

OPSG

# OCCUPATIONAL PENSIONS STAKEHOLDER GROUP

Advice on Consumer Trends

PUBLIC  
OPSG -23/13  
28 July 2023

# 1. QUESTIONNAIRE TO THE OPSG GATHERING INPUT FOR THE EIOPA 2023 CONSUMER TRENDS REPORT

## A. Background

EIOPA is required under its Regulation to collect, analyse and report on consumer trends<sup>1</sup>. The term ‘consumer trend’ is not defined in EIOPA’s Regulation. EIOPA therefore devised the following working definition:

*“Evolutions in consumer behaviour in the insurance and pensions markets related to the relationship between consumers and undertakings (including intermediaries) that are significant in their impact or novelty.”*

The term ‘trends’ is understood in a broad sense: it covers, for example, evolutions in volumes of business or in the relationship between customers and undertakings/intermediaries, as well as the emergence of new products or services, or other linked financial innovations. The trend may already be consolidated for a number of years, but it may also be only emergent, with the possibility of becoming significant in the future.

The report aims to inform EIOPA in the identification, prioritization and development of targeted policy proposals or issues requiring supervisory measures. EIOPA seeks to identify possible consumer protection issues arising from identified trends. Nevertheless, positive developments are also identified and highlighted.

For the development of Consumer Trends Report, EIOPA follows an agreed upon methodology, which includes collecting inputs from the OPSG.

## B. Questions

Like in the past years, EIOPA would like to collect informal input from the OPSG to complement the other sources of information available for the Consumer Trends Report. In addition to relevant information/answers, it would be very useful if supporting documents/links could be provided to complement your feedback. References to specific examples observed at national or European level are also strongly encouraged.

**The deadline to provide your input is 28 July 2023.**

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<sup>1</sup> Article 9(1)(a) of the Regulation 1094/2010 establishing EIOPA.

OPSG-23/13  
PUBLIC

**1. Pension related trends**

You are invited to indicate with an “X” the column(s) that best reflect the evolution, trends and issues observed for the product/scheme, during 2022. In the column further to the right please include, in a brief manner, any text to highlight any other issues/developments for the product/scheme.

	Inflation and market trends impacting returns	Inflation impacting benefits' real value	Improvement of disclosure and transparency	Continued issues around disclosure and transparency	Increase in savers/consumers awareness about their pension	Increase in savers/consumers pensions related financial literacy	Please highlight in a brief way any other issues/developments in your market(s) for this product
Occupational pension scheme - DB	PT, DE	PT, DE	DE	DE	DE		<p>Not available in <b>MALTA</b></p> <p><b>Germany:</b></p> <p>Following to BaFin's Annual Report, published in May 2023, in 2022 the GWP of "Pensionskassen" were rather stable (6,6 bn Euro like in 2021), the AuM increased from 192,9 bn Euro (in 2021) to 200,3 bn (in 2022) despite the fact that the hidden reserves of 29,2 bn Euro (in 2021) turned in hidden losses -4,9 bn Euro (in 2022) and the net interest yield fell from 4,1% (in</p>

OPSG-23/13  
PUBLIC

							2021) to 2,3% (in 2022).  BaFin-Website:  <a href="https://www.bafin.de/DE/PublikationenDaten/Jahresbericht/jahresbericht_node.html">https://www.bafin.de/DE/PublikationenDaten/Jahresbericht/jahresbericht_node.html</a>
Occupational pension scheme - DC	PT, DE, PL,GR	ML, PT, DE	DE, GR	DE, PL	ML, IT, DE	GR	<b>Germany:</b>  Following to media reports now two collective agreements started the new “pure DC” pension plans, enabled by law since 2018.  <a href="https://www.personalwirtschaft.de/news/vergue-tung/erfaehrt-die-betriebliche-altersversorgung-ab-jetzt-die-vom-bund-angestrebte-staerkung-149745/">https://www.personalwirtschaft.de/news/vergue-tung/erfaehrt-die-betriebliche-altersversorgung-ab-jetzt-die-vom-bund-angestrebte-staerkung-149745/</a>  Cf. as well BaFin Jahresbericht 2022, S. 62, Mai 2023).
Private pension product	PT, DE, GR	ML, PT, DE		GR	ML		<b>Portugal:</b>  The Parliament approved Law 19/2022 to mitigate the impact of the

OPSG-23/13  
PUBLIC

							<p>high inflation. The measures include early access (without penalties) to the benefits of Individual Retirement Savings Plans (PPR) in the following cases:</p> <p>a) A maximum monthly amount of 480,43 € may be redeemed until the end of 2023, for contributions made until 30.09.2022;</p> <p>b) During 2023, PPR may be used to pay for the monthly instalments of mortgages without having to verify the minimum holding period of 5 years that used to be required;</p> <p>c) A maximum amount of 5.765.16 € may be redeemed in 2023 to reduce the amount of capital in debt in mortgage loans.</p>
Other (please explain)	DE	DE					<p><b>Germany:</b></p> <p>Following to the independent</p>

OPSG-23/13  
PUBLIC

							insurance agency Assekurata the gross return of state subsidized PPP (“Riester” / “Basis”) were just about 2% in 2022: <a href="https://www.assekurata-rating.de/2023/02/23/assekurata-marktstudie-zu-ueberschussbeteiligungen-und-garantien-2023/">https://www.assekurata-rating.de/2023/02/23/assekurata-marktstudie-zu-ueberschussbeteiligungen-und-garantien-2023/</a>
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**2. Focus topics**

- a. Cross sectoral focus topic: Inflation’s impact on life insurance and pensions products and schemes

*The high inflation environment significantly erodes the real value of life insurance and pension returns, hindering consumers’ ability to meet financial objectives such as investment returns or retirement savings. Additionally, it adversely impacts beneficiaries dependent on fixed pension income, diminishing their purchasing power and financial stability over time. Finally, it can also limit consumers’ ability to continue paying regular premium life insurance products or to continue contributing to voluntary pension schemes.*

- i. In your market(s) have you observed inflation substantially impacting the returns of insurance investment products or pension investments? Please provide further information below:

**Antonello Motroni, Italy, IORPs:**

In 2022 net (of tax and charges) returns of supplementary pensions were negative but during the first quarter of 2023 they turned positive and, at least partially, are bouncing back. The magnitude of the losses depends on the risk profile of the investment options.

Official figures on real returns are not available.

**Valdemar Duarte, Portugal, IORPs:**

Not directly. But inflation impacted the performance of capital markets in which Pension Funds invest, negatively affecting the returns in 2022.

**Ioannis Tzanakos, Greece, IORPs:**

Inflation impacted the returns of insurance investment products and pension investments indirectly. Inflation was one of the aspects that lead capital markets to poor performance and negatively affected the returns in 2022.

**Pauline Azzopardi, Malta, Beneficiaries:**

Yes – real returns have been substantially impacted, with lower risk investments going into negative real returns as a result. In Malta, only 1 company offers a with profits fund for linking to their personal pension product, with all others being unit linked products or pensions established as retirement funds.

**Christian Gülich, Germany, Beneficiaries:**

First slight increase of bonuses in average after the end of “low for long” interest rate phase, but still rather low (from 2,69% to 2,76 %):

cf. Assekurata, Press Release of 23 February 2023:

<https://www.assekurata-rating.de/2023/02/23/assekurata-marktstudie-zu-ueberschussbeteiligungen-und-garantien-2023/>

Following to BaFin Statistics the total hidden reserves of life insurances (155,5 bn Euro) at the end of 2021 became total hidden losses (-106,3 bn Euro) at the end of 2022 (in: BaFin Jahresbericht 2022, S. 54, Mai 2023).

**Stefan Nellshen, Germany, IORPs:**

In occupational pensions in Germany often the employer has the obligation to compensate for inflation effects (at least partially), so that there are many cases where the employee does not suffer (or suffer to a lesser extent) from inflation.

**Hans van Meerten, Netherlands, Academics:**

The value of Dutch mandatory pension funds has decreased for grosso modo 30% because of no inflation correction, and this might be contrary to the right of property as laid down in the EU Charter (see for example

OPSG-23/13  
PUBLIC

<https://eulawlive.com/op-ed-on-pensions-as-property-preliminary-commentary-on-the-scope-of-article-17-of-the-charter-in-the-dutch-pension-system-by-kevin-hartmann-cortes-and-jorik-van-zanden/>

Court cases started by individuals in the Netherlands are pending on these subjects and will continue to play a role in the coming years. The Dutch Council of Judiciary warned even that the legal system in the Netherlands might break down because of all the court cases with regard to the new act.

**Janina Petelczyc, Poland, Academics:**

The Employee Capital Funds (PPK) are designed with a specific structure to protect assets from losing value. PPK funds are date-defined, meaning that the allocation of assets in equities depends on the participants' age. For the youngest workers, the funds must invest at least 60% of assets in stocks and no more than 80%. On the other hand, pre-retirement-age workers are participants in funds that can invest a maximum of 15% in stocks. This construction helps protect the funds from major impacts due to inflation or market fluctuations. The results from 2022 show that date-defined funds continued to perform positively, despite negative effects from rising interest rates, declining stocks, and high inflation.

- ii. In your market(s) have you observed inflation leading to consumers surrendering their life insurance policies due to disappointing returns or due to limited disposable income (i.e., needing liquidity to face day-to-day expenses)?

**Valdemar Duarte, Portugal, IORPs:**

In those cases where early access to benefits is possible (e.g. under Law 19/2022), the risk aversion of Portuguese savers allied with an attractive remuneration of Portuguese Public Debt Instruments aimed at households (“Certificados de Aforro”), and, as well, the economic difficulties faced due to the high inflation has led to an increase in the redemptions of Pension Products.

**Ioannis Tzanakos, Greece, IORPs:**

In Greece, private pension products give early access to benefits. In 2022, various difficulties faced by consumers led to an increase in the redemptions of insurance policies. There is no data though, to support if this happened due to limited disposable income or because of disappointing returns. Experts claim that main cause was the latter.



**Pauline Azzopardi, Malta, Beneficiaries:**

It is not possible to surrender a Qualifying Pension product in Malta due to the Pension Rules. However, the products available offer “premium holidays” or the opportunity to reduce premium in the case of changing circumstances, which some clients might avail of due to reduction in disposable income levels.

**Christian Gülich, Germany, Beneficiaries:**

Until now following to the analysis of BaFin there is not yet a major trend for early cancelling or surrendering life insurances by policy holders. Nevertheless the NCA urges the life insurers to take the risk of early cancellation strongly into consideration by implementing a robust liquidity management.

BaFin-Website:

[https://www.bafin.de/SharedDocs/Veroeffentlichungen/EN/Fachartikel/2023/fa\\_bj\\_2304\\_Lebensversicherer\\_Wenn\\_Zinsen\\_steigen\\_en.html](https://www.bafin.de/SharedDocs/Veroeffentlichungen/EN/Fachartikel/2023/fa_bj_2304_Lebensversicherer_Wenn_Zinsen_steigen_en.html)

**Stefan Nellshen, Germany, IORPs:**

Very often a membership as a beneficiary in an IORP is a mandatory membership, which is tied to the working contract. Hence, effects like described above cannot happen in these cases.

- iii. In your market(s) have you observed inflation leading to consumers not renewing products and/or stopping regular voluntary payments and contributions due to limited disposable income?

**Antonello Motroni, Italy, IORPs:**

No. In 2022, in and out payments remained in line with the flows of the last years.

**Valdemar Duarte, Portugal, IORPs:**

Yes, the phenomenon has been observed but the impact is limited.

**Ioannis Tzanakos, Greece, IORPs:**

Yes. This was evident in the report published by the NCA for private pension products.

**Pauline Azzopardi, Malta, Beneficiaries:**

See Q 1 a ii

OPSG-23/13  
PUBLIC

**Christian Gülich, Germany, Beneficiaries:**

The sudden and strong increase of key interest rates in 2022 had led to a strong decrease of new business of life insurers especially with regard to lump sum contribution contracts (-20,8% in 2022). In consequence the total GWP of life insurers was reduced by about 7%.

ProContra-Website:

<https://www.procontra-online.de/lebensversicherung/artikel/bei-diesen-lebensversicherern-sanken-die-bruttobeitragseinnahmen-2022-am-staerksten>

Versicherungsjournal:

<https://www.versicherungsjournal.de/markt-und-politik/lebensversicherung-neugeschaeft-deutlich-schwieriger-147848.php>

The absolute total figures are published by BaFin in its Annual Report on 2022, p. 54, May 2023 (the total new life insurance business was reduced from 5,1 million contracts in 2021 to 4,5 million contracts in 2022; total GWP in 2021: 95,2 bn Euro, in 2022: 90,5 bn Euro).

**Stefan Nellshen, Germany, IORPs:**

Please look at the answer to ii

- iv. Do you have any additional views on the impact of inflation on consumers'/scheme members' investment returns in the insurance and/or pension sector? How do you think insurance and pension provider can lessen the impact of inflation on consumers/scheme members returns? Do you see a role for supervisors in this?

**Antonello Motroni, Italy, IORPs:**

No.

**Valdemar Duarte, Portugal, IORPs:**

We have no additional views on these topics.

**Ioannis Tzanakos, Greece, IORPs:**

Higher inflation makes consumers consider pensions as less of a priority as their disposable income decreases. Most of the people have no financial literacy in relation to retirement planning. This leads to less provisions being made and a large pension gap existing. Supervisors should try to tackle low financial literacy with any means necessary (advertisement, articles, seminars, conferences...).

**Pauline Azzopardi, Malta, Beneficiaries:**

Higher inflation makes consumers consider pensions as less of a priority as their disposable income decreases; the effect on real returns in the shorter term also has a negative impact on take-up. Alternative non-insurance products could be sought for retirement income purposes in such cases (e.g. purchase of property generating rental income).

**Christian Gülich, Germany, Beneficiaries:**

Despite the obvious fact that life insurers are not responsible for basic macro-economic conditions (neither for the “low for long” interest until 2021, nor for the sudden strong increasing key interest and inflation rates since 2022), life insurers as product providers continue to be entirely responsible for even strongly increasing distribution costs which they disclosed in their annual statistics: from about 7 bn/year in average from 2015 to 2020 to 8,349 bn in 2021 and 8,0 bn in 2022:

Cf. Association of German Insurers (GDV): Life insurance in 2022, p. 31 (table: Kostenquoten):

<https://www.gdv.de/resource/blob/85242/73b7e57311a24ab21c8ecff81c570323/deutsche-lebensversicherung-in-zahlen-2022-data.pdf>

We clearly see a major role of supervisors in this issue which constitutes a strong concern of ongoing consumer detriment and ought to be dealt in the context of “enhanced” supervision of conduct of business (cf. below point g. ii.).

**Stefan Nellshen, Germany, IORPs:**

IORPs usually have no distribution costs, because membership in an IORP is tied to a working contract and often mandatory. In these cases, the argument for life-insurers above is not valid. Regarding general administration costs, which are published in the annual report of the respective IORP and hence are transparent, the German supervisory authority supervises, if they are still within the frame used as a basis for the actuarial tariff calculation.

**Janina Petelczyc, Poland, Academics:**

Yes, in the market, we have observed inflation leading to consumers surrendering their PPK (Employee Capital Plans). It is estimated that around 50,000 individuals have chosen to discontinue saving in PPK in favour of receiving higher take-home pay. Despite the temporary impact, the overall number of PPK participants is growing. As of

June 2023, there were 3.8 million participants, compared to 2.87 million in June 2022. [Biuletyn-PPK-2-2023.pdf \(mojeppk.pl\)](#) (in Polish).

b. Cross sectoral focus topic: Diversity and inclusion

*Last year's EIOPA Eurobarometer, highlighted there is a gender gap in access to insurance and to pensions. In particular, there are growing concerns about a pensions gender gap, around some exclusion clauses which may unfairly discriminate against certain categories of consumers, as well as in relation to possible discriminatory pricing practices and overall limited access of certain categories of consumers. More and more supervisors are now working on ensuring the sectors develops products which meet the needs of and offer utility to a diverse range of customers and are distributed in a way which is aligned to such needs and characteristics and which takes into account their specificities.*

- i. In your market(s) have you observed instances of consumers who are vulnerable/minority/diverse compared to consumers who fit in a dominant/normative group that may not be sufficiently served? Have you noticed a gap in access to insurance/pension services when comparing one group of consumer with another group of consumers based on personal characteristics (e.g. gender)? Please provide further information below.

**Antonello Motroni, Italy, IORPs:**

The gender gap on supplementary pensions is relevant given that females represent only 38% of the members. But in the end it mirrors the gender gap in the workforce.

Young age cohorts are also underrepresented in the membership. Members with at most 34 year old account only for 18.7%. This figure is especially concerning as young employees are (and will be) the most impacted by the introduction of the Notional defined contribution system in the first pillar, combined with the increase in the non-standard jobs.

**Valdemar Duarte, Portugal, IORPs:**

On the Pension Funds' segment we have no knowledge of any difficulty of vulnerable/minority/diverse groups to access pension service or any gap in the access of pension services.

**Ioannis Tzanakos, Greece, IORPs:**

Greece enacted in 2021 a defined contribution supplementary pension fund "TEKA" in the state pension first pillar. TEKA was created as a supplementary pensions system for

young people only up to 35 years old who opt for it. All people above 36 to 55 cannot join it and must remain in the notional defined contribution system in the state pension pillar. “Age” gap is evident in this case where individuals are not offered access to state pension income projections as well. Finally, this fund does not allow contracting out to other occupational funds.

**Pauline Azzopardi, Malta, Beneficiaries:**

Yes, self-employed individuals cannot participate in second pillar pensions in Malta, although they may set up an occupational scheme and contribute for their employees if they have any.

This is understood from S.L.123.175 (<https://legislation.mt/eli/sl/123.175/eng/pdf>) which states that schemes must be “*established in the context of an employment relationship for the purposes of providing retirement benefits to qualifying employees*”.

The gender pension gap for women is greater than that for men as a result of a combination of aspects, including the gender pay gap; the cultural norm that women take career breaks to care for dependents; the norm that women rely on the male counterpart to handle financial aspects; separation/divorce leaving women with no provisions.

**Janina Petelczyc, Poland, Academics:**

Certainly, there are several groups that may not be sufficiently served in our market. Firstly, due to the structure of Employee Capital Plans, self-employed individuals cannot participate in the system. Their contributions to the public system are significantly lower than those of employees, and they do not have access to such a wide range of additional savings options (although incentives have been introduced for them through individual saving accounts, they have not gained much popularity).

The gender gap is another issue observed in the market. Although the percentage of women insured in PPK is not significantly lower (42.5% women, 46.5% men, with approximately 10% lacking data), lower future earnings for women may result in lower supplementary pensions.

Furthermore, there is a challenge in providing access to the programs for individuals with the lowest incomes. The government has introduced numerous incentives (auto-enrolment, lower employee contributions for lower wages), but it is evident that participation in PPK is much lower in SMEs and the public sector, where wages are considerably lower. The participation rates differ significantly across different company

sizes: private sector - 39.7%, public sector - 20.76%. The highest participation is observed in large companies (250+ employees) with a rate of over 52.88%. In companies with 50-250 employees, the participation rate is 26%, while in those with 20-50 employees, it is 24.59%.

- ii. In your market(s) have you observed instances of consumers who are vulnerable/minority/diverse being unfairly discriminated (e.g., because exclusions may more adversely impact this group of consumers, because of pricing, because of coverage may not offer utility because of their needs and characteristics) compared to consumers who fit in a dominant/normative group that may not be sufficiently served?

**Antonello Motroni, Italy, IORPs:**

No.

**Valdemar Duarte, Portugal, IORPs:**

We have no knowledge of any discriminatory treatment of vulnerable/minority/diverse consumers.

**Ioannis Tzanakos, Greece, IORPs:**

Individuals that accumulate pension benefits under pillar 3 (pension products), they are subject to tax upon transferring to an occupational pension account in pillar 2. Such transfers should be eligible to tax exemptions.

**Stefan Nellshen, Germany, IORPs:**

Usually every employee joining a sponsor company becomes member of the respective IORP. This leaves almost no room for discrimination resp. unfair treatment on the side of the IORP.

**Pauline Azzopardi, Malta, Beneficiaries:**

The majority of the population has no awareness or financial education in relation to retirement planning. This leads to less provisions being made and a large pension gap existing. Unfortunately, this applies across the general population, including those who are highly educated.

Furthermore, there is a large expat community working in Malta. Where these individuals accumulate certain pension benefits (under any of the 3 pillars) locally, they may be subject to tax upon transferring to a pension account in another member state if they relocate. Such transfers should be eligible to tax exemptions in the same way as transfers to local qualifying schemes.

In Malta many still rely on the State Pension for their retirement income. Occupational pensions are not mandatory, although Government gives some small tax rebates. These have failed to gain momentum.

Over the last 20 years several state subsidised Pension Working Groups have emphasised the importance of occupational pensions but these have as yet not been made mandatory by Government. Current debates are pushing for automatic opt ins for employees when employers would be obliged to set up occupational pension schemes without any mandatory employer contribution. (See newspaper links below.)

I have experienced a case where a large foreign insurer with subsidiaries in Malta offers pensions to foreign employees of same nationality (as that is the case in their country) but not to the Maltese employees as occupational pensions are not mandatory in Malta.

**Janina Petelczyc, Poland, Academics:**

I haven't come across such information on discriminatory treatment of vulnerable/ minority/ diverse consumers.

- iii. In your market(s) have you observed instances of consumers who are vulnerable/minority/diverse compared to consumers who fit in a dominant/normative group that may not be sufficiently served because of the way in which products and services are being distributed? Please provide further information below.

**Antonello Motroni, Italy, IORPs:**

No.

**Valdemar Duarte, Portugal, IORPs:**

We have no knowledge of any discriminatory treatment of vulnerable/minority/diverse consumers regarding the distribution of Pension Services

**Ioannis Tzanakos, Greece, IORPs:**

No.

**Stefan Nellshen, Germany, IORPs:**

See answer above.

- iv. Please provide below additional views. What is insurance or pension providers' role in mitigating such practices and fostering diversity and inclusion? Do you see any role for supervisors?

**Valdemar Duarte, Portugal, IORPs:**

Nothing to report.

**Pauline Azzopardi, Malta, Beneficiaries:**

Due to lack of awareness and financial education on the topic in the general population, some distributors reach out to clients through cold calling and / or workplace educational workshops. Done well, these approaches could help. Also see note on cross-border transfers (Q ii).

c. Pension focus topic: Disclosure and Transparency

*Unclear information in disclosure to consumers/scheme members such as in the Pension Benefit Statements can cause confusion about pension entitlements and future financial security. Hidden fees and technical jargon may obscure true pension costs, leading to misunderstanding and mismatch between expected and actual returns. This lack of transparency can result in misinformed decisions, potentially diminishing retirement savings or creating unforeseen financial burdens.*

- i. In your market(s) have you observed instances of unclear information in pension-related disclosure (e.g., Pension Benefit Statements, Pension Tracking System, disclosures to prospective members)? Was this due to the way in which the information is presented (format), or due to the language in which the information is presented (technical jargon), or other issues? To what did this unclear information refer to (e.g., costs, investment objective, sustainability aspects)?

**Antonello Motroni, Italy, IORPs:**

No.

**Valdemar Duarte, Portugal, IORPs:**

We have no knowledge of unclear information in pension-related disclosure. Portuguese Pension Funds have been disclosing the PBS to their Members but the market is still waiting for further regulation by the Portuguese Authority (ASF) concerning the presentation of the content of the PBS.

**Pauline Azzopardi, Malta, Beneficiaries:**

Pension benefit statements are not normally offered to clients, so over time clients are not made aware of the expected pension income amounts at retirement (considering



a number of assumptions). This is especially important due to the long-term nature of these products.

**Ioannis Tzanakos, Greece, IORPs:**

Pension benefit statements are not always offered to clients, so over time clients are not made aware of the expected pension income amounts at retirement (considering a number of assumptions). This is especially important due to the long-term nature of these products.

**Christian Gülich, Germany, Beneficiaries:**

In March 2023 the federal consumer monthly magazine FINANZTEST published a report on ongoing complaints related to the private and occupational pension payouts by PROXALTO (cf. Finanztest, Heft März 2023, S. 43: Chaos bei Proxalto). Proxalto (the former Generali Life Insurance Germany with about 3,8 million contracts) had been sold to the run-off company Viridium in Frankfurt. Already before the regional consumer organisation Verbraucherzentrale Hamburg had published reports on complaints by policyholders not receiving regularly the mandatory annual statements.

Now additionally FINANZTEST reported on postponement of payouts to beneficiaries and gave advice how to deal with it:

Finanztest-Website:

<https://www.test.de/Lebensversicherung-Proxalto-zahlt-verspaetet-5916963-0/>

**Hans van Meerten, Netherlands, Academics:**

Newer are the discussions about the qualification of the pension participant as a consumer and the question about the information obligations that pension funds have towards their participants and pension beneficiaries. The increasingly individual pension participant (whether or not in a collective) has, certainly with the transition to the new pension system, a lot of “work to do” when it comes to understanding the new structure of the system and making choices with far reaching consequences. The participant should be heavily protected, we believe.

In our opinion, a pension participant can be regarded as a consumer, because pension schemes already constitute a financial product under EU law whereby the 'pension consumers' bear the risks, and because pension funds are undertakings and (financial) service providers according to the EU court. Sanne and I have developed a new definition of consumer for pension products: “an individual customer of a European

OPSG-23/13  
PUBLIC

financial service whereby this customer bears the risks of the financial service to a predominant degree himself”.

Information obligations, on the other hand, exist from, among others, the SFDR regulation (information on sustainability policies and the green content of pension schemes) and the cost transparency rules from the IORP II. The information gap of the pension participant and the resulting obligations call for serious compliance and enforcement of rules.

At the moment, the Dutch pension act and practice do not yet convince that members and pensioners are fully and correctly informed. This is a bad thing. Taken together, the points of criticism mentioned in the article (cf. above) should weigh more heavily in order to ultimately create a transition to the new pension system that is EU-proof in all areas.

**Janina Petelczyc, Poland, Academics:**

Additional pension systems (individual and occupational) have relatively clear rules for presenting data. Due to the digitization of the system, access may be an issue for digitally excluded individuals, although I haven't come across any complaints regarding this matter. Another challenge could be the lack of awareness about the availability of databases concerning one's own pension security.

- ii. What is your view on the Pension Benefit Statement? Is it successful in providing succinct information? In your experience are the recipient engaging with it?

**Antonello Motroni, Italy, IORPs:**

So far the PBS has been a successful story in providing members with fair and on time information on their accumulation phase. The template of the PBS is standardized and is the same for IORPs and PPPs in order to meet the current flexibility in the job markets and giving savers a clear and simple picture of their pension entitlements.

The template uses extensively graphs and tables, avoiding, when possible, jargon.

**Valdemar Duarte, Portugal, IORPs:**

To the best of our knowledge, and despite the lack of further regulation, the PBS provided by Portuguese Pension Funds succeed in providing succinct information and in experiencing Members engaging with it.

**Ioannis Tzanakos, Greece, IORPs:**

As above.

**Pauline Azzopardi, Malta, Beneficiaries:**

As above.

**Christian Gülich, Germany, Beneficiaries:**

There are no valid broad empirical data on the good or bad usage of the PBS. But neither the NCA nor the ombudsman reported any complaints. Nevertheless we suggest that EIOPA’s voluntary PBS models of 2019 should become mandatory for IORPs particularly related to disclosures of costs, returns and benefit projections.

**Stefan Nellshen, Germany, IORPs:**

We made positive experience and got no negative feedback with regard to our current PBS.

- iii. In your market(s) have you notice a decrease in unclear information in pension-related disclosure? Is digitalisation improving the quality, timeliness and reach of pension-related disclosures to savers?

**Antonello Motroni, Italy, IORPs:**

In 2022 claims on disclosure represented a negligible share of total claims, meaning that the current framework on disclosure works smoothly and efficiently.

**Valdemar Duarte, Portugal, IORPs:**

Digitalisation has increased since the pandemic, making disclosures faster and more efficient. The quality of the information (perceived as good) remains the same.

**Ioannis Tzanakos, Greece, IORPs:**

Digitisation improves access to information about one’s pension, however certain information is not yet widely or clearly available especially for older citizens.

**Pauline Azzopardi, Malta, Beneficiaries:**

Digitalisation improves access to information about one’s pension, however certain information is not yet widely or clearly available (mainly in relation to expected pension income).

**Christian Gülich, Germany, Beneficiaries:**

A regional state consumer organisation took action against a life insurance because of non-transparent PPP contract clauses related to penalty fees in case of early cancellation.

VersicherungsJournal: <https://www.versicherungsjournal.de/versicherungen-und-finanzen/verbraucherzentrale-mahnt-stornoklausel-der-debeka-ab-147838.php>

**Janina Petelczyc, Poland, Academics:**

Both the public and private sectors of the pension system are highly digitized, and access to accounts is straightforward. However, there is room for improvement in terms of the accessibility of information in the public system (the level of difficulty and complexity in presenting information is relatively high.).

The main issue, however, lies more in the lack of awareness of how quickly and easily one can access this information and the fact that it is not consolidated in one place. For example, an individual with insurance in multiple pillars (Social Insurance Institution, Individual Retirement Accounts, Individual Pension Security Accounts, Employee Pension Plans, and Employee Capital Plans) may have to log in to accounts in up to 5 different institutions.

iv. Do you have any additional views on disclosure and transparency in the pensions sector?

**Valdemar Duarte, Portugal, IORPs:**

The Pension Funds' providers have requested and are waiting for further regulation on the Disclosure of Information duties and, namely the PBS template.

**Ioannis Tzanakos, Greece, IORPs:**

Individuals are not offered access to state pension income projections. If such information is made available and proactively presented to individuals (without the need of their input) in a simple format, awareness and knowledge would likely increase. Furthermore, the use of simplified terminology should be encouraged since many do not understand financial jargon unless they are in the industry. Mandatory disclosures should reflect this.

**Pauline Azzopardi, Malta, Beneficiaries:**

Individuals are not offered access to state pension income projections before they reach a certain age (close to retirement and quite late to start making provisions). If such information is made available and proactively presented to individuals (without the need of their input) in a simple format, awareness and knowledge would likely increase.

OPSG-23/13  
PUBLIC

Furthermore, the use of simplified terminology should be encouraged since many do not understand financial jargon unless they are in the industry. Mandatory disclosures should reflect this.

As stated, since the State Pension is the major contributory income for many, I would like to see that the Government sends out or at least provides digital means for one to look up his contributions and the projected pension he is entitled to perhaps through the current eID system. In this way people would be incentivized to save more for their pensions. Unfortunately, only when one is very close to retirement that they become aware of their entitlement as they physically visit the Social Security Office.

**Christian Gülich, Germany, Beneficiaries:**

Cf. our comment below (d. ii.).

**Janina Petelczyc, Poland, Academics:**

The new system is to be called "Central Pension Information" (Centralna Informacja Emerytalna) and, according to the plans of the Polish Development Fund (PFR) and the Social Insurance Institution (ZUS), it is scheduled to be made available to the Polish people in the second quarter of 2023. The main purpose of the Central Pension Information (CIE) is to provide an overview of the state of retirement accounts and the projected future benefits from all sources in one place. The CIE will also allow for updating of data.

d. Pension focus topic: Pension awareness

*Understanding the importance of saving for retirement is essential to ensure a stable income in later years, which can significantly reduce the risk of poverty among retirees. Moreover, knowledge about pension-related aspects as well as a robust pension literacy framework empowers individuals to make informed decisions about savings, investments, and pension plans. This not only strengthens personal financial security but also ensures that the economic stability of the EU. Hence, enhancing pension awareness and financial literacy are paramount.*

- i. In your market(s) have you observed an increased awareness of scheme members around their pension entitlements and/or costs associated to their scheme? Have you noticed an increase in interest around private pension products by consumers? Would you say that EU citizens are increasingly knowledgeable about pension aspects?

**Antonello Motroni, Italy, IORPs:**

All in all the knowledge of citizens about pensions has not changed substantially.

Despite recent initiatives on financial literacy and pension awareness, there is a substantial gap on these matters yet.

Reforms of the first pillar (introduction of the notional defined contribution scheme) alongside changes in the job market make people more vulnerable in terms of pension adequacy at retirement. Membership rate is about 10% of eligible workforce and it is especially low for young employees (please refer also to answer b.i).

**Valdemar Duarte, Portugal, IORPs:**

Unfortunately, we have not witnessed, so far, any increase in the awareness of Portuguese citizens regarding their pension entitlements, the costs or otherwise any increased interest in private pension products.

**Ioannis Tzanakos, Greece, IORPs:**

As per comments above, unfortunately awareness and knowledge is very low. Whilst some increase in awareness is observed, this does not seem to be leading to any action. Awareness does not necessarily lead to knowledge, nor to the willingness of individuals or employers to part with their money for a future goal. There is a need to implement auto enrolment mechanisms accompanied by elementary or workplace education.

**Pauline Azzopardi, Malta, Beneficiaries:**

As per comments above, unfortunately awareness and knowledge is very low. Whilst some increase in awareness is observed, this does not seem to be leading to any action. Awareness does not necessarily lead to knowledge, nor to the willingness of individuals or employers to part with their money for a future goal (behavioural heuristics have a strong impact). There is a need to implement nudging mechanisms, such as auto enrolment accompanied by workplace education.

However, by 2021 only 13,672 had taken up private personal pension schemes, and only 1,685 were enrolled in a voluntary occupational pension. Only 3% of companies surveyed had an occupational pension scheme.

<https://timesofmalta.com/articles/view/pensions-the-time-come-take-action-a2.1041155>

<https://www.apsbank.com.mt/news/the-need-to-bridge-the-pension-gap-covered-during-the-latest-malta-sustainability-forum-conference/>

**Christian Gülich, Germany, Beneficiaries:**

Of course there are innumerable researches made on consumer behaviour related to pension awareness like this one for example (German Institute for Retirement Provision in Berlin):

Website:

[https://www.dia-vorsorge.de/private-altersvorsorge/mehrheit-sorgt-sich-um-  
rentenluecke/](https://www.dia-vorsorge.de/private-altersvorsorge/mehrheit-sorgt-sich-um-rentenluecke/)

Generally spoken it surely can be confirmed that there is an increased awareness of citizens related to pension issues due to the sudden and strong change from very low to high interest rates and the real loss of long-term purchasing power. In Germany there is no mandatory indexation of salaries or pensions related to inflation.

**Janina Petelczyc, Poland, Academics:**

No, however, with the subsequent stages of auto-enrolment (every 4 years), the number of people insured under the Employee Capital Plans (PPK) has increased. The knowledge regarding the functioning of the pension system in Poland (both the public pillar and additional ones) is very low. Additionally, there is an issue related to a very low level of trust among citizens in the system, resulting in avoidance of paying contributions and not joining voluntary forms of pension security.

- ii. Do you have any additional views on pension awareness and literacy? In your view what can be done to increase pension awareness and literacy, particularly by pension providers? What is the role of supervisors?

**Valdemar Duarte, Portugal, IORPs:**

It's essential the improvement of the pension awareness and literacy amongst Portuguese citizens. We also note the same lack of pension awareness and financial literacy amongst policy makers. Politicians need to be "educated" on the importance of promoting adequate pensions and on the importance of the role of private pensions, The role of Supervisor is important, but they have very few actions and is difficult to revert the public conviction that I Pillar Social Security will last forever.

**Ioannis Tzanakos, Greece, IORPs:**

See above.

**Pauline Azzopardi, Malta, Beneficiaries:**

See above.

**Christian Gülich, Germany, Beneficiaries:**

As pointed out under the topic life-insurance the main role of supervisors should consist in effective monitoring of real costs and returns and realistic marketing communications by life insurers (as pointed out by BaFin in its new “Guidance” on conduct of business supervision published in May 2023):

Bafin-Website:

[https://www.bafin.de/SharedDocs/Veroeffentlichungen/DE/Pressemitteilung/2023/pm\\_2023\\_05\\_08\\_Merkblatt\\_kapitalbildende\\_LV.html](https://www.bafin.de/SharedDocs/Veroeffentlichungen/DE/Pressemitteilung/2023/pm_2023_05_08_Merkblatt_kapitalbildende_LV.html)

Besides this the new digital *Pension Tracking System* on the national level will start its first accessibility from July 2023 on:

German Public Pension Administration (DRV):

<https://www.deutsche-rentenversicherung.de/DRV/DE/Ueber-uns-und-Presse/Presse/Pressemitteilungen/Pressemitteilungen-aktuell/2023/2023-06-28-digitale-rentenuebersicht.html>

How strongly this innovation will have an impact on the actual awareness of future retirees cannot yet be evaluated.

**Hans van Meerten, Netherlands, Academics:**

The Netherlands adopted a new pension act that supposed to make the country more adapted for the future. The act entered into force 1st of July 2023. However, pension funds have until 2028 (or maybe even longer) to prepare for the major changes. This is called the transition period.

In the Dutch journal for EU Law (SEW,) Sanne Vlastuin and I wrote an article where we discuss the transition to a new Dutch pension system.

[https://papers.ssrn.com/sol3/papers.cfm?abstract\\_id=4144970](https://papers.ssrn.com/sol3/papers.cfm?abstract_id=4144970)

This article will be updated and appear in a European journal. In particular, in this article we pay attention to European law aspects that could be problematic, including the pension participant as consumer and the information gap of pension participants. More is needed to make the envisaged Dutch pension system EU-proof on these points, we believe. We have shown that the reform of the Dutch pension system touches on EU law in many areas. Much has already been written about the sustainability of the Dutch large-scale mandatory rules (see for example



OPSG-23/13  
PUBLIC

[https://papers.ssrn.com/sol3/papers.cfm?abstract\\_id=2992298](https://papers.ssrn.com/sol3/papers.cfm?abstract_id=2992298)

and the legal risks of Dutch conversion from DB to DC without individual consent of the participants (see [https://papers.ssrn.com/sol3/papers.cfm?abstract\\_id=2752624](https://papers.ssrn.com/sol3/papers.cfm?abstract_id=2752624)).

**Janina Petelczyc, Poland, Academics:**

Financial education, including education about social insurance, should be expanded in schools, and efforts should be made to maximize the simplification of language used (avoiding financial jargon).

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