

OPSG

OCCUPATIONAL PENSIONS STAKEHOLDER GROUP

Discussion Paper on Introducing the Pan-
European Occupational Pension Product (PEOP)

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PAN-EUROPEAN OCCUPATIONAL PENSION (PEOP): A SUMMARY

Background:

- ▶ The Occupational Pensions Stakeholder Group (OPSG) of EIOPA aims to initiate discussion on a potential Pan-European Occupational Pension (PEOP) product.
- ▶ This proposed voluntary pension scheme seeks to increase retirement security and meet the evolving needs of mobile workers, multinationals, SMEs and those in countries with underdeveloped second pillar pensions.

Rationale:

- ▶ Recent reports show increased risk of pensioner poverty across the EU. PEOP could help provide good pension solutions.
- ▶ PEOP could offer a cost-effective way for multinationals to harmonize pension offerings across countries.
- ▶ For SMEs and countries with limited second pillar pensions, PEOP could give access to a pan-European pension framework.

Critical Success Factors:

- ▶ Sufficient scale - it is advantageous that PEOP is designed to enable the voluntary transition of existing pension plans to this new scheme to realize cost efficiencies. Importantly, this should be pursued without discriminating against existing occupational pension products. Enabling IORPs to offer PEOP - a key success factor is the empowerment of Institutions for Occupational Retirement Provision (IORPs) to offer PEOP, should they choose to do so.
- ▶ Clear legal framework - balancing national social and labour laws with EU prudential regulation.
- ▶ Employer/employee interest - education on PEOP's benefits.
- ▶ Governance and oversight - ensuring strong consumer protections.

Opportunities:

- ▶ Complement national pension systems and increase retirement savings.
- ▶ Facilitate cross-border workforce mobility and multinational operations.

- ▶ Stimulate pension industry growth in countries with underdeveloped systems.
- ▶ Targets an untapped workforce of over 200 million, of which only 17.7% are covered by pension funds, significantly broadening pension coverage.¹
- ▶ Potentially adds €17 billion or more to pension assets, enhancing retirement security across Europe.

Challenges:

- ▶ Diverse national regulations and differences in legal frameworks across Member States.
- ▶ Potential resistance from existing pension providers viewing PEOP as competition.
- ▶ Administrative complexities around cross-border pension provision.

Strategic Alignment with CMU:

- ▶ The PEOP initiative complements the Capital Markets Union's goal to mobilize European savings for productive investments.
- ▶ Reflecting the Eurogroup's March 2024 statement, the PEOP aligns with efforts to improve EU pension systems and broaden investment access.
- ▶ Aligns with the push to utilize the estimated €35 trillion in European savings, supporting economic growth and innovation.
- ▶ Through a unified capital market, PEOP aims to increase retirement security and economic vitality in the EU.
- ▶ Promotes the CMU's objective of removing barriers to cross-border investments, improving pension portability and regulatory harmonization.
- ▶ The Letta report (April 2024) proposes the creation of a EU Long-Term Savings Product, which could be a workplace savings product, further supporting the CMU's goal of mobilizing private capital to meet the EU's strategic needs.

Next Steps:

- ▶ Comprehensive feasibility study assessing costs, benefits, risks.
- ▶ Multi-stakeholder engagement to incorporate diverse expertise and insights.
- ▶ Constructive dialogue on if and how PEOP could enable good pensions across the EU.

¹ See Addendum 1 of the Full Discussion Paper for the sources of these figures

The OPSG welcomes perspectives on PEOP as it represents a major opportunity to enhance European pension adequacy and address demographic and workforce changes.

DISCUSSION PAPER ON A PAN-EUROPEAN OCCUPATIONAL PENSION: AN INTRODUCTION

The Occupational Pensions Stakeholder Group (OPSG) of the European Insurance and Occupational Pensions Authority (EIOPA) prepares this paper to initiate a discussion on the potential development of a Pan-European Occupational Pension (PEOP) product. This proposed pension solution seeks to address the evolving needs of working individuals and employers across EU member states.

Recent reports, such as the 2021 Pension Adequacy Report, have highlighted an increased risk of poverty in old age across the EU. Principle 15 of the European Pillar of Social Rights emphasizes that "everyone in old age has the right to resources that ensure living in dignity". In light of these findings and principles, the OPSG believes that promoting "good pensions" is an important goal for Europe.

In the spirit of fostering a robust dialogue on the future of European pensions, the recent statement by the Eurogroup on the Capital Markets Union (CMU) provides a compelling context for a PEOP. The Eurogroup's ambitions for the CMU—to mobilize the vast savings across the EU for productive investment, enhance the EU pension systems, and broaden access to pension and investment opportunities—echo the conceptual foundations of a PEOP. The OPSG is keen to explore how PEOP can contribute to these overarching goals, serving as a pivotal discussion point in our pursuit of a more integrated and efficient European capital market. By aligning with the strategic vision laid out by the Eurogroup, the PEOP discussion embraces the opportunity to significantly impact European economic resilience and growth, aligning with a broader commitment to enhancing the welfare of EU citizens through improved retirement security.

The commitment to a unified financial framework is further supported by recent initiatives, as highlighted in the Letta report, published in April 2024. This report introduces the concept of a EU Long-Term Savings Product, envisioned as a workplace savings product. Such a proposal is in line with the principles underlying the PEOP. It also underlines the potential of this product to mobilize private savings to help achieve the EU's strategic objectives.

A PEOP could contribute to providing good pension solutions by catering to the diverse needs of mobile workers, multinational corporations, SMEs and those in countries with underdeveloped second pillar pensions. By offering a voluntary, flexible and cost-effective pan-European pension product, PEOP could complement existing national frameworks and help increase retirement security.

However, the success of a PEOP would depend on addressing several barriers and critical elements. This includes navigating different national regulations, achieving sufficient scale, streamlining administrative processes, and gaining interest among both employers and employees.

Through an open discussion, the OPSG aims to explore the rationale, opportunities and challenges involved in a potential PEOP. This paper does not presume PEOP as the definitive solution but rather seeks to initiate constructive dialogue on whether and how a pan-European occupational pension product could enable good pensions and meet the evolving needs of European citizens. We welcome perspectives from diverse stakeholders as we delve deeper into this complex topic.

CHAPTER 1: PAN-EUROPEAN OCCUPATIONAL PENSION PRODUCT (PEOP): A PATHWAY TOWARDS EUROPEAN SOCIAL AND ECONOMIC GOALS

1. INTRODUCTION

The Pan-European Occupational Pension Product (PEOP) represents a significant opportunity to address key priorities set by the European Commission, particularly in terms of citizen protection and fostering a strong, vibrant economic base. By learning from the lessons of the Pan-European Personal Pension (PEPP) product, which focuses on voluntary pension savings in the third pillar, PEOP can provide a robust and effective solution to meet the evolving needs of European citizens. This chapter explores the rationale behind PEOP and its potential to contribute to the European Union's goals and action plans in the areas of social, finance, and the economy.

2. ALIGNING WITH EUROPEAN COMMISSION PRIORITIES

2.1 PROTECTION OF CITIZENS

PEOP directly aligns with the European Commission's priority to protect citizens. By establishing a standardized and accessible occupational pension scheme throughout the European Economic Area, PEOP can offer individuals a reliable and secure long-term savings (and potentially insurance-) vehicle. With robust regulatory safeguards and transparency measures, PEOP ensures that citizens' interests are safeguarded, fostering trust in the pension system and providing financial security for retirement. Moreover, a fully portable workplace pension tool would finally overcome the existing obstacles of mobile workers who cannot transfer their pension assets from the previous state of residence to the new state of destination.

2.2 FOSTERING A STRONG VIBRANT ECONOMIC BASE - CAPITAL MARKET UNION ACTION PLAN

The Capital Market Union Action Plan emphasizes the need to strengthen Europe's capital markets to promote growth, innovation, and investment opportunities. PEOP can play a crucial role in this context by facilitating the mobilization of long-term savings into productive investments. By

providing a harmonized framework for occupational pension plans, PEOP enables larger corporations, smaller multinational companies, and SMEs to streamline their employee benefit packages across EU member states. This harmonization can reduce administrative costs, enhances communication, and supports convergence in employee benefit offerings, fostering a stronger and more vibrant economic base.

2.3 PROMOTING TRUST AND EQUAL TREATMENT IN THE SECOND PILLAR

As we explore the potential of a PEOP, it is essential that any new initiatives aim to build further trust and confidence in second pillar occupational pensions across Europe. Equal and fair treatment of existing national second pillar offerings is also imperative. The introduction of a PEOP framework should complement, rather than undermine or discriminate against, current pension products. If any additional tax incentives are made available to PEOP, these should also be extended to existing second pillar arrangements in the spirit of non-discrimination. On the other hand, the existing national tax incentives available to second pillar pension products should also apply to PEOP.

2.4 INTEGRATING EUROPEAN INNOVATIONS: THE LETTA REPORT'S PERSPECTIVE

In alignment with the evolving framework of European occupational pensions, the Letta report, published in April 2024, offers timely insights that resonate with our discussions on the Pan-European Occupational Pension Product (PEOP). This report proposes the establishment of an EU Long-Term Savings Product, envisioned as a workplace savings product, which could significantly enhance the financial resilience of the EU economy and European workers.

2.5 ENCOURAGING SECOND PILLAR COVERAGE

A core goal of PEOP should be to motivate and facilitate employers, particularly SMEs, to provide occupational pension schemes where limited second pillar frameworks exist today. By offering a standardized pan-European product, PEOP can incentivize voluntary take-up of second pillar pensions and enhance retirement savings. At the same time, this should not crowd out established national pension providers. The aim is to expand coverage while respecting a level playing field.

3. TARGET MARKET AND SCOPE OF PEOP

3.1 MARKET OPPORTUNITIES

PEOP goes beyond targeting only mobile workers by recognizing the limited success of cross-border Institutions for Occupational Retirement Provision (IORPs). Instead, PEOP can serve as a complementary second regime product, coexisting alongside existing second pillar products and institutions. This approach ensures that PEOP does not compete with established pension systems

but rather provides an additional option for employers seeking occupational pension solutions for their employees, or even give the possibility to convert existing pensions in PEOPs. In terms of market opportunities, the PEOP might represent an interesting business also for pension providers such as multiemployer/open pension funds, asset managers or insurance companies that might offer such cross-border pension solution to several employers across Europe, by fostering competition and reducing pension (management) costs for both sponsoring undertakings and their employees.

Moreover, PEOP presents a particularly compelling opportunity for Central and Eastern European countries where the second pillar is less developed. By offering a standardized and accessible pension product, PEOP can help bridge the pension gap and promote greater retirement security in these regions.

3.2 MARKET POTENTIAL OF THE PAN-EUROPEAN OCCUPATIONAL PENSION PRODUCT (PEOP)

The current landscape of employment and pension coverage within the European Union reveals significant market opportunities for PEOP. As of 2023, there are approximately 200.1² million employees in the EU, yet only around 35.4 million are covered by pension funds, which translates to a coverage rate of about 17.7%. It's important to note that in some member states, this occupational pension coverage is enhanced by additional schemes offered by life insurers and the sponsoring companies themselves. Despite these provisions, a substantial segment of the workforce remains without dedicated occupational pension coverage. The assets under management by pension funds in the Euro area, totaling approximately €3.4 trillion, underscore the existing infrastructure's scale and capacity. Given the aging demographic trends across the continent and the escalating pressure on first-pillar pension systems anticipated to face challenges such as reduced state pension provisions or delayed retirement ages, PEOP's introduction could play a crucial role. If PEOP were to augment the second pillar pension market by just 0.5%—a figure used here to illustrate potential rather than to predict market penetration—it could result in assets under management worth approximately €17 billion over time. This conservative estimate not only demonstrates PEOP's viability as a business case for both consumers and providers but also highlights its role in enhancing retirement security within Europe's evolving demographic and economic landscape.

² See Addendum 1 for the sources of the figures mentioned in this paragraph

3.3 LESSONS FROM RESAVER PENSION FUND

PEOP can build upon the experiences of Resaver to develop a more comprehensive and inclusive initiative, expanding its reach and impact on the academic community.

4. INCLUSIVITY AND SUPPORT FROM TRADE UNIONS - *INCORPORATING PEOP IN COLLECTIVE ARRANGEMENTS*

PEOP holds the potential to be embraced and supported by trade unions, aligning with their objectives of advocating for workers' rights and welfare. By incorporating PEOP within collective arrangements for workers, trade unions can ensure that pension provisions prioritize the needs of employees. However, the successful realization of this vision hinges on clearly defining the mechanisms for active participation of workers' representatives and beneficiaries within PEOP's governance structure. This approach places people at the forefront, providing a collective and inclusive solution for occupational pensions.

5. HARMONIZATION AND STANDARDIZATION - *MEETING THE NEEDS OF BOTH LARGE CORPORATIONS AND SMES*

Large corporations operating across EU member states are actively seeking a harmonized solution for their occupational pension plans. By offering a standardized framework, PEOP streamlines administrative processes, facilitates communication, and supports convergence of employee benefit packages. This harmonization benefits both employers and employees, reducing costs and improving the efficiency of multinational pension arrangements.

Moreover, PEOP is also particularly interesting for smaller multinational companies and SMEs on a national basis. It provides them with access to a fully harmonized European framework, which may otherwise be challenging to establish independently.

6. VOLUNTARY NATURE AND FULLY HARMONIZED FRAMEWORK

Given the potential resistance from certain member states, it is recommended that PEOP be structured as a voluntary initiative, designed to integrate seamlessly with the existing national legal frameworks on pensions across Europe. This nuanced approach means that, while countries are not obligated to make any modifications or adaptations to their current pension systems, the adoption of EU legislation concerning PEOP will necessitate that all member states provide the option for

their pension providers or employers to establish a PEOP within their jurisdiction. This strategy ensures that PEOP can contribute to a fully harmonized European framework for pensions, offering flexibility to accommodate the diverse regulatory environments and varying degrees of pension system development, all while upholding the national prerogatives and priorities of member states.

CONCLUSION ON PEOP: A PATHWAY TOWARDS EUROPEAN SOCIAL AND ECONOMIC GOALS

PEOP represents an opportunity to address the priorities set by the European Commission. By learning from previous experiences, leveraging trade union support, and catering to the needs of various stakeholders, PEOP can provide a standardized and accessible pan-European occupational pension product. It aligns with EU goals in terms of citizen protection, fostering a strong and vibrant economic base, and contributing to the Capital Market Union Action Plan. The insights from the Letta report, published in April 2024, further enrich our understanding by advocating for the creation of similar innovative product that can help meet the EU's strategic needs. As an inclusive and voluntary initiative, PEOP can pave the way for a harmonized European framework, ensuring financial security, retirement benefits and stronger safeguard of complementary pension rights in case of mobility for European citizens across borders and sectors.

CHAPTER 2: CRITICAL ELEMENTS FOR A PAN-EUROPEAN OCCUPATIONAL PENSION PRODUCT (PEOP)

1. INTRODUCTION

To ensure the success and effectiveness of a Pan-European Occupational Pension Product (PEOP), several critical elements must be considered. This chapter examines the key factors that need to be addressed to create a robust and attractive PEOP framework.

2. VOLUME OF INVESTED CAPITAL

One critical element for a viable PEOP is the volume of invested capital. Sufficient capital is essential to make the product cost-effective and attractive to both employees and providers. By aggregating funds from multiple participants, PEOP can achieve economies of scale, enabling competitive fees and generating higher returns for participants. Hence, it is imperative to grant all existing IORPs the opportunity to offer a PEOP, should they opt to participate.

3. CLARITY BETWEEN PRUDENTIAL LAW AND SOCIAL AND LABOUR LAW (SLL)

A crucial aspect for the success of PEOP is establishing clear delineation between European prudential law and national social and labour law. National SLL should not override or circumvent European prudential law to ensure consistency and harmonization. Clear guidelines and regulations must be developed to ensure a proper balance between prudential requirements and the protection of social and labour rights within the PEOP framework. That being stated, the features of the PEOP will not infringe or jeopardize the main provisions of national SLL.

4. CONSISTENT INVESTMENT SOLUTIONS AND COMMUNICATION

Consistency in investment solutions and communication is vital for a successful PEOP. Participants should have access to well-diversified and professionally managed investment options that align

with their risk profiles and long-term retirement goals. Additionally, transparent and effective communication channels must be established to provide participants with clear information about their investments, risks, and performance.

5. EASE OF PENSION CONVERSION TO PEOP

The ease of transferring accumulated pensions to a PEOP would contribute to the success of the PEOP. Streamlined and efficient procedures should be in place to make it possible the conversion of existing pensions into the PEOP system. Simplifying the transfer process encourages participation, attracts a larger volume of assets, and ensures the success of the PEOP initiative. Nevertheless, it is crucial to emphasize that existing Occupational Pension Products must be treated equitably alongside PEOP. Transfers to PEOP should be entirely voluntary, without any undue pressure on holders and/or sponsors of existing pension products.

6. SUPERVISION AND REGULATORY FRAMEWORK

An effective supervisory and regulatory framework is essential for the proper functioning of PEOP, fostering trust among beneficiaries and employers. Drawing from the PEPP regulation, the supervisory structure for PEOP should ensure strong oversight and accountability. The PEOP's supervision could be based on a system with accounts in various countries, promoting cross-border cooperation and consistent regulatory standards.

7. ROLE OF PEOP AS A CROSS-BORDER TRANSFER FACILITATOR

PEOP could serve as a model for countries struggling with facilitating cross-border transfers, both on an individual level for mobile employees and collective level for multinationals corporations. By addressing the challenges associated with cross-border transfers, PEOP can provide valuable insights and solutions that benefit all stakeholders. The success of PEOP in this regard can encourage greater cooperation among countries, facilitating the movement of pension assets across borders.

8. CONTINUAL IMPROVEMENT AND ITERATION

While it is too early to determine the success or failure of the PEPP, it is important to emphasize the importance of continual improvement and iteration. PEOP should embrace a learning mindset, incorporating feedback and making necessary adjustments to enhance its effectiveness and attractiveness over time.

9. QUANTIFYING THE VOLUME AND DEVELOPING A BUSINESS CASE

To establish a viable business case for PEOP, it is crucial to quantify the required volume of assets under management (AUM). By analyzing the market potential and estimating the necessary scale, stakeholders can evaluate the feasibility and potential profitability of PEOP.

10. EXPLORING EXISTING MODELS

When considering potential models for PEOP, existing models could deliver valuable insights. There are a few well-developed occupational pension systems in Europe. We could learn from existing regulatory frameworks, institutional infrastructures, and industry practices for designing and implementing a pan-European solution. By leveraging successful elements from existing models, PEOP can benefit from established best practices and build upon them to create a tailored and effective framework.

CONCLUSION ON CRITICAL ELEMENTS

The critical elements identified in this chapter provide a foundation for designing a successful Pan-European Occupational Pension Product (PEOP). By addressing the volume of invested capital, clarifying the relationship between prudential law and social and labour law without jeopardizing the national social systems, ensuring consistent investment solutions and communication, facilitating pension transfers, establishing robust supervision, encouraging cross-border transfers, embracing continuous improvement, quantifying the required volume, and exploring existing models, PEOP can be developed into a comprehensive and impactful solution that aligns with European social, finance, and economic goals.

CHAPTER 3: OVERCOMING BARRIERS FOR A PAN-EUROPEAN OCCUPATIONAL PENSION PRODUCT (PEOP)

1. INTRODUCTION

The successful implementation of a Pan-European Occupational Pension Product (PEOP) faces several barriers that need to be addressed. This chapter discusses the identified barriers from our brainstorming session and explores potential strategies to overcome them, enabling the realization of a robust and effective PEOP framework.

2. NATIONAL SOCIAL AND LABOUR LAW (SLL) REQUIREMENTS

One significant barrier to PEOP implementation is the potential conflict between national SLL requirements and European prudential law. Some national regulations might attempt to override or circumvent European law, creating inconsistencies and challenges for the establishment of a harmonized PEOP framework. Addressing this barrier requires a careful balance between respecting national prerogatives and ensuring the primacy of European law in the context of PEOP, and the EU fundamental freedoms such as the free mobility of workers, services, and capitals in the Union.

3. DIFFERENT TAX TREATMENTS IN MEMBER STATES

Divergent tax treatments across EU member states present another significant barrier to PEOP implementation. Varying tax rules and practices can create complexity and administrative burdens, making it challenging to provide consistent tax treatment within the PEOP framework. Harmonizing tax treatment across member states or establishing tax specific arrangements to the PEOP can help mitigate this barrier. These efforts should support existing Occupational Pension Products without harming them. This will make sure that everyone involved is treated fairly.

4. INSUFFICIENT VOLUME

Insufficient volume of assets is a key barrier to the success of PEOP. Without a critical mass of participants and accumulated funds, the cost-effectiveness and attractiveness of the product may

be compromised. To overcome this barrier, strategies should focus on promoting participation and making the transfer of existing pension assets into the PEOP system easier. Effective marketing, education campaigns, and simplified transfer processes can help generate the necessary volume to make PEOP viable.

5. INSUFFICIENT INTEREST OF EMPLOYERS/EMPLOYEES

The lack of interest from employers and employees is a significant barrier that must be addressed. Employers and employees may be reluctant to engage with PEOP due to perceived complexities, administrative burdens, or concerns about potential risks. To overcome this barrier, comprehensive communication and education campaigns must be developed to raise awareness about the benefits and advantages of PEOP. Granted that the new PEOP should effectively be simpler and lighter than the existing provisions on cross border activities of IORPs, clear information on the simplified processes, potential cost savings, and retirement security provided by PEOP can help generate interest and drive adoption.

6. TAXATION BASED ON EMPLOYEE LOCATION

Taxation is often based on the employee's location, which can add complexity to the PEOP framework. Overcoming this barrier requires establishing clear guidelines and mechanisms to ensure that tax liabilities are appropriately allocated and aligned with the employee's country of residence or employment. Developing consistent tax rules within the PEOP framework can help mitigate this barrier and provide clarity for participants and providers.

7. POTENTIAL RESISTANCE FROM EXISTING IORPS AND PENSION FUNDS' REPRESENTATIVE GROUPS

A barrier to PEOP implementation could be the potential resistance from existing Institutions for Occupational Retirement Provision (IORPs) and pension funds' representative groups. These entities may perceive PEOP as a threat to their market position or the "raison d'être" of their existing pension schemes. Overcoming this barrier requires engaging with stakeholders, addressing concerns, and highlighting the advantages of PEOP as a complementary rather than competitive solution. Collaboration and cooperation with existing IORPs can help ensure a smooth transition and foster a supportive environment for PEOP. To navigate this challenge effectively, it's essential to establish a legal framework that enables all existing IORPs the option to participate in PEOP, ensuring a seamless integration and fostering a collaborative ecosystem.

8. DETERMINATION OF A VIABLE STRUCTURE AND MODEL

The barriers faced by PEOP are highly dependent on the chosen structure and model. To overcome these barriers effectively, it is essential to identify a potentially viable model for PEOP and focus efforts on its development and implementation. Elements such as establishing a tax-simple PEOP fund and allowing participants to choose their fund when relocating to another country can help simplify processes and attract greater interest.

CONCLUSION ON OVERCOMING BARRIERS

Overcoming the barriers to a Pan-European Occupational Pension Product (PEOP) is crucial to its successful implementation. By avoiding conflicts with national SLL requirements, simplifying tax treatments, generating sufficient volume, fostering employer and employee interest towards a simplified legal framework compared to the existing provisions on cross border activities of IORPs, establishing clear taxation guidelines, engaging with existing IORPs, and determining a viable structure and model, PEOP can overcome these challenges and provide a standardized and accessible pension solution for European citizens. Collaboration, education, and flexibility will be key in navigating these barriers and realizing the full potential of PEOP.

CHAPTER 4: ENABLERS FOR A PAN-EUROPEAN OCCUPATIONAL PENSION PRODUCT (PEOP)

1. INTRODUCTION

This chapter explores the enablers identified that can facilitate the establishment and operation of a Pan-European Occupational Pension Product (PEOP). By leveraging these enablers, PEOP can be developed as a robust and effective pension framework that aligns with the objectives of the European Union and promotes retirement security across member states.

2. DEFINED CONTRIBUTION NATURE OF PEOP

A key enabler for PEOP is its defined contribution nature. By adopting a defined contribution pension structure, PEOP can offer individuals greater flexibility and control over their retirement savings. This approach allows participants to accumulate pension funds based on their contributions and investment returns, providing them with a tangible retirement asset. The defined contribution nature of PEOP supports portability, transparency, and adaptability to the diverse needs of participants. Furthermore, the architecture of PEOP could be designed to encompass safeguards against biometrical risks, ensuring beneficiaries are protected and enhancing the scheme's comprehensive appeal.

3. EUROPEAN REGIME FOR PRUDENTIAL REQUIREMENTS

Establishing a European regime for prudential requirements is a critical enabler for PEOP. A unified prudential framework across EU member states would simplify compliance, reduce administrative burdens, and promote consistency in risk management practices. Such a regime would provide clarity and enhance regulatory harmonization, facilitating the smooth functioning of PEOP and fostering confidence among participants and providers.

4. ADAPTING PEOP TO NATIONAL SOCIAL AND LABOUR LAWS (SLL)

Creating specific rules and features of the occupational pension scheme managed by the PEOP that are fully in line with, and do not conflict with, national SLL requirements. This enabler ensures that

PEOP operates within a well-defined legal framework that respects European social objectives while providing flexibility and adaptability to meet the unique needs of a pan-European pension product. Moreover, the legal framework for PEOP, even when relating to some SLL aspects, will be drawn up in a way to not undermine any overriding national provisions on these matters.

5. PENSION QUALITY MARK

The establishment of a Pension Quality Mark can serve as an enabler for PEOP by promoting transparency, reliability, and trust in the system. By implementing minimum quality standards, such as default investment options and minimum contribution requirements as a percentage of salary and in alignment with the practices of each Member State, we ensure that PEOP offerings meet essential criteria for retirement planning. A recognized quality mark enables individuals to make informed choices and provides assurance that PEOP adheres to the desired standards of pension provision.

6. EASY PORTABILITY

Enabling easy portability of pension rights is crucial for the success of PEOP. Participants should have the flexibility to transfer their accumulated pension benefits seamlessly across borders, irrespective of changes in employment or residence. Streamlined processes, standardized documentation, and collaboration among relevant stakeholders can facilitate easy portability and support the mobility of workers within the European Union.

CONCLUSION ON ENABLERS

By harnessing enablers such as the defined contribution nature of PEOP, a European regime for prudential requirements, common features and rules for the occupational pension scheme, aligned with national SLL, a Pension Quality Mark, and seamless portability of pension rights, we can establish a robust and effective Pan-European Occupational Pension Product. These enablers contribute to the portability, transparency, reliability, and adaptability of PEOP, aligning it with the objectives of the European Union and promoting retirement security for individuals throughout the member states.

CHAPTER 5: IMPORTANT PRINCIPLES FOR A PAN-EUROPEAN OCCUPATIONAL PENSION PRODUCT (PEOP)

1. INTRODUCTION

This chapter delves into the important principles we identified that should underpin the development and implementation of a Pan-European Occupational Pension Product (PEOP). These principles help guide the design and operation of PEOP to ensure simplicity, transparency, flexibility, and protection of pension savings.

2. TRANSPARENCY

Transparency is a fundamental principle for PEOP. Clear and accessible information regarding contributions, investment strategies, fees, and potential risks is essential for participants to make informed decisions about their pension savings. By providing transparent communication and disclosure, PEOP empowers individuals to understand and monitor their retirement investments, fostering trust and confidence in the system. In this regard, the requirements provided by the IORP legislation (including the upcoming IORP III Directive) should suffice.

3. EQUAL TREATMENT AND FAIR COMPETITION

Any PEOP solution must uphold the principles of equal treatment and fair competition with existing second pillar pension offerings across EU member states. PEOP should complement and strengthen current occupational pension systems rather than undermining them. A level playing field is essential, as is equal access to any tax incentives.

4. PROMOTING SECOND PILLAR COVERAGE

PEOP should strive to promote broader second pillar pension coverage, particularly among SMEs and in countries where occupational pension frameworks are currently underdeveloped. By incentivizing the voluntary offering of second pillar pensions, PEOP can help provide greater retirement security across the EU.

5. NATIONAL FLEXIBILITY

While PEOP is designed as a pan-European pension product, its framework allows it to serve both pan-European and national purposes. Recognizing that member states have diverse pension systems and priorities, certain elements of PEOP, such as pension contributions, engagement of workers' representatives, pension age, and payout options, can be tailored to align with national needs and regulations. Nonetheless, the core aspects of PEOP's functioning, especially during the accumulation phase—like vesting periods, information requirements, and the handling of contributions and investment returns—are designed to be consistent across member states to prevent fragmentation and ensure a cohesive European pension landscape.

6. PROTECTION OF PARTICIPANT INTERESTS

Protecting the interests of participants is a paramount principle for PEOP. The product should be built on a robust regulatory framework that ensures appropriate governance, oversight, and consumer protection. Provisions should be in place to safeguard participants' rights, prevent conflicts of interest, and establish mechanisms for handling disputes. PEOP should prioritize the long-term financial security and well-being of individuals, placing their interests at the forefront of the pension system. In this regard, the existing requirements provided by the IORP and PEPP legislations should normally suffice as far as they will be applicable to the PEOP. In those cases where this is not possible, the future legislation for PEOP will provide for requirements tailored to the specific nature of the PEOP, granted that they will be not unreasonably burdensome and will remain consistent with the aforementioned EU legislations for IORPs and PEPPs.

7. SIMPLICITY IN ESTABLISHING AND MANAGING THE NEW PENSION PRODUCT

Unlike the cross-border activities of IORPs and certain aspects of the PEPP Regulation, the PEOP will prioritize simplicity. While fully adhering to all European minimum standards stemming from other European pension and financial legislation, the creation, distribution, and management of this new pension product will be designed to be appealing to pension providers and employers. A more detailed explanation will be provided in Chapter 7 of this document.

CONCLUSION ON IMPORTANT PRINCIPLES

Adhering to important principles such as transparency, national flexibility, risk reduction of nationalization, the protection of participant interests and simplicity for pension providers ensures the development and operation of a high-quality Pan-European Occupational Pension Product (PEOP). By embracing these principles, PEOP can offer individuals a transparent, adaptable, and secure pension solution that aligns with their needs and safeguards their retirement savings. As PEOP evolves, these principles should serve as guiding principles to foster trust, stability, and effectiveness within the European pension landscape.

CHAPTER 6: IMPORTANT STEPS FOR ESTABLISHING A PAN-EUROPEAN OCCUPATIONAL PENSION PRODUCT (PEOP)

1. INTRODUCTION

This chapter outlines the important steps that should be undertaken to effectively establish a Pan-European Occupational Pension Product (PEOP). These steps are crucial for engaging stakeholders, assessing feasibility, utilizing existing structures, developing flexibility, and ensuring clear communication and transparency in the implementation of PEOP.

2. INVOLVING STAKEHOLDERS

Involving a wide range of stakeholders is crucial to the success of PEOP. By engaging employees, employers, trade unions, pension funds, insurers, investment managers, and policymakers, their expertise and perspectives can be incorporated into the design and implementation of PEOP. Collaboration among stakeholders promotes inclusivity, fosters a sense of ownership, and helps ensure that PEOP meets the diverse needs and interests of all parties involved.

3. CONDUCTING A FEASIBILITY STUDY

A comprehensive feasibility study is essential to determine the viability of PEOP and assess its costs and benefits. This study should evaluate the legal, financial, operational, and regulatory aspects of implementing PEOP. It helps identify potential challenges, risks, and opportunities, enabling policymakers and stakeholders to make informed decisions and develop strategies to overcome obstacles.

4. UTILIZING EXISTING STRUCTURES

To maximize efficiency and minimize disruptions, it is advisable to align PEOP with existing pension structures. By offering voluntary participation, both employees and employers can decide whether to adopt PEOP alongside their existing pension arrangements. This approach allows for a gradual

integration of PEOP into the pension landscape, leveraging the infrastructure, knowledge, and experience already in place.

5. DEVELOPING A FLEXIBLE AND ADAPTABLE PEOP

Recognizing that the needs of employees and employers may evolve over time, it is crucial to develop a PEOP that is flexible and adaptable. This ensures that the product remains relevant, responsive to market dynamics, and capable of accommodating future changes in pension requirements. Regular reviews and updates should be conducted to incorporate best practices, technological advancements, and evolving societal and economic factors.

6. ENSURING CLEAR COMMUNICATION AND TRANSPARENCY

Clear communication and transparency are paramount to the success of PEOP. Employees and employers need to understand how PEOP works, its benefits, risks, and the rights and responsibilities involved. Transparent disclosure of information, including costs, fees, investment strategies, and expected outcomes, builds trust and confidence among participants. It is essential to provide accessible and user-friendly documents (like EIOPA's Pensions Benefit Statement Models for PEPP) that facilitate informed decision-making and encourage greater participation in PEOP. At the same time, as mentioned earlier, there will be no need for additional, stricter or more burdensome rules beyond the existing EU legislation governing pension and financial products. Moreover, it's crucial to ensure that National Competent Authorities (NCAs) are not permitted to impose additional national reporting requirements on PEOP beyond those already established at the EU level. This approach prevents the emergence of new burdens and costs for PEOP providers operating across different EU member states, avoiding the complications seen in the cross-border activities of Institutions for Occupational Retirement Provision (IORPs).

CONCLUSION ON IMPORTANT STEPS

Implementing a Pan-European Occupational Pension Product (PEOP) requires important steps to engage stakeholders, conduct a feasibility study, utilize existing structures, develop flexibility, and ensure clear communication and transparency. By involving a diverse range of stakeholders, assessing feasibility, aligning with existing pension systems, fostering adaptability, and promoting transparent communication, PEOP can be effectively established and contribute to enhanced retirement security for employees and employers across Europe.

These steps pave the way for the successful implementation and long-term viability of PEOP as a valuable addition to the European pension landscape.

CHAPTER 7: CREATING A WIN-WIN FOR PROVIDERS AND CONSUMERS

1. INTRODUCTION

While the core objective of the Pan-European Occupational Pension Product (PEOP) is to provide citizens with an additional retirement savings option, it is crucial that the product is also attractive for providers to offer. Lessons from the PEPP regulation highlight the risks of over-regulating that product, often in the name of consumer protection, but eventually making the product unappealing for providers. This chapter explores how to strike a win-win balance where the PEOP meets the needs of both consumers and providers.

2. SIMPLICITY AND FLEXIBILITY

A key priority is keeping the PEOP framework simple and flexible. Strict requirements in the area of personalized advice, fee cap and return guarantees may not be necessary because the PEOP would be offered in the second pillar and would therefore be supported by appropriate communication organized at the level of the firm, in close cooperation with representatives from the employees. As the cost of the product would be negotiated between the firm and possible providers, competition in the market would help drive down fees to low levels.

3. ATTRACTIVE CROSS-BORDER ACCESS

The PEOP should make it easy for providers to access markets across the EU. Once authorized in one Member State, a provider should be able to notify and offer the PEOP in other Member States without needing new authorization. This facilitates pan-European reach and cross-border competition.

4. SUFFICIENT SCALE

The PEOP needs to attract sufficient funds and participation to be cost-effective. The framework should make it easy to transfer existing pension assets into the PEOP structure without imposing undue pressure or disadvantaging existing Occupational Pension Products. Marketing, education

and the same incentives offered at national level could further boost asset accumulation and enhance economies of scale.

5. MEETING NATIONAL NEEDS

While pan-European, the PEOP should still be adaptable to complement specific national pension systems. Accommodating national regulations and market conditions makes the PEOP more relevant in each Member State.

6. COLLABORATION WITH STAKEHOLDERS

Success requires active engagement across the value chain - employers, providers, regulators, consumers. Their insights and support can shape an attractive proposition meeting the needs of all stakeholders.

7. REVIEW AND REFINEMENT

Like UCITS and the PEPP, it may take several iterations to get the PEOP model right. Regular reviews and improvements should respond to stakeholder feedback and market experience. This adaptive approach will optimize the PEOP over time.

CONCLUSION ON CREATING A WIN-WIN FOR PROVIDERS AND CONSUMERS

Ensuring the PEOP appeals to providers, while still delivering strong consumer value, is essential for its viability. This win-win approach will drive adoption, enabling the PEOP to meet its economic and social goals for the EU.

CHAPTER 8: LEARNING FROM THE PEPP

1. INTRODUCTION

As we develop the Pan-European Occupational Pension Product (PEOP), it is instructive to examine the experience of the Pan-European Personal Pension (PEPP) to date. While well-intentioned, the PEPP has faced challenges in gaining provider and consumer traction. Analyzing the PEPP can help guide a more effective PEOP framework.

2. STRICT REQUIREMENTS DETER ADOPTION

The PEPP regulation includes certain strict requirements and limitations intended to protect consumers in the retail pension market. However, as a potential second pillar product, the PEOP has a different context than the third pillar PEPP. PEOP would be an occupational pension product where the design may be discussed and agreed with social partners. It's important to note that securing negotiation partners for such social partnership agreements can sometimes present challenges. Therefore, the consumer protection needs may be different than for a retail PEPP product. The PEOP framework should focus on setting core minimum standards while allowing flexibility in areas like fees, investment strategies and product specifications. This approach suits the nature of a second pillar PEOP product and can make it more commercially viable for providers to adopt, while still ensuring appropriate governance and transparency. Recognizing the distinct context of PEOP is key to finding the right regulatory balance.

3. MANDATORY ADVICE FOR BASIC PEPP

Along the same line, it may not be necessary to include a Basic PEOP because the Basic PEPP as the default option for individuals who have difficulties making a choice between different investment options. This problem wouldn't occur in the context of an occupational pension product. It would be up to the firms and the representatives of employees to decide how many investment strategies should be offered and provide guidance about the main characteristics of these options.

4. PUSH FOR PROVIDERS TO HAVE MULTIPLE COMPARTMENTS

The requirement for providers to have multiple compartments in a situation where tax and labor policies are not harmonized and not always transparent has disincentivized potential PEPP providers from launching the PEPP.

5. COMPLEX AUTHORIZATION PROCESS

Navigating different authorization processes across Member States may also explain the difficulty faced by PEPP providers. Streamlining authorization for the PEOP through enhanced regulatory harmonization can facilitate cross-border availability.

6. LIMITED CONSUMER AWARENESS

There is low awareness of the PEPP among consumers. Effective marketing and distribution strategies are needed alongside the development of the PEOP to drive pension savings.

7. CHALLENGES OF VOLUNTARY APPROACH

As a voluntary personal pension, the PEPP faces difficulties achieving sufficient scale and assets under management. The PEOP's focus on occupational pensions provides more scope for asset accumulation.

CONCLUSION ON LEARNING FROM THE PEPP

Learning from PEPP implementation challenges will allow the PEOP, as a second pillar pension product, to strike a better balance between consumer protections and provider incentives. This can drive the availability, scale, and impact of the PEOP for European retirement adequacy.

CHAPTER 9: ENHANCING PEOP FOR GOOD PENSIONS AND INCREASED PRIVATE PENSION PROVISIONS

1. INTRODUCTION

The concept of launching a Pan-European Second Pillar product serves three major goals: protecting members' rights, facilitating cross-border management for both multinational corporations and individual balances, and promoting good pensions. To achieve these objectives, the proposed PEOP framework addresses the first two goals but can be further enhanced to promote good pensions. It currently does not cover several objectives that the EU promotes, such as sustainability and auto-enrollment. By focusing primarily on cross-border efficiency and governance, it falls short of increasing overall provisions. While supporting local markets through a standard flexible product is beneficial, its reach is limited.

Given the existence of IORP II, the pension framework (legal and regulatory) is generally suitable for the normal development of a private pensions market. However, occupational and individual pensions are insignificant in several countries due to the dominant role of First Pillar Social Security pensions and the absence of tax and direct incentives.

Hence, incorporating an additional layer in PEOP, such as a label or a quality mark with a demanding set of rules—some new and others with additional requirements—can effectively promote good pensions, increase pension provisions, and bolster the involvement of Member States and local providers. To ensure the success of this initiative, tangible incentives are needed, with the proposal being to share costs between the EU and Member States in the form of a monetary incentive.

The following possible requirements and incentives are illustrative and serve as a starting point for discussions on the potential shape of a PEOP Plus Certification. These are not mandatory but represent just one of several possible alternatives to explore and refine through collaborative dialogue.

2. POSSIBLE REQUIREMENTS FOR PEOP PLUS CERTIFICATION

2.1 MINIMUM CONTRIBUTION LEVEL

A minimum contribution level is a prerequisite for achieving good pensions. This level may vary from country to country, taking into consideration individual needs and existing standards, with the aim of stimulating contributions and contributing to adequate pensions.

2.2 FAVORING AUTO-ENROLLMENT

The auto-enrollment model doesn't need to be mandated but can be favored at the level of each Member State, acknowledging the diversity of national contexts within the EU. The minimum contribution level remains the same, whether for employer contributions only or for both employee and matching employer contributions. In the case of an auto-enrollment model with opt-out provisions, implemented at the discretion of individual Member States and not mandated at the EU level, the overall contribution level may be slightly reduced. This approach allows for flexibility and respects the subsidiarity principle, accommodating the specific needs and preferences of each Member State.

2.3 DIVERSE INVESTMENT RISK PROFILES

Offering alternative risk profiles, including one option that has a high probability of capital preservation and one based on a life cycle allocation could be considered. Ideally, members should have guidance to select and change their investment allocation, according to rules that would be decided at the level of the firm.

2.4 PROMOTION OF SUSTAINABILITY

Consideration should be given to request that the investment options should be in line with the Sustainable Finance Disclosure Regulation (SFDR). Additional requirements, such as exclusions, engagement, shareholder rights, and a minimum incorporation of sustainable investments and PAI, may be defined.

2.5 ENHANCING MEMBER EXPERIENCE

Regular information provided to members should follow, at a minimum, the guidelines of EIOPA's Pension Benefit Statement (PBS) for retirement and should target alternative solutions for the pay-out phase, available in digital form.

2.6 STREAMLINED CROSS-BORDER PENSION MANAGEMENT

Regarding the management of PEOPs, as previously addressed, this aspect can be reinforced with the transfer of individual account balances from former members without bureaucracy and without additional costs.

3. INCENTIVES

To ensure that PEOP becomes a true success, contributing to adequate and sustainable pensions for all European citizens while also promoting the Capital Markets Union (CMU), tax incentives are essential. These incentives should be designed to complement the existing landscape, ensuring there is no bias or disadvantage imposed on existing Occupational Pension Products.

4. IMPLEMENTATION MANAGEMENT AND CONTROL

Implementation should be on a voluntary basis, with each country committing to a formal guarantee of the irrevocability of these benefits. The management and control should be the responsibility of a joint entity consisting of representatives of some market associations, NCAs, and the State (Social Security). It would make sense when European oversight is conducted by EIOPA.

CONCLUSION ON ENHANCING PEOP FOR GOOD PENSIONS AND INCREASED PRIVATE PENSION PROVISIONS

The introduction of an additional layer with an enhanced set of rules that promotes the existence of adequate and sustainable pensions, aligning with the EU's objectives in the promotion of the Capital Markets Union, will undoubtedly transform PEOP into a real success. This approach will involve both international players in offering suitable solutions for multinational corporations and local operators in energizing the internal pensions market.

CHAPTER 10: REALIZING THE VISION OF A PAN-EUROPEAN OCCUPATIONAL PENSION PRODUCT (PEOP)

1. TOWARDS A UNIFIED CAPITAL MARKET: ECHOES FROM GHENT

In February 2024, amidst the historic charm of Ghent, Belgium, the informal Ecofin council convened, bringing together the finance ministers of the European Union's twenty-seven member states. A clarion call to revitalize the Union of capital markets was passionately reiterated by the French Finance Minister, Bruno Le Maire. His advocacy for a European savings product to unlock the dormant billions in savings across the continent underscores a shared ambition for growth, innovation, and employment through smarter capital utilization.

2. THE COMPELLING CASE FOR MOBILIZING EUROPEAN SAVINGS

With an estimated 35,000 billion euros in savings across Europe, of which more than 10,000 billion lie idle, the urgency to mobilize these funds towards productive ends has never been more acute. Minister Le Maire's vision for a new European savings product, aimed at investment in growth sectors, presents a compelling prelude to our discussion on the Pan-European Occupational Pension Product (PEOP).

3. THE EUROGROUP'S STRATEGIC VISION ON PENSIONS

Subsequent to Minister Le Maire's insights, a pivotal statement on the CMU's future was issued by the Eurogroup finance ministers on March 11, 2024, outlining a strategic vision that notably includes improving pension systems across the EU—a goal intrinsically aligned with the PEOP's mission. In particular, paragraph 11 of their statement underscores the ministers' commitment to broadening EU citizens' access to pension and investment opportunities, a directive that complements the objectives of the PEOP in offering an accessible, pan-European occupational pension framework.

4. “MUCH MORE THAN A MARKET” – REPORT BY ENRICO LETTA

The Letta report, published in April 2024, provides timely insights into the potential benefit that a product like the PEOP could bring to the EU's financial ecosystem. By proposing a product that would complement existing structures and have the potential to represent a significant step forward in achieving capital markets integration, the Letta report serves as a pivotal reference point for advancing our discussions on PEOP's strategic implementations.

5. INTRODUCING PEOP: A EUROPEAN-WIDE SECOND PILLAR PENSION INITIATIVE

The PEOP represents a strategic pivot towards leveraging the vast reserves of European savings for the dual benefit of enhancing retirement security and fostering economic vitality. This initiative resonates with the broader objectives of the Capital Markets Union, aiming to streamline cross-border investments and savings schemes within the EU.

6. PEOP'S INTEGRATION WITH THE CMU GOALS

In line with the Eurogroup's emphasis on pension enhancements:

- ▶ **Capital Markets for Pension Investments:** Discussion could focus on how the PEOP framework might prioritize investments in sectors aligned with the CMU's vision, using deep and liquid capital markets to potentially increase pension returns and contribute to economic growth.
- ▶ **Cross-Border Pension Portability:** Enhancing the portability of pension assets across EU Member States could be a significant discussion point, reflecting the CMU's objectives of removing barriers to cross-border investments.
- ▶ **Regulatory Harmonization:** The conversation may explore how PEOP could align with the CMU through regulatory harmonization, ensuring its effective integration into the broader EU financial ecosystem.

7. EXPLORING THE OPTIONS FOR PEOP'S MATERIALIZATION

As we stand on the cusp of realizing a comprehensive second pillar pension scheme, several avenues have been identified for the materialization of PEOP. Each pathway, with its unique set of advantages and considerations, invites a robust discussion on the future of European pensions:

1. **Leveraging the PEPP Regulation:** The Pan-European Personal Pension Product (PEPP) provides a foundational regulation that could be expanded to include a second pillar, PEOP. By adapting the regulatory framework of PEPP, we can inherit its strengths while tailoring the requirements to fit the occupational pension context, where consumer protection is inherently supported through collective bargaining and social partnership agreements.
2. **Crafting a Dedicated PEOP Regulation:** Alternatively, the formulation of a bespoke regulatory framework for PEOP could allow for greater specificity in addressing the distinct needs of occupational pensions. This approach would ensure that PEOP is precisely aligned with the objectives of enhancing retirement security and economic resilience while reflecting the unique consumer protection landscape of occupational pensions.
3. **Incorporation through the IORP Directive:** Though the Institutions for Occupational Retirement Provision (IORP) directive currently guides occupational pensions in Europe, integrating PEOP within this directive poses certain challenges. A regulation, as opposed to a directive, may offer a more uniform and directly applicable solution across member states, ensuring consistency and efficiency in the PEOP's implementation.

8. FOSTERING DIALOGUE AND CONSENSUS

The OPSG is committed to further evaluating these options, prepared to delve into the intricacies of each pathway. Our goal is to foster a dialogue that culminates in a consensus on the most effective, equitable, and sustainable approach to establishing PEOP. The journey towards a Pan-European Occupational Pension Product is both ambitious and necessary, reflecting our collective commitment to the welfare of Europe's citizens and the strength of its economy.

The dialogue on establishing the PEOP, enriched by strategic insights from European leaders and aligned with the Eurogroup's ambitions, is integral to shaping a future where European savings not only secure a dignified retirement for all but also foster a resilient, innovative, and inclusive economy. As we progress in this discussion, the collective wisdom and perspectives of all stakeholders will be invaluable in navigating the path forward.

APPENDIX I – SOME RELEVANT STATISTICS

From: [Ageing Europe — looking at the lives of older people in the EU](#), a [Eurostat](#) publication

Close to two fifths of all older people living alone were unable to face unexpected financial expenses

While financial resources are the main factor in determining the risk of poverty, the focus for measuring [material deprivation](#) is on being able to afford the enforced inability (rather than choice) to pay for a range of basic products and services; many of these products and services are considered necessary for a normal standard of living.

In 2019, close to one third (31.4 %) of all EU-27 households were unable to face unexpected financial expenses [\[3\]](#). A larger share (39.6 %) of households with one adult aged 65 years or more living alone in the EU-27 were unable to face unexpected financial expenses, while households composed of two adults (at least one of which was aged 65 years or more) were less likely to experience such difficulties (23.6 %).

In EU Member States where a relatively high share of all households were unable to face unexpected financial expenses in 2019, it was quite common to find that households with older people faced even greater difficulties, as can be seen for example in Croatia and Latvia (see Figure 22). This was most commonly the case for households with one adult aged 65 years or more. On the other hand, in Member States where a relatively low proportion of all households were unable to face unexpected financial expenses — principally across western and Nordic Member States — it was relatively common for an even lower share of households composed of older people to face such difficulties.

Households unable to face unexpected financial expenses, by type of household, 2019

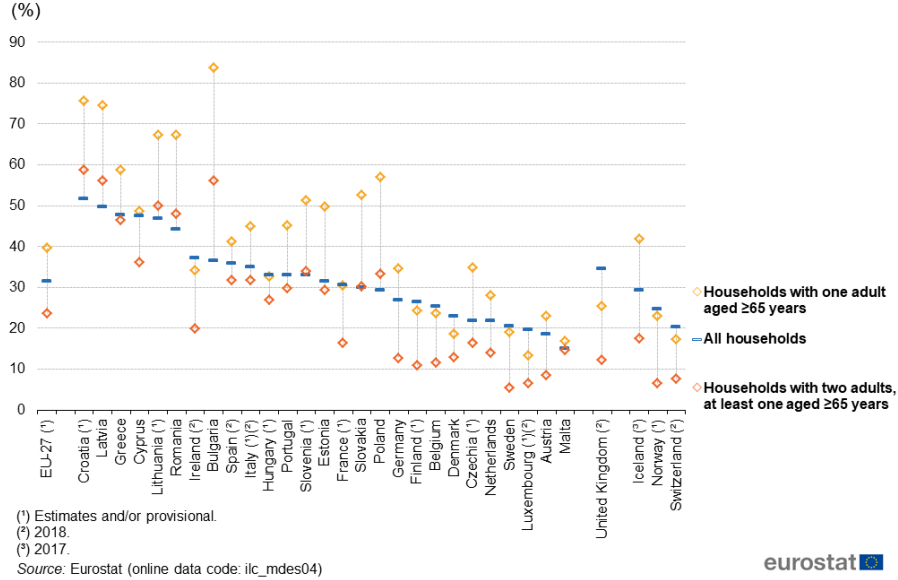
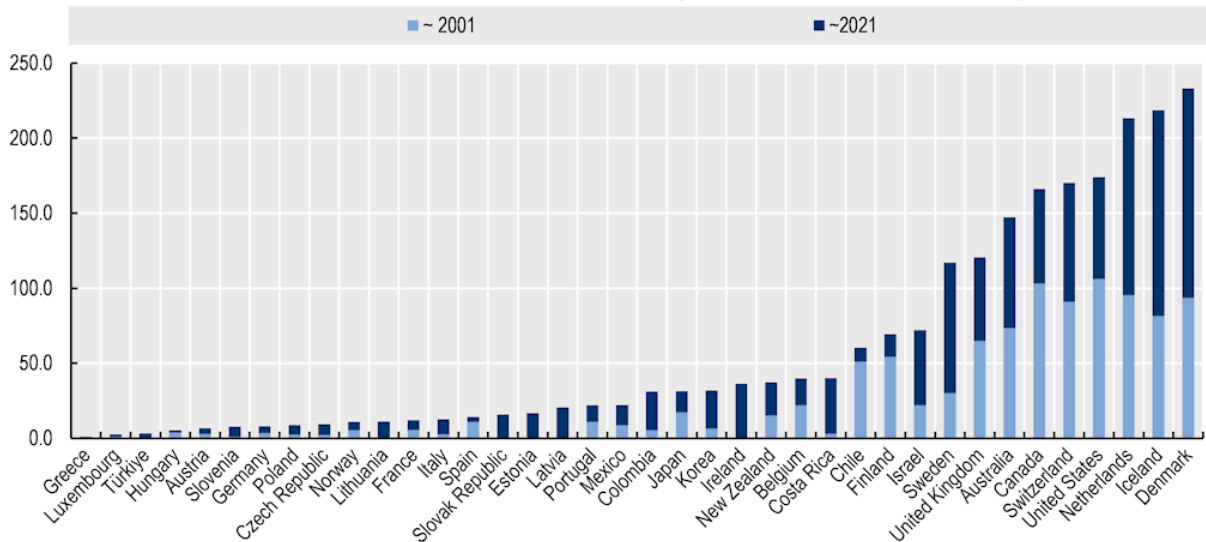


Figure 22: Households unable to face unexpected financial expenses, by type of household, 2019 (%)

Source: Eurostat ([ilc_mdcs04](https://ec.europa.eu/eurostat/tgm/table.do?tab=table&init=1&language=en&code=ilc_mdcs04))

Figure 1.1. The growing importance of asset-based pensions (assets earmarked for retirement as % GDP)



Source: OECD Global Pension Statistics

<https://www.oecd-ilibrary.org/sites/20c7f443-en/1/3/1/index.html?itemId=/content/publication/20c7f443->

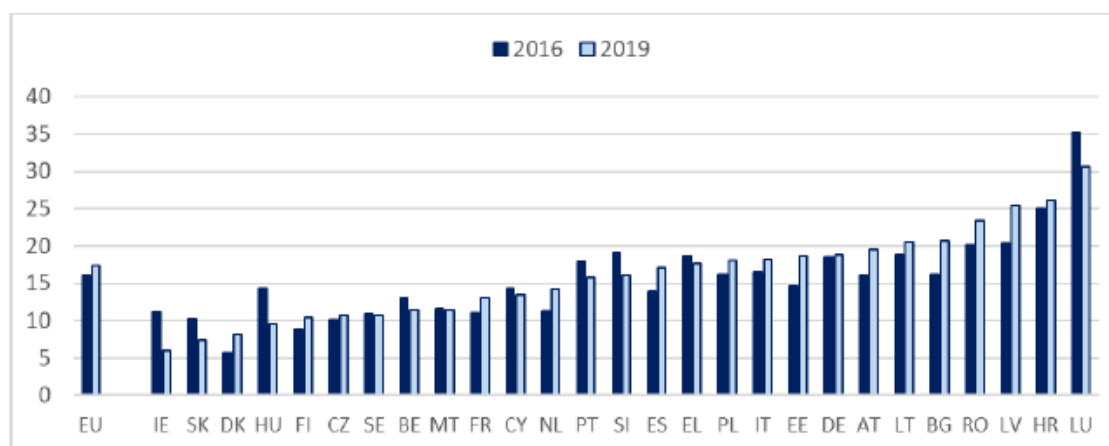
[en&_csp=f2b27c8bfaae83ab6fff909cad93f284&itemIGO=oe&itemContentType=book#figure-d1e219](https://data.europa.eu/doi/10.2767/013455)

From: European Commission, Directorate-General for Employment, Social Affairs and Inclusion, *2021 pension adequacy report – Current and future income adequacy in old age in the EU. Volume 1*, Publications Office, 2021, <https://data.europa.eu/doi/10.2767/013455>

<https://op.europa.eu/en/publication-detail/-/publication/4ee6cadd-cd83-11eb-ac72-01aa75ed71a1>

Figure 6: At-risk-of-poverty gap in old age (65+), 2016 and 2019, %

Old-age poverty becomes deeper in about half of the Member States



Source: Eurostat (*ilc_lil1*).

There is no clear relation between poverty rate and the poverty gap. Some countries with low income inequality also show small poverty gaps; but there are others where low poverty rates are accompanied by a big gap.³⁵

The sources used in Chapter 1 paragraph 3.2:

- ▶ European Central Bank: As of Q1 2023, pension funds in the EU managed assets totaling approximately €3.4 trillion (https://www.ecb.europa.eu/press/stats/pension_fund_statistics/html/ecb.pfs2023q1~f866eca125.en.html)
- ▶ European Commission: The total number of employees in the EU as of Q1 2023 was approximately 200.1 million (https://ec.europa.eu/eurostat/statistics-explained/index.php/Employment_-_annual_statistics)

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- ▶ European Insurance and Occupational Pensions Authority (EIOPA): Coverage of 35.4 million employees by pension funds (https://www.eiopa.europa.eu/tools-and-data/occupational-pensions-statistics_en?prefLang=nl#members)

APPENDIX II – SOME RELEVANT EUROPEAN PUBLICATIONS

2021 pension adequacy report – Current and future income adequacy in old age in the EU. Volume 1

- ▶ Prepared every 3 years by the Social Protection Committee and the European Commission. The report aims to present a comparative analysis of the degree to which pension systems in the EU Member States enable older people to retire with an adequate income today and in the future, reflecting pension reforms, as well as underlying changes and current or future challenges in our societies. Since 2012, the Pension Adequacy Reports have contributed to the policy debate on the purpose and direction of pension reforms in the EU Member States, aiming to present a balanced reflection on the social adequacy and financial sustainability of pensions as two sides of the same pension policy coin. The report consists of two volumes. Volume I is devoted to a comparative analysis of pension adequacy in the EU, whereas Volume II (country profiles) provides a detailed discussion of developments in each of the 27 Member States.



- ▶ Link to the report: <https://op.europa.eu/en/publication-detail/-/publication/4ee6cadd-cd83-11eb-ac72-01aa75ed71a1>

European Pillar of Social Rights Action Plan, published 4 March 2021

- ▶ A strong Social Europe is about people and their well-being. Europe is home to the most equal societies in the world, the highest standards in working conditions, and broad social protection. Competitive sustainability is at the heart of Europe's social market economy, striving for a sustainable and inclusive growth model that delivers the best for people and the planet. On this unique model rests Europe's social and economic resilience.



- ▶ Link to the publication: https://commission.europa.eu/document/download/aedac865-8dbd-4841-bb05-90dd22418943_en

Main content of the discussions of the Eurogroup in inclusive format on 11 March 2024, published 14 March 2024

- ▶ In a detailed meeting on March 11, 2024, the Eurogroup, comprising key figures from the European Commission, the European Central Bank, and the European Stability Mechanism, reached an agreement on a critical statement to guide the future of the Capital Markets Union (CMU) for the 2024-29 European legislative term. This statement identifies thirteen priority actions across three vital areas—Architecture, Business, and Citizens—with a

significant focus on fostering a competitive, streamlined, and intelligent regulatory framework. Among the priorities, particular attention is given to enhancing opportunities for EU citizens, including broadening their access to investment options and improving the landscape for pensions. The initiative aims to create a more attractive environment for long-term savings and investment products, bolstering the financial security and pension income for the aging population of the EU. This ambition underscores the Eurogroup's commitment to ensuring open, deep, and liquid capital markets in every Member State and the EU at large, to support business growth and provide individuals with more avenues for saving, investing, and planning for retirement. The group has called on the European Commission to swiftly advance the corresponding initiatives during the upcoming legislative term and has encouraged Member States to undertake national actions to deepen capital markets further.

- ▶ Link to the publication: <https://www.consilium.europa.eu/media/70742/summing-up-letter-eg-inclusive-format-11032024.pdf>

Much More Than a Market: Speed, Security, Solidarity – Empowering the Single Market to Deliver a Sustainable Future and Prosperity for All EU Citizens, published April 2024

- ▶ This comprehensive report, authored by Enrico Letta, advocates for the transformative potential of the Single Market in securing a sustainable future and enhanced prosperity across Europe. Addressing both current challenges and future opportunities, the report emphasizes the need for a strengthened and unified approach to Europe's economic policies. It proposes the creation of an auto-enrolment EU Long-Term Savings Product, which could be developed as a workplace savings product, aimed at supporting the EU's strategic objectives. The Letta report provides valuable insights and policy recommendations that could significantly influence the implementation and success of EU new financial initiatives. We have commented on Letta's proposal to introduce an auto-enrolment clause as this proposal may create some level-playing issues between the new EU product and existing savings products which would not benefit from auto-enrolment.



- ▶ Link to the publication: <https://www.consilium.europa.eu/media/ny3j24sm/much-more-than-a-market-report-by-enrico-letta.pdf>

APPENDIX III – LINK WITH CMU

A PEOP could contribute to the Capital Market Union action plan by creating a pan-European standard for occupational pensions, making it easier for employees and employers to operate cross borders and facilitating cross-border investment.

The development of a PEOP would align with several objectives outlined in the CMU action plan, such as improving access to finance for businesses, promoting long-term investment and supporting the development of capital markets.

Additionally, a PEOP would help address some of the challenges identified in the CMU action plan, such as the needs for greater standardisation and transparency in the European pension market.

Therefore, we recommend that the development of a PEOP is aligned with the CMU action plan and explore opportunities for collaboration and synergies between the two initiatives. This could include participating in relevant working groups, consultations and events related to the CMU, as well as seeking funding or other support from the EU for the development and promotion of a PEOP.

APPENDIX IV – PEOP OR A CATCHIER NAME?

A few ideas for a catchier name from ChatGTP:

1. EuroPension
2. WorkSaver
3. Pan-EuroPension
4. FutureFund
5. HorizonRetire
6. EuroRetire
7. UniPension
8. SmartRetire
9. NextGenPension
10. EuroNestEgg

Further ideas from ChatGTP asking for additional creative name ideas:

PensionPath	PensionPlus	SavvySavings	NewWavePension
GlobalGrowth	EuroNest	BlueSkyPension	BrightFutures
EuroHarvest	WorkWealth	EuroHorizons	SilverLiningPension
CareerCushion	GoldGuard	SecureSavings	EuroSaver
FutureFunds	EuroFolio	RiseRetire	DynamicRetire

OCCUPATIONAL PENSIONS STAKEHOLDER GROUP – Introducing the Pan-European Occupational Pension Product (PEOP)

OPSG-24-10
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Remember, a creative name should be unique, memorable, and stand out from the crowd. It should also reflect the values and benefits of the product and appeal to the target audience.

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