framework for minimum incentives.
- **VAT and TERs should be excluded** from the 1% cap to level the playing field and enable sustainable product design.
- A **standardized EU-wide onboarding and disclosure framework** should be developed to support digital-first PEPPs.

- Workplace integration: Explicitly allow the Basic PEPP to be offered in occupational settings with payroll deduction and employer-matching schemes.

27. Should the PEPP Regulation ensure that savers can make individual transfers between existing personal pension products and the PEPP?

- a. Yes
- b. No
- c. No opinion

Please elaborate your answer.

Answer:

- a. Yes

Explanation:

Yes. The PEPP Regulation should ensure that savers can make individual transfers from existing personal pension products and occupational pensions (Pillar II) into PEPPs, and vice versa where appropriate. This is essential to deliver on the PEPP's core objectives of portability, pension adequacy, and cross-border continuity.

As labour markets become more mobile and non-standard work increases, individuals often move in and out of traditional employment, leaving them with fragmented savings across occupational and personal systems. The ability to transfer accrued pension rights into a single, long-term savings vehicle such as a PEPP is vital for ensuring adequacy, administrative simplicity, and transparency.

Key barriers to transfers today:

- **Legal and fiscal uncertainty**

Few Member States provide clear rules for transferring personal or occupational (2nd pillar) rights into PEPPs, or vice versa. Tax penalties, forfeiture of matching contributions, or loss of vesting can occur, discouraging movement between systems.

- **No common EU framework for transfers across pillars**

There is no standardized protocol for how entitlements from occupational schemes can be transferred into regulated personal pensions such as PEPPs. Conversely, PEPPs are typically excluded from transfer eligibility when an employee later gains access to a workplace scheme.

Recommendations:

- Amend the PEPP Regulation to explicitly allow individual transfers from and into other 1st and 2nd pillar pension schemes, subject to appropriate safeguards.
- The European Commission, EIOPA, and Member States should coordinate to:
 - Ensure tax neutrality for such transfers
 - Prevent loss of rights or incentives
 - Clarify how PEPPs may serve as receiving or bridging vehicles during employment transitions
- Establish a common EU-wide protocol for cross-pillar and cross-border transfers, with defined standards, documentation, and digital portability

28. 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)?

- a. Yes
- b. No
- c. No opinion

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.

Answer:

- a. Yes

Explanation:

The transparency requirements under the PEPP Regulation are fundamentally sound and, in many respects, **stronger and more comprehensive** than those applied to personal pension products under national law.

The PEPP framework includes structured and user-friendly disclosures such as:

- A **Key Information Document (KID)** with standardised cost and risk metrics
- An **Annual Benefit Statement** with benefit projections, cost breakdowns, and asset allocation
- Harmonised rules for provider communications, including digital delivery channels

In our view, the level of transparency under PEPP **exceeds what is typically required for national third-pillar products** in many Member States, where disclosure standards

vary significantly and may be less developed or less harmonised. This is particularly true in countries where insurance-based pension products dominate, and cost or performance information is fragmented or difficult to compare.

29. In your view, could the inclusion of the PEPP along with other personal pension products in national pension tracking systems improve transparency for savers?

a. Yes

b. No

c. No opinion

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

Answer:

a. Yes

Explanation:

Yes. Including the PEPP alongside other personal pension products in national pension tracking systems would significantly improve transparency and help savers form a complete and realistic view of their retirement entitlements.

Currently, most national pension tracking systems, where they exist, are focused primarily on first-pillar (statutory) and occasionally second-pillar (occupational) pensions. Personal pensions, including the PEPP, are often excluded or not integrated in a meaningful way. This exclusion limits both the visibility and relevance of the PEPP, especially for individuals who have moved between Member States or who have fragmented retirement savings across multiple products.

Benefits of inclusion:

- **Holistic overview of retirement entitlements**
Savers would be able to see all of their pension rights, statutory, occupational, and personal, in one place, improving planning and awareness.
- **Improved comparability and engagement**
Displaying the PEPP alongside other products allows users to compare projected outcomes and cost structures, which encourages informed decision-making.
- **Greater trust and legitimacy**
Inclusion in official state-endorsed platforms increases confidence in the PEPP as a regulated, reliable solution for long-term savings.
- **Support for mobility and continuity**
For cross-border workers and the self-employed, integrated tracking ensures that entitlements follow the individual, not the employer or product provider.

Recommendation:

To maximise the transparency benefits of the PEPP, **Member States should be required to include it in their national tracking systems** on an equal footing with domestic third-pillar products. In doing so, they should:

- Coordinate with EIOPA to define the minimum data fields and technical standards required
- Ensure that sub-account features (e.g. retirement age, tax treatment) are correctly reflected
- Provide real-time or near real-time updates based on API integration with providers

30. 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?

a. Yes

b. No

c. No opinion

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?

Answer:

a. Yes

Explanation:

Yes. Pension tracking systems can and should be used to fulfil certain disclosure requirements under the PEPP Regulation, particularly for members and beneficiaries who interact primarily via digital channels. This approach would improve efficiency, reduce administrative duplication, and offer a more user-friendly and consolidated view of retirement entitlements.

Digital user expectations

Today's savers increasingly expect a central, digital, and mobile-accessible platform where they can view their financial information. Integrating PEPP disclosures into such platforms aligns with user behaviour and strengthens engagement.

Reduction of duplicative reporting

If properly implemented, pension tracking systems could host key information that would otherwise be repeated in multiple provider-issued reports, such as:

- Accrued savings and contribution history
- Projected retirement benefits
- Investment strategy and risk profile

- Applicable sub-account features (e.g. tax treatment and payout rules)

Consistent format and comparability

Tracking systems could display PEPP data in a consistent, state-endorsed format that supports comparability across providers and with other pension products.

Suggestions:

- The **PEPP Benefit Statement and KID** content could be made accessible through the pension tracking platform, provided it is presented in a clear, structured, and up-to-date manner.
- Member States and EIOPA should define a **minimum common data standard**, and providers should be required to feed this data into the system on a regular basis.
- Disclosure via pension tracking systems should be **considered equivalent** to direct disclosures for regulatory compliance, avoiding unnecessary dual reporting obligations.

31. 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?

- a. Yes
- b. No
- c. No opinion

Please elaborate your answer, providing relevant examples where possible.

Answer:

b. No

Explanation:

No. Although the Commission Recommendation of 29 June 2017 called for tax neutrality between the PEPP and national personal pension products, it has not resulted in a level playing field across the EU. In practice, **many Member States have not adjusted their national frameworks to incorporate the PEPP in a consistent or functional way.**

Key issues:

Limited or unclear national implementation

Several Member States have not formally recognised the PEPP in their tax codes, resulting in **uncertainty or inaccessibility of tax deductions** for PEPP contributions. This contrasts with the established procedures and tax advantages that apply to existing national pension products.

Administrative preference for existing systems

Domestic products are often more fully integrated into payroll systems, employer incentive structures, and reporting platforms. This makes them **more accessible and operationally convenient** for savers and intermediaries, even when the PEPP meets equivalent prudential standards.

Lack of clarity for cross-border savers

For individuals who relocate within the EU, there is often no clear guidance on whether tax deferral or deductibility for the PEPP will continue to apply in the new Member State. This undermines the portability objective of the PEPP.

Missed alignment opportunity

Instead of being actively incorporated into national tax and retirement systems, the

PEPP often remains **outside mainstream pension policy**, limiting its effectiveness and visibility in the broader third-pillar landscape.

32. 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?

- a. Yes
- b. No
- c. No opinion

Please elaborate your answer. If yes, what type of action would you consider most appropriate?

Answer:

- a. Yes

Explanation:

Yes. Further EU-level action is needed to ensure that the PEPP is not disadvantaged relative to national third-pillar pension products in terms of tax treatment. While direct taxation remains a national competence, and the EU cannot impose binding tax alignment, there are concrete and meaningful steps that the EU can take to drive convergence and fairness.

Why EU action is necessary:

- **National implementation remains fragmented**

Most Member States have not formally recognised the PEPP in their tax

frameworks, resulting in limited or no tax deductibility for contributions, uncertain treatment on payout, and exclusion from national incentives.

- **Voluntary coordination has not delivered results**

The Commission's 2017 Recommendation encouraged Member States to treat PEPP equally with national personal pension products, but implementation has been inconsistent and limited. Soft law alone has proven insufficient.

- **The PEPP is a harmonised EU product**

The Regulation sets clear standards on investment, risk mitigation, and disclosure. When PEPPs meet the same public policy objectives as domestic products, they should be treated equally for tax purposes.

Recommendations:

- The EU can adopt a **Council Recommendation** with stronger language and regular monitoring, requiring Member States to grant the PEPP tax treatment at least as favourable as the most comparable domestic personal pension product (same relief, caps, and payout taxation). In Member states that do not have domestic personal pension products, same conditions should apply with occupational pension products.
- When conditions are met.
- The Commission may propose a **Directive on minimum standards for tax treatment of personal pensions**, including PEPPs. While such a directive would require unanimity, it would create a clear legal framework for convergence.
- The Commission and EIOPA can support **structured dialogue with Member States**, collecting and publishing comparative tax data and identifying best practices to promote convergence.

- Enhanced cooperation could also be pursued by a group of Member States willing to align tax rules for the PEPP, establishing a **level playing field among early adopters**.

33. Are there any additional issues that you believe should be considered in the review of the PEPP Regulation?

- a. Yes
- b. No
- c. No opinion

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

Answer:

- a. Yes

Explanation:

Yes. Beyond the issues covered in the consultation, there are several structural and strategic matters that should be addressed in the PEPP Regulation review to enable the product to reach its full potential and contribute meaningfully to the EU's retirement savings landscape.

Clarify VAT treatment and ensure a level playing field across providers

The current inclusion of VAT and third-party investment costs (e.g. fund TERs) within the 1% cost cap disadvantages investment firm providers compared to insurers, who are typically VAT-exempt. This creates pricing distortions and limits product diversity.

The review should:

- Clarify that VAT should be excluded from the cost cap
- Promote, where feasible, the creation of a VAT-exempt structure for PEPPs in line with existing pension VAT exemptions and case law
- Harmonise the treatment of third-party costs across all provider types

Strengthen EIOPA's central coordination role

Greater involvement by EIOPA would reduce fragmentation and ensure more consistent implementation across Member States. Specifically, EIOPA should:

- Maintain a single register of Member State sub-account parameters
- Coordinate registration and cross-border compliance
- Issue technical guidance on projections, lifecycle assumptions, and disclosures

Promote public awareness and digital access

Despite its strengths, the PEPP remains largely unknown to most citizens. Awareness and access must be improved to ensure scale and impact.

The review should:

- Support EU-wide and national awareness campaigns
- Integrate PEPPs into pension dashboards and tracking systems
- Encourage digital onboarding and comparison tools to simplify user engagement

REVIEW OF THE IORP II DIRECTIVE

34. 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?

- a. Yes
- b. No
- c. No opinion

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.

Answer:

- c. No opinion

35. Are there in your knowledge any national quantitative or other type of investment rules imposing overly restrictive limits on investments in alternative assets?

- a. Yes
- b. No
- c. No opinion

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.

Answer:

c. No opinion

36. 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?

a. Yes

b. No

c. No opinion

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.

Answer:

c. No opinion

37. 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?

a. Yes

b. No

c. No opinion

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.

Answer:

c. No opinion

38. Do you consider that the introduction of an explicit duty of care provision could further strengthen the level of protection of members and beneficiaries?

a. Yes

b. No

c. No opinion

Please elaborate your answer. If such a duty were to be made explicit in the Directive, what elements should it cover?

Answer:

c. No opinion

39. 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?

- a. Yes
- b. No
- c. No opinion

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

40. 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?

- a. Yes
- b. No
- c. No opinion

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.

Answer:

a. Yes

Explanation:

Yes. Smaller IORPs often lack the scale required to:

- **Diversify effectively** across asset classes and geographies;
- **Negotiate lower investment and operational fees;**
- **Access institutional-grade governance, risk management, and technology.**

This can directly undermine **performance, risk control, and long-term adequacy**, especially for savers in less mature or fragmented markets.

Best practices for scaling:

We see several proven approaches to enhance scale and cost-efficiency:

- **Multi-employer schemes:** Pooling multiple employers under one IORP umbrella offers immediate scale benefits, especially for SMEs.
- **Master trust structures:** Allowing affiliated and unaffiliated employers to participate under a central governance and investment framework.
- **Fiduciary management and OCIO models:** Outsourcing investment strategy, manager selection, and operational implementation to institutional experts.
- **Digital onboarding and automation:** Technology-driven administration helps reduce marginal costs and simplifies multi-employer compliance.

LifeGoals' own structure as a **multi-employer cross-border IORP** demonstrates how scale can be achieved through a combination of automation, fiduciary oversight, and shared infrastructure.

Obstacles to scaling up:

Despite these models, practical and regulatory obstacles remain:

- **Cross-border complexity:** Divergent national rules on onboarding, taxation, and benefit design discourage broader participation.
- **Lack of uniform transfer procedures:** Hinders consolidation of pension rights across employers or schemes.
- **Registry and visibility issues:** Lack of clear, centralised IORP registries (especially for cross-border activity) makes it difficult for new employers or advisers to identify viable solutions.
- **Social and labour law uncertainties:** Home-host authority fragmentation, unclear sub-account parameters, and missing implementation guidance create friction for cross-border scaling.

How the IORP II Directive review can help:

The Directive can support scale by:

- **Encouraging standardised procedures** for cross-border onboarding and sub-account approval;
- **Promoting pan-European visibility** of IORP providers and their service capabilities through EIOPA-level registries;
- Clarifying that **multi-employer and master trust IORPs** are compatible with both local and EU regulatory frameworks;
- Supporting **tax neutrality and governance alignment** for shared infrastructure and outsourced investment models;
- Enabling **voluntary alignment with PEPP-type features**, such as portable individual accounts or hybrid structures.

41. 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?

- a. Yes
- b. No
- c. No opinion

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?

Answer:

- b. No

Explanation:

No. The current framework for cross-border collective transfers under Article 12 of the IORP II Directive has **not achieved its intended objectives** of enabling scalable occupational retirement provision across the Union. In practice, the process remains **legally complex, procedurally burdensome, and inconsistently implemented across Member States**, which discourages providers from offering or consolidating cross-border solutions.

Key challenges observed:

- **Legal and procedural uncertainty**

The framework lacks **clarity on key concepts**, such as what constitutes a “majority of members and beneficiaries,” who is entitled to represent them, and how approval must be documented. This results in delays, conflicting interpretations, and administrative friction during cross-border transfers.

- **Fragmented supervisory practices**

National Competent Authorities (NCAs) apply divergent interpretations and timelines, often imposing **additional national-level requirements** or lengthy approval procedures. This erodes legal certainty and discourages cross-border efficiency.

- **Lack of harmonised rules for domestic transfers**

In some Member States, the rules for **domestic collective transfers** are not clearly defined, creating ambiguity for multi-employer IORPs that aim to consolidate plans or onboard new employers. Without simple rules, **scaling** becomes operationally and legally difficult — even within one jurisdiction.

Suggested improvements:

- **Introduce a uniform EU definition** of the “majority of members and beneficiaries” required for approval, including clear thresholds and procedures for notification and consent.
- **Simplify and standardise the transfer process** by setting timeframes, documentation templates, and supervisory review steps across Member States, coordinated by EIOPA.
- Require Member States to **adopt clear and simple rules for domestic collective transfers**, particularly in jurisdictions where multi-employer arrangements are growing or being introduced.

- Consider creating a **digital notification and approval workflow** for transfers, enabling auditability and transparency while reducing manual coordination between NCAs.

42. 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?

a. Yes

b. No

c. No opinion

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?

Answer:

b. No

Explanation:

While the IORP II Directive provides a legal basis for cross-border activity, **the current framework is not effective in practice**. Legal uncertainty, procedural delays, and divergent interpretations by national authorities **undermine the viability of cross-border operations** and limit the scale of pan-European IORPs.

Key practical barriers:

Inconsistent interpretation of social and labour law (SLL) requirements

The six-week period for host Member States to notify the home authority of relevant SLL rules often results in:

- Delayed or incomplete responses
- Unclear or overly broad references to national frameworks
- Ongoing supervisory discretion long after initial notification

This lack of legal certainty discourages market entry and adds compliance risk for providers.

Divergent supervisory practices

NCA's often impose **additional national requirements**, especially related to benefit design, investment strategy, or reporting, even where the Directive aims to ensure home-state control. This creates a de facto **dual supervision regime**, rather than a passporting system.

- **Opaque and prolonged authorisation processes**

Timelines are not enforced uniformly, and **some NCAs introduce informal “pre-approval” or extended review phases**. The lack of clear escalation channels contributes to inertia.

- **Lack of transparency and coordination tools**

There is no single access point or official register of host country requirements, particularly those stemming from social and labour law (SLL), such as minimum benefit rules, vesting conditions, or retirement age provisions. This increases legal and operational complexity for cross-border IORP providers.

LifeGoals Experience:

LifeGoals pursued the cross-border expansion of its IORP, the LifeGoals Multi-Employer Provident Fund, into Greece, beginning the process in 2021. The most significant delays occurred on the home-country side in Cyprus, where it took more

than two years for the formal notification to be transmitted to the Greek authorities. This undermined the effectiveness of the IORP II framework, which is meant to facilitate timely and coordinated cross-border activity.

Once the notification reached Greece, the process was further delayed due to the transition of supervisory responsibility to the Bank of Greece as of 1 January 2025, under Law 5078/2023.

43. 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?

a. Yes

b. No

c. No opinion

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?

Answer:

b. No

Explanation:

While the IORP II Directive provides a formal framework for cooperation between home and host authorities, in practice the current supervisory arrangements **do not adequately ensure predictability, legal certainty, or efficient market entry**. The balance between home-country control and host-country social and labour law (SLL) oversight is not clearly operationalised, leading to delays, inconsistent expectations, and a lack of trust among providers.

Areas needing improvement:

1. Lack of accountability and enforceable timelines

There are no binding deadlines or escalation mechanisms if either authority fails to act in a timely or transparent manner. This allows processes to stall without recourse.

2. Inconsistent interpretation of supervisory scope

Host authorities sometimes overstep their role by informally reviewing or requesting changes beyond SLL scope, such as intervening in governance, investment strategy, or member communication. This undermines the principle of home-country supervision and discourages cross-border expansion.

3. No structured cooperation tools

There is no shared EU platform or supervisory portal for tracking the status of cross-border cases, sharing documentation, or ensuring procedural discipline. Cooperation is ad hoc and fragmented, relying on informal bilateral exchanges.

4. Regulatory asymmetry

The level of supervisory expertise and preparedness varies significantly between Member States, increasing the risk of regulatory arbitrage or, more commonly, regulatory inertia. Some authorities lack practical experience or capacity to implement cross-border provisions, even if well intentioned.

Recommendations:

- Introduce **binding timelines and escalation mechanisms**, possibly coordinated by EIOPA, to prevent delays or inactivity.
- Clarify and limit host authority intervention to genuine **social and labour law requirements**, avoiding scope creep.

- Establish an **EIOPA-managed digital platform** for notification, progress tracking, and supervisory correspondence.
- Develop a **peer review process** or minimum standards to ensure consistent supervisory capacity and interpretation across Member States.

44. 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?

a. Yes

b. No

c. No opinion

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.

Answer:

a. Yes

Explanation:

The diversity of supplementary pension arrangements across Member States results in major inconsistencies in the level of protection, supervision, and portability

available to EU citizens. While the IORP II Directive has helped enhance governance and transparency for occupational pensions, its scope remains limited and excludes a range of functionally equivalent providers.

We believe the Directive's scope could be broadened or complemented by the following approaches:

- **Recognise and incorporate other retirement institutions** (such as those covered under Regulation (EU) 2018/231 but outside IORP II) that perform similar functions, ensuring they are subject to comparable prudential and disclosure requirements.
- **Introduce a proportional supervisory framework** that allows smaller or less complex entities (e.g. SME collective schemes or digital pension platforms) to fall within scope without facing disproportionate burdens.
- **Coordinate with the PEPP framework** to ensure consistent member protections across both occupational and personal pensions, enabling safe and tax-neutral transfers between systems. This would help address gaps for the self-employed, mobile workers, and individuals not covered by occupational schemes.
- Consider whether certain types of **insurance-based occupational schemes** or **sectoral funds** that function as de facto workplace pensions but escape consistent EU supervision should be brought partially within the IORP framework.

Such an expansion would not only increase harmonisation, but also promote **greater inclusion and pension adequacy**, especially in Member States with fragmented second-pillar coverage or weak personal pension options. It would also facilitate mobility and mitigate the **pension gap**, particularly for women, the self-employed, and workers in non-standard forms of employment.

45. 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?

a. Yes

b. No

c. No opinion

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?

Answer:

b. No

Explanation:

No. Although the IORP II Directive aims to harmonise prudential supervision and governance requirements across Member States, **its implementation has resulted in significant regulatory and supervisory divergence**, which undermines the level playing field across the EU.

In practice, the Directive allows for a broad margin of discretion in areas such as **social and labour law, governance, risk assessment, and reporting**, which Member States interpret and apply in widely varying ways. As a result, providers operating in different jurisdictions — or seeking to operate cross-border — face **inconsistent requirements, duplicative procedures, and fragmented supervisory expectations**.

Key sources of imbalance and fragmentation:

- Divergent supervisory practices

National Competent Authorities (NCAs) interpret and enforce IORP II rules

differently, particularly with respect to cross-border activity, benefit structures, and risk management. Some Member States have **mature supervisory frameworks**, while others lack technical capacity or familiarity with modern multi-employer or digital pension models.

- **Asymmetry in implementation of governance and information requirements**

Even within the Directive's common structure, practical application of key provisions — such as risk assessment processes, ESG integration, and member disclosures — differs substantially. This affects operational burden and compliance costs, especially for providers scaling across borders.

- **Varying interpretation of "social and labour law"**

The lack of a common definition or guidance on what constitutes relevant social and labour law (SLL) allows for **inconsistent demands by host Member States**, creating legal uncertainty for home-country supervised providers.

- **Lack of a centralised supervisory coordination mechanism**

There is no EU-wide portal or tracking tool to monitor consistency in supervisory decisions or application of the Directive, nor a binding mechanism to resolve interpretational disputes between NCAs.

Recommendations:

- Introduce **minimum supervisory standards** and procedural timelines to ensure consistency across NCAs.
- Mandate **greater transparency** around Member State interpretations of key IORP II provisions, particularly regarding SLL.
- Establish a **central coordination mechanism under EIOPA** to oversee cross-border implementation, provide templates, and mediate differences between authorities.
- Support **capacity building in Member States** with less-developed supervisory infrastructures.

46. 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?

a. Yes

b. No

c. No opinion

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?

Answer:

b. No

Explanation:

No. Despite the harmonising objectives of the IORP II Directive, **supervisory convergence across the EU remains limited and inconsistent**. The Directive allows significant discretion in its transposition and interpretation, resulting in a patchwork of supervisory approaches that create uncertainty, inefficiency, and barriers to cross-border scalability.

Areas most affected by supervisory divergence:

- **Cross-border activity and notification procedures**

Supervisory practices differ significantly when it comes to processing cross-border notifications, reviewing participation agreements, and interpreting the scope of host-country oversight. Delays, inconsistent expectations, and informal interpretations undermine the single market principle.

- **Application of governance and risk-management requirements**
Core provisions such as the Own Risk Assessment (ORA), outsourcing oversight, and internal control frameworks are applied unevenly. Some NCAs apply high expectations equivalent to large pension funds, while others provide little guidance or oversight.
- **Interpretation of social and labour law (SLL)**
The lack of a clear EU definition or interpretive guidance on what constitutes relevant SLL allows for divergent views by host authorities, with some extending their reach into areas beyond the intended scope of the Directive.

47. 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?

a. Yes

b. No

c. No opinion

Please elaborate your answer.

See also the specific questions in relation to investment policies and cross-border operations.

Answer:

b. No

Explanation:

No. The issue is not that national competent authorities (NCAs) lack the legal powers under the IORP II Directive, but rather that the Directive **grants significant discretion** to Member States in how they interpret and implement their supervisory

responsibilities. This has led to **inconsistent application**, procedural inefficiencies, and divergent supervisory outcomes. Moreover, the Directive does not provide EIOPA with an enforceable mandate to ensure compliance or alignment across NCAs.

Key concerns:

- **Discretionary implementation without effective EU enforcement**
Member States have discretion in how they apply supervisory powers, such as processing cross-border notifications, interpreting social and labour law (SLL), or reviewing governance structures. In the absence of enforceable oversight by EIOPA, this discretion has resulted in fragmented practices and prolonged delays.
- **EIOPA's limited supervisory role**
While EIOPA issues valuable guidance and promotes best practices, it lacks the authority to enforce convergence or to intervene when NCAs fall short in implementing the Directive efficiently or transparently.
- **Divergence in supervisory outcomes**
Although the legal powers exist on paper, the supervisory outcomes vary widely depending on each Member State's administrative approach, internal capacity, and willingness to support cross-border operations.

48. 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)?

a. Yes

b. No

c. No opinion

Please elaborate your answer. If no, which aspects of the information requirements are most lacking, and how could the regulatory framework be improved?

Answer:

b. No

Explanation:

No. While the IORP II Directive introduces important requirements for transparency and member communication, the current rules are not sufficient to ensure that all members and beneficiaries across the EU receive clear, comparable, and actionable information. The lack of standardisation, uneven enforcement, and excessive use of legalistic or technical language weakens the Directive's consumer protection objectives.

Key areas where information requirements fall short:

- **Inconsistent implementation and readability**
Information provided to members often lacks clarity, especially regarding cost structure, benefit projections, and performance communication. Technical jargon and dense legal disclaimers reduce the practical usability of disclosures.
- **No common standards for projections and assumptions**
Projections are often based on assumptions that vary across Member States or providers. Without harmonised methodologies or EIOPA-defined parameters, member understanding is undermined.
- **Lack of comparability across providers**
In the absence of standardised templates and terminology, it is difficult for members to compare products — even within the same market.

- **Limited use of digital tools**

Although digital communication is permitted, the Directive does not go far enough in encouraging user-friendly formats, interactivity, or layered disclosures suitable for online and mobile platforms.

Recommendations:

To strengthen member communication and comparability, the following enhancements should be considered:

- **Develop EU-level standard templates** for benefit projections, cost breakdowns, and ESG disclosures, using clear, layered formats and plain language to improve readability and engagement.
- **Harmonise projection assumptions** or require presentation of multiple scenarios under methodologies guided by EIOPA to ensure comparability across providers.
- **Encourage interactive digital tools**, such as dashboards, calculators, and alerts, to promote more dynamic and user-friendly member engagement.
- **Coordinate with EU-wide Pension Tracking System (PTS) initiatives** to align IORP II disclosure standards with broader efforts to consolidate pension information. This is especially important for mobile workers and individuals with entitlements across multiple schemes and jurisdictions.

49. 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?

a. Yes

b. No

c. No opinion

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

Answer:

a. Yes

Explanation:

Yes. All supplementary pension savers across the EU should have a fundamental right to receive **clear, essential, and comparable information** about their pension scheme, regardless of whether it is provided by an IORP, insurance company, investment firm, or other institution. The current lack of alignment across different types of providers **fragments the market, confuses savers, and creates unfair advantages** for legacy or domestically favoured products.

A common baseline of information is essential to ensure that savers understand their entitlements, fees, risks, and projected outcomes. It also promotes informed decision-making, increases trust in the system, and supports labour mobility within the Union.

Key content that should be uniformly disclosed:

- Scheme type and legal nature
- Contribution structure and vesting rules
- Fees and cost breakdowns
- Investment strategy and risk indicators
- Benefit projections under harmonised assumptions
- Portability options and tax treatment (general principles)

The European Commission should pursue **greater alignment of pension information standards across all supplementary pension products**, with clear mandates on disclosure scope, format, and accessibility. This would enhance comparability, empower savers, and support EU-wide tools such as the **Pension Tracking Systems (PTS)** and **cross-border digital dashboards**.

Such alignment does not require full harmonisation of product structures but would establish a **minimum transparency floor** that protects all pension savers equally.

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

a. Yes

b. No

c. No opinion

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

Answer:

a. Yes

Explanation:

Yes. Including IORPs under national pension tracking systems (PTS) would significantly improve transparency, especially for mobile workers and those with fragmented pension entitlements across multiple providers. It would allow savers to view their accumulated rights in one place, make informed retirement planning decisions, and reduce the informational gap that currently exists in many Member States.

At present, coverage of PTS initiatives is uneven and often excludes occupational pensions provided by IORPs, particularly in cross-border contexts. This limits the effectiveness of the systems and undermines the EU's broader objectives of **portability, transparency, and retirement adequacy**.

To ensure consistency and scale, the IORP II Directive should include a requirement that **all IORPs be integrated into national PTS platforms**. This would align with the broader goal of enabling all pension savers to track their entitlements in real time, regardless of the legal structure or provider type.

Moreover, integration into PTS could improve administrative coordination, simplify member communications, and support the development of EU-level digital pension dashboards and comparability tools.

51. 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?

a. Yes

b. No

c. No opinion

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?

Answer:

a. Yes

Explanation:

Yes. Pension Tracking Systems (PTS) can serve as a suitable and efficient vehicle to fulfil several disclosure requirements under the IORP II Directive — particularly for members and beneficiaries who engage via digital platforms. When well-integrated, PTS can enhance access to information, support standardisation, and reduce administrative burdens for providers and supervisory authorities.

Interaction with the Pension Benefit Statement (PBS):

The **Pension Benefit Statement (PBS)** could be made available through the **PTS interface** as part of a layered digital disclosure model. This would allow members to access core summary information while offering links to more detailed explanations or downloadable versions of the full PBS.

To avoid **dual reporting**, a harmonised technical standard (e.g. via EIOPA guidance) could define:

- The specific PBS elements that can be fulfilled through PTS;
- Required update frequencies;
- Data format and portability standards across platforms.

The PBS and PTS should not be duplicative but **interoperable**, allowing the PTS to act as a central delivery channel that meets formal PBS requirements while also presenting the data in a more user-friendly and consolidated manner.

The IORP II Directive should be amended to allow Member States to **designate PTS as a primary digital disclosure channel**, provided that:

- All mandatory PBS content is made available through the PTS;
- Members are digitally notified of updates;
- Paper-based or offline alternatives are **not required by default**, but may be offered **only upon explicit request** by members who are unable or unwilling to access digital platforms.

Modernising the delivery of pension disclosures through PTS can enhance transparency, support behavioural engagement, and reflect how people interact with financial information today. Requiring parallel paper-based delivery by default undermines the efficiency and cost-effectiveness of digital transformation and should only apply in exceptional cases where digital access is not feasible.

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

a. Yes

b. No

c. No opinion

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.

Answer:

a. Yes

Explanation:

Yes. Tax-related issues remain relevant, but they are **not the primary reason** for the limited development of cross-border IORPs. In practice, the **main barriers are procedural, institutional, and political**. These include national protectionism toward local pension providers, regulatory fragmentation, and a lack of clear or enforceable procedures for enabling effective cross-border onboarding and supervision.

Clarification on tax-related barriers:

- Some Member States **do not explicitly recognise foreign IORPs for tax-relief purposes**, which can reduce the attractiveness of cross-border arrangements.
- Differences in **contribution deductibility, benefit taxation**, and the treatment of **lump sums vs annuities** create complexity and uncertainty for both employers and savers.
- However, many of these issues can be managed through **bilateral arrangements** or equivalence-based recognition.

More decisive obstacles: regulatory fragmentation and institutional protectionism

- Host-country regulators and social partners often favour national structures, particularly long-established **sectoral pension funds, union-linked schemes, or industry-specific arrangements**, which limits openness to foreign or pan-European providers.
- These actors may view multi-employer or cross-border entrants as undermining existing governance models or threatening negotiated benefit structures.

- **Procedural complexity**, such as vague social and labour law (SLL) requirements, unclear notification processes, and discretionary delays, creates **legal and operational uncertainty**.
- These barriers, though not strictly tax-related, **discourage market entry and undermine scalability**, particularly for new or digital-native IORPs.

The EU should not only encourage more consistent tax recognition of cross-border IORPs, but also:

- **Enforce procedural transparency** and uniform timelines for host-country notifications;
- Require public registries and documentation of host-country requirements;
- Address **entrenched institutional barriers**, including sectoral or union-based resistance to foreign IORPs;
- Develop tools to ensure **equal treatment of foreign and domestic providers**.

Without addressing these deeper structural issues, tax reforms alone will not enable meaningful cross-border occupational pension provision.

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

a. Yes

b. No

c. No opinion

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.

Answer:

b. No

Explanation:

No. While the IORP II Directive draws a formal distinction between **prudential regulation** and **social and labour law (SLL)**, in practice the boundary between the two remains **unclear, inconsistently applied, and a source of regulatory friction**, particularly in the context of cross-border operations:

- **Diverging interpretations by Member States** of what constitutes SLL versus prudential regulation result in **uncertainty for providers**, especially when host countries reclassify technical or operational requirements as SLL.
- Some **host country rules on benefit design, payout structure, or contractual terms** are presented as SLL, even when they have prudential implications — creating duplication or conflict with home-country supervision.
- **Lack of central guidance or arbitration** means these conflicts are resolved slowly or not at all, deterring cross-border IORPs and undermining supervisory convergence.

To address this uncertainty, the following improvements should be considered:

- **EIOPA guidance or templates** defining core elements of prudential regulation versus SLL;
- A **binding interpretative framework** or arbitration mechanism when disagreements arise between home and host regulators;
- **Increased transparency and publication of national SLL rules** through a central EU register, so that providers can assess obligations upfront.

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

a. Yes

b. No

c. No opinion

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

Answer:

a. Yes

Explanation:

Beyond improving supervisory convergence and reducing procedural fragmentation, the review of the IORP II Directive should consider how to **better coordinate the IORP and PEPP frameworks** to reflect the realities of a mobile and evolving European workforce, and to address persistent **pension coverage and adequacy gaps** across Member States.

Key proposals:

1. Enable optional transferability between IORPs and PEPPs within the same Member State

We propose the creation of a mechanism to **allow seamless, tax-neutral transfers between IORP-based occupational pensions and the Pan-European Personal Pension Product (PEPP)**, at least **within the same Member State**. This would:

- Support **individuals transitioning between employment types** (salaried, self-employed, gig economy),
- Facilitate the **consolidation of fragmented entitlements** over a lifetime,
- Preserve **national tax discretion** while promoting continuity of savings and long-term retirement adequacy.

2. Allow the PEPP to operate as a collective vehicle with employer contributions

We also recommend that the PEPP framework be expanded to:

- Permit **employer contributions** on behalf of employees;
- Receive **equivalent tax treatment** to second-pillar schemes under national law;
- Support **group enrolment or collective administration**, while retaining the PEPP's individual ownership and portability.

This would create a practical, regulated solution for **SMEs, micro-enterprises, and non-traditional employers**, and offer pension coverage to sectors and employment types often excluded from IORPs.

Contribution to closing the pension gap:

These proposals would also advance the EU's objectives of **narrowing the pension gap** by:

- Extending coverage to groups typically under-represented in occupational pension schemes, including **women, younger workers, part-time employees, and the self-employed**;
- Offering **flexible, portable options** that reflect modern labour market realities;
- Enabling **cross-phase accumulation**, even when individuals alternate between personal and occupational pension eligibility.

Strategic rationale:

This integrated approach would:

- Improve **pension coverage, adequacy, and portability** across Member States;
- Bridge the gap between occupational and personal pensions;

- Align with broader EU objectives such as the **Capital Markets Union, Savings and Investments Union, digital financial inclusion, and gender equality in retirement outcomes.**

The review of the IORP II Directive offers an opportunity to future-proof Europe's pension architecture. By enabling interoperability between IORPs and PEPPs, the EU can create a **more inclusive, flexible, and portable pension system** that works across employment types and life stages — and actively contributes to **closing the pension gap.**