EIOPA-OPSG/19-05
31 May 2019

OPSG Feedback Statement on EIOPA's Questionnaire on gathering input for the 2019 Consumer Trends Report

1. Background

EIOPA is required under its Regulation to collect, analyse and report on consumer trends[1]. To date, EIOPA has produced seven Consumer Trends Reports. 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 members and pension funds, 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, prioritisation and development of targeted policy proposals; EIOPA seeks to identify possible consumer protection issues arising from identified trends. Nevertheless, positive developments are also identified and highlighted.

[1] Article 9(1)(a) of the Regulation 1094/2010 establishing EIOPA

2. Questions to the OPSG

Like in the past two years, EIOPA would like to collect from OPSG informal input to the work on the Consumer Trends Report. In addition to your experience as stakeholders, it would be very useful if you could attach or provide the links to any relevant sources of information to complement your feedback. OPSG Members are also encouraged to refer to specific examples they may have observed at national or European level.

The OPSG is invited to explain how the demand and/or offer for occupational and personal pension plans and products has increased / decreased / remained unchanged, during 2018. Please, where relevant, refer to any possible financial innovations, market developments, and/or changes in market practices, as well as any possible consumer protection issues arising from such developments.

	Developments in demand / offer / financial innovations / market environment / market practices/ consumer protection
Occupational pensions	**Fieke VAN DER LECQ, THE NETHERLANDS, Academic:** An increased connection of first pillar (state; PAYG) pensions with second pillar (occupational; capital based) pensions, now that reform negotiations on of the second pillar collapsed due to disagreement on of reforms of the first pillar. **John MAHER, IRELAND, Academic:** It is now possible in Ireland to provide for a continuation of a spouse's pension on the demise of the member beneficiary at a rate of 100% of the original retirement benefit i.e. with no reduction on death. This recognises the risk of income poverty that might otherwise occur, particularly where the spouse does not have a separate occupational pension. Thus if a pension scheme under its rules provides a lesser surviving spouse benefit, then a Member can usually contribute additional amounts on a voluntary basis to increase the benefit available for such a spouse.

	The current annual benefit statement provided to members of schemes is silent on investment returns and cumulative costs, charges and deductions. The Irish Human Rights Commission has published guidance to help promote good practice that avoids age discrimination with respect to older employees. See https://www.ihrec.ie/our-work/legal-activity/retirement-and-fixed-term-contracts-guidelines/ A significant majority of pension schemes in Ireland have just one member which suggests that these schemes form an integral part of wealth management and financial planning for those same individuals. The scope for this approach may be more limited prospectively as the government has introduced a ceiling on fund size of €2m per person and an annual individual pensionable income threshold of €115k . Jerry **MORIARTY, IRELAND,** IORPs: The current annual benefit statement only has to show any difference between contributions collected and invested. There is also a tax disadvantage to employers contributing to a Personal Retirement Savings Account which is a contract arrangement that would be more appropriate for many of these schemes. **Sue LEWIS, UK, Beneficiaries:** There has been a significant increase in the use of master trusts (multi-employer trust-based schemes), from 0.2 million members in 2010 to around 10 million today, generally as a result of auto-enrolment being rolled out to smaller employers. Four in five members enrolled into trust-based schemes are now enrolled into a master trust. https://www.plsa.co.uk/Portals/0/Documents/Made-Simple-Guides/2018/Master%20Trusts%20Made%20Simple%202018.pdf From October 2018, master trusts have been required to apply for authorisation by the Pensions Regulator (TPR). Authorisation is expected to increase member protection. It is also likely to lead to consolidation in the market as smaller master trusts fail the stringent authorisation conditions.

	In March 2019, the UK government signalled its intention to bring forward legislation to enable employers to provide collective DC schemes. Moses **AZZOPARDI, MALTA,** Beneficiaries: STATE PENSIONS: In order to delay take-up of pensions and so reduce the immediate burden, Government had introduced an incentive i.e. an increase in state pension should this not be taken up on normal pension age which can be 61, 62, 63, 64 (NPA depends on year of birth). One year deferred would see an increase of 5% and two years a deferred increase of 10% on the pension when taken up. One can also take up his pension before NPA if contributions have been all paid but cannot work until he/she reaches NPA. After NPA one can work as well as receive a pension. If anyone works and receives pension before age 65 (of course after their NPA) they have to pay the National Insurance which will unfortunately will not have any effect on their pension in payment. When a person is entitled to a pension from his employer he will not be awarded a 2/3 Pension but a Retirement Pension which is approximately only 45% of the 2/3 Pension.If the sum of the two pensions will fall under the maximum pension income so he will be awarded a rise so that he will benefit from the maximum pensionable income. Another proviso in the Social Security Act stipulates that when the other part in marriage is entitled to a pension on his/her right the amount of the pension is further reduced to that awarded to a single person. Government also introduced tax rebates on pensions since 2017. As from basis year 2017, the resulting tax is reduced by a tax rebate on pension income. (In the case of a person on married rates, a further rebate is also applicable on all income.) The rebate is calculated as follows: (i) Person on <u>single rates</u>: Tax rebate = (Pensions income less 9,100) X 15% (ii) Person on <u>parent rates</u>: Tax rebate = (Pensions income less 10,500) X 15% (iii) (a) Person on <u>married rates</u>: Tax rebate = (Pensions income less 12,700) X 15%

(iii) (b) Person on married rates:

Further tax rebate = (all income less 12,700) X 15%, less rebate as per (iii)(a)

These rebates are subject to the following cappings:

	2017	2018	2019
(i) single rates	210	615	650
(ii) parent rates	150	405	440
(iii) (a) married rates	45	75	110
(iii) (b) married rates (further rebate)	75	150	150

SECOND PILLAR:

The cappings ensure that, for all pensioners, pension income in 2019 below €13,434 is not taxable (In 2018 below €13,200 not taxable).

There are still no mandatory Second Pillar pensions in Malta. Due to this employers do not offer pensions to their employees even though the multinational companies offer generous pensions to their employees in their home state.

THIRD PILLAR:

As for Third Pillar the Government has now introduced a universal maximum 500 euro tax rebate per annum for approved private pension savings based on 2000 euro savings per annum which is effectively 25%. This was previously 300 euro rebate pa. One has to apply for this tax rebate.

Compared to other countries this is still too low to be considered a strong incentive.

As far as I am aware there are only 2 separate policies being sold as private pensions in Malta. One belongs to an insurance company offering it through its joint subsidiary with a bank where the latter sells it as well through its branches and one is an insurance company subsidiary of another bank. The policies offer a minimum term of saving of 10 years and on decumulation the benefit is given as a 30% tax free lump sum and the rest as an annuity.

Stefan NELLSHEN, GERMANY, IORPs:

	In occupational pensions in Germany the general trend towards solutions with very low actuarial rates (guaranteed interest rates) further continues. Since the implementation of the new "Betriebs-rentenstärkungsgesetz" (law for strengthening occupational pensions) it has become possible for the first time in Germany to offer pure DC products without any financial guarantee components as occupational pension products. However, such products have to be mutually agreed between the social partners, i.e. the worker´s representatives and the employers´ representatives for the respective industries. However, in the first year of this new law within the big industry branches no such offer has been concretely negotiated. However, several providers of occupational pension products have developed such products in order to be quickly able (potentially with a few adjustments), to administer such product, should it be agreed by the respective social partners. **Philip NEYT, BELGIUM, IORPs:** Belgium: The government is taking some initiatives to have more people to benefit from occupational pension plans. Legislative changes are introduced to allow employees who do not have a company sponsored pension plan or a plan with limited contributions to pay additional personal contributions. **Christian LEMAIRE, FRANCE, IORPs** In France, the PACTE law should come into force in 2020 to cover both occupational and personal pensions. Its main objectives are: 1. Promote retirement savings within small businesses, 2. Promote employee share ownership and develop profit sharing mechanisms within the firm to strengthen social cohesion, 3. Make retirement savings more appealing by allowing people to take their savings with them when they change employer and by harmonising investment vehicles, 4. Encourage life-cycle strategies, which are to become the default option for all supplementary retirement saving schemes. This will give people an incentive to put their money in riskier assets and thus potentially higher-earning investment products invested in the real economy. At the same time, aiming at

	protecting the accumulated capital against erosion from inflation over the long term investment horizon of pensions, Relax exit requirements at retirement with more flexible pay-out options for accumulated savings. **Senka FEKEZA KLEMEN, CROATIA, IORPs:** Although occupational pension scheme in Croatia has still not reached a satisfactory coverage, there have been some significant improvements. Recently, more companies from public sector have shown interest in offering occupational pension scheme to their employees, followed by trade unions and private medium- sized companies. As a result, occupational pension scheme has reached a total number of 40.478 members and 114 million EUR in assets under management. Comparing these results with the last year, this is a step forward. At the beginning of 2019 IORP II Directive was transposed into national Act on Voluntary Pension Funds, thus bringing about positive changes in risk and governance, investment policy and in communication with members, prospective members and beneficiaries. In some segments of the Act, the national legislator even went beyond the IORP II requirements, imposing stricter rules, especially in terms of governance, and introduced a compliance officer as mandatory control function in addition to risk manager and internal auditor. During 2018, Croatia started with a small-scale pension reform, reforming all three pension pillars. The new rules have entered into force in 2019. Substantial amendments have been made in mandatory pension funds, such as a gradual increase of retirement age from 65 to 67 years, for all employees born after 1966 who have less than 41 years of service. The amended Act encourages longer participation on the labour market and gives a possibility to present pensioners to re-enter the labour market and supplement their pension income. On the other hand, early retirement is discouraged by decreasing the pension by 3,8% per each year, with a maximum decrease of 18% for five years of early retirement. By contrast, any postponement of old age retirement is supported by 0,34% increase for each month. Furthermore, the reform secures an increase of 3,13% for most vulnerable cohort of pensioners, i.e., those who receive minimum pension. Mandatory pension in the second pillar (1st bis pillar) is becoming less expensive in terms of fees. Management fee decreases each year by 5%, upfront fee has declined from 0,8% to

	0,5% and custodian fee amounts to 0,025% of total assets under management. As far as voluntary pension is concerned, besides the transposition of IORP II Directive into the national law, some other changes have been observed, such as a further decrease in fees for members, elimination of entrance fee and introduction of mandatory contribution from sponsors. **Valdemar DUARTE, PORTUGAL, IORPs:** In Portugal, the current government is not supportive to promote the development of the II and III Pillars of private pensions the official vision is that the existing model of public repartition is enough to provide retirement for the population. IORP II Directive has not been transposed yet, and no draft has been disclosed so far for consultation. OECD presented in march 2019 a report with a detailed pension outlook for Portugal that was very clear about the need to support and incentivise funded private pensions to complement public pensions: http://oe.cd/pensions-portugal-2019 , but the authorities gave more attention to the foreseen small reduction of the replacement rate based on the existing formula used to calculate the first public pension benefits. Although the non-supportive approach to funded private pensions, there are some improvements that must be stressed in the Portuguese legal, regulatory and tax framework: • The State Budget for 2019 implemented a new rule for taxing the income generated by Personal Pension Products (PPP) whose benefits are received as drawdowns. Until the in regular payments, the income was taxed as pension income (with a maximum marginal rate of 48%) and the lump sums were taxed at 8%. With the new rule, as long as the regular drawdown does not exceed 10 year, the income is taxed at 8%. • The State Budget for 2019 also implemented a tax exemption for capital gains on the sale of the family house by individuals that are retired or have at least 65 years old, as long as the proceeds of that sale is invested in a pension product that pays a regular income that cannot exceed, in each year, 7.5% of the amount initially invested in that pension product.

	Ann-Marie WANCKE WIDEMAR, SWEDEN, IORPs: A Swedish company is **not** required by law to provide its employees with occupational pension schemes to, but most Swedish employers offer their employees occupational pension schemes. Occupational pension schemes are only mandatory if there is a collective agreement at the workplace (collective occupational pension). Generally, the trend towards DC schemes continues. In April 2019, the Swedish government proposed new regulation on regarding the transfer of insurance savings, including occupational pension. The purpose of the proposed regulation is to make it easier for beneficiaries to move their savings to another insurance or IORP company without incurring high costs. The regulation does not encompass collectively negotiated pension schemes since it is a question for the collective parties (i.e. the employer association members and the labour unions) to decide to which extent whether or not transfer of insurance and pension savings should be allowed. **Francesco BRIGANTI, ITALY, IORPs:** According to the 2018 annual report of COVIP (the Italian Authority of Supervision on pension funds), at the end of 2017 the overall supplementary pensions -made up of 415 different pension vehicles- had 7,586 million members, with a membership increase of 6,1% compared to the year 2016. The percentage of the labor force participating in pension funds was 28,9%. The assets managed by Italian pension funds was of 162,3 billion €, with an increase of the 7,3% compared to the year 2016. This amount corresponded to the 9,5% of the GDP and to the 3,7% of the financial activities of the Italian households. Such an increase (of about 11 billion €) was determined by contributions amounting 14,9 billion € in the face of expenses in benefits and other items of expenditure related to the pension management corresponding to 7,6 billion €. The final balance made up of revenues and net gains generated by the financial management represented a surplus of about 3,7 billion €.

Personal pensions	**John MAHER, IRELAND, Academic:** Increasingly in both DC and individual pension arrangements, retirees are considering alternative investment fund options (Approved Retirement Funds - ARFs) in lieu of annuity options on retirement. This is due to the impact of low interest rates on annuity prices, the sense of control that accompanies the use of ARFs and the capacity to pass assets in such funds to a surviving spouse and/or children. Such ARFs are required for tax purposes to have actual or deemed distributions of at least 4% pa of the fund post retirement. **Jerry MORIARTY, IRELAND, IORPs:** There is quite limited oversight of these products (ARFs) and the Government issues a consultation on this in 2018 which is likely to result in more regulation of the products. **Ann-Marie WANCKE WIDEMAR, SWEDEN, IORPs:** Prior to 2016, 1,9 million individuals saved regularly in a personal pension plan. However, in 2016, the Swedish government abandoned/abolished the applicable tax relief rules, which allowed for deductions for private pension savings schemes. The market for private pension products is therefore almost non-existing in Sweden. PEPP is consequently of no actual interest for the Swedish market. As of recently (April 2019), the Swedish Insurance Federation (Insurance Sweden) published a proposal for a new form of personal pension savings scheme for low- and moderate-income individuals.. The aim of this proposal is to encourage low- and moderate-income individuals to save more by having the Swedish government “match” a certain percentage of the private pension contribution. The idea is that private savings of already taxed income amounting to 12 000 SEK yearly (approximately 1100 EUR) will be “matched” by the Swedish government up to 20 % of the saved amount. This means that an individual can save approximately 14 400 SEK yearly in a private pension scheme, if this proposal becomes reality. **Senka FEKEZA KLEMEN, CROATIA, IORPs:** As for personal pensions, the same Act is applicable. Therefore, due to the transposition of IORP II Directive, some amended provisions

	are also mandatory for personal pension, thus bringing improvements for members and prospective members. As opposed to occupational pension, private pension has posted better results in terms of number of new members and AUM. The number of members and AUM increased significantly, especially in the last two months of 2018, due to the announcement that entrance fee would be cancelled after the amended Act came into force at the beginning of the following year. The product has become less expensive for prospective members and consequently, sales agent used this argument to attract more members. **Catalin OROVICEANU, ROMANIA, Beneficiaries:** Pillar 2 pension funds in Romania have been directly affected by legislation passed by the Government at the end of December 2018 (more specifically, Government Emergency Ordinance (GEO) no. 114/2018). The respective GEO regulates a progressive tax on the financial assets of banks (linked to the ROBOR interest index) and a tax on the turnover of companies acting in the energy field, plus certain caps on the prices used by such energy companies. Rumours relating the respective GEO have surfaced around two weeks before its actual enactment and have led to a major decrease in the price of shares of banks and energy companies listed on the stock exchange (e.g. almost 25% for banks). Since all Pillar 2 pension funds have invested in such shares, they have experienced a decrease in their total assets (approximately 1.2% in aggregate), which translated in a lower return rate reported by these funds for 2018 (2 out of 7 funds experienced negative rates December 2018 vs December 2017, 2 funds obtained a return rate higher than 0 but lower than 1% and 2 funds obtained a rate higher than 1% but lower than 2%). This was a direct effect on beneficiaries. The same GEO may also have significant long-term effects for beneficiaries of Pillar 2 pension funds (leading, in the worst case scenario, to the total demise of the Pillar 2 pension funds system). The respective GEO also regulated (i) additional capital requirements for managers of Pillar 2 pension funds and (ii) a decrease of fees charged by such managers. The additional capital requirements are not clearly specified and the regulator (Financial Supervision Authority) has not taken any steps

	to clarify them yet. In a conservative approach, the aggregate level of additional capital (as computed by the regulator) is around EUR 750 million for all 7 managers present on the market. Capital must be paid until 31 December 2019. Fees have also been significantly changed. The subscription fee (a one-off charge, paid on each contribution to the fund) effectively decreased 5 times. The management fee has been scaled and linked to how the yearly performance of the fund beats inflation. These changes have led the Pillar 2 pension fund managers to claim that it would be difficult/un-economical for them to carry out their business in Romania – the high capital requirements doubled by the lower income from fees would render their business unsustainable. Rumours have emerged that certain managers are contemplating to waive their Pillar 2 pension fund business. The situation is not clear or finally sorted out. A change in GEO 114/2018 has been implemented in March 2019, granting managers additional time until 31 December 2019 to comply with the new capital requirements (initially, GEO 114/2018 required that half of the additional capital would be paid until 30 June 2019 and the second half until 31 December 2019). On 31 May 2019 the Government passed additional legislation and relaxed the capital requirements for managers, as they were imposed by GEO 114/2018. Managers seem to consider this as an acceptable compromise so, at least for the near future, Pillar II funds will most likely continue to exist. **Christian GÜLICH, GERMANY, Beneficiaries:** Riester-Pensions are private pension plans in Germany which benefit from high state allocations and tax inducements during the contribution phase. In the case of Riester-Pensions offered by a life insurers there are frequent problems with regard to contract clauses of costs. In one case it could be proved by action that on the one hand the distribution costs were correctly disclosed in the product information sheet and in the terms and conditions of the contract, but on the other hand the total amount of these costs breached the law. Distribution costs must not be higher than the legal cap of 2,5% of total sum of premiums over the whole period of contract and they must be charged at minimum during the first five years of the contract. Additionally it could be proved that the prospective benefits at maturity published in the product information document were mis-

	leadingly high. Several actions against these clauses have already been taken, one of them was successfully decided in last instance last year. Nevertheless many life insurers continue to use similar contract clauses for new products. The proposal for the new Pan-European Pension Product by the EU Commission in June 2017 has - unfortunately - been criticized in Germany as well by the insurance industry as by the insurance brokers and agents associations by outlining that in highly competitive and developed markets there is no need for just another pension offer. This attitude is strongly regrettable because for example the new business of the state subsidized Riester Pensions based on private insurances is in stagnation for years. Additionally the proposed prevalent online distribution of PEPP, at least for the standard option, makes it less attractive for traditional intermediaries. So for a developed pension market like Germany this new product might be "born dead" even before the official launch of any product registration procedure by the Supervisory Authorities. If the investment funds industry does not offer any new PEPP as well, this would constitute a severe restriction of freedom of choice for the customers.

	Developments in demand / offer / financial innovations / market environment / market practices/ consumer protection
DB schemes	**Fieke VAN DER LECQ, THE NETHERLANDS, Academic:** More insight in the 'personal pension pot', being the accrual of entitlements in the collective plan. Use of graphical tools to show contributions and investment returns, as well as projections of future accumulation. **John MAHER, IRELAND, Academic:** These continue to contract as employers seek to switch employees to DC or some form of hybrid schemes. **Stefan NELLSHEN, GERMANY, IORPs:**

	Please refer to the answer above. **Ann-Marie WANCKE WIDEMAR, SWEDEN, IORPs:** The trend towards DC schemes continues. **Christian LEMAIRE, FRANCE, IORPs** As most companies are stopping DB plans to move to new DC plans, increasing use of life-cycle strategies to provide over more than 20 years better expected return than guaranteed yield product with a high probability of capital preservation.
DC schemes	**Fieke VAN DER LECQ, THE NETHERLANDS, Academic:** Enhanced DC is gaining momentum. The enhanced means de-risking towards retirement and investment during decumulation, with the option of variable annuities. **John MAHER, IRELAND, Academic:** The Department of Employment affairs and Social Protection launched a discussion document in 2018 regarding an initiative to introduce Automatic Enrolment. See here https://www.welfare.ie/en/downloads/Automatic_Enrolment_Strawman_Proposal.pdf This initiative would seek to increase pension coverage among private sector workers which currently stands at about 43% and would also aim to provide enhanced retirement income over and above what is currently available under the State Social Insurance Scheme. The contributions would be collected and aggregated by a new dedicated public agency, and then transferred to and managed for investment purposes by the private sector. Jerry **MORIARTY, IRELAND,** IORPs: Some of the larger DC schemes have quite "generous" contribution rates available to members, often on a matched basis where employers will increase their contributions as members increase theirs. This can result in total contributions available of 15-25% of salary.

	Christian LEMAIRE, FRANCE, IORPs In addition to the comment made above on DB schemes: as members live longer, increasing demand for innovative solutions integrating the decumulation phase with flexible pay-out options including target retirement incomes.

In addition, the OPSG is invited to provide input on the following topics:

1. Innovations in the decumulation phase

With life expectancy increasing, a strain is being put on the decumulation phase. To address this issue, **innovations in the decumlations** are taking place. For example, some funds are developing new products with specific changes to the decumulation phase. In some Member States, reforms are also being introduced to address this issue by delaying the retirement age. And, finally, some beneficiaries are voluntarily choosing to delay the decumulation phase.

Please indicate the jurisdictions where such innovations in the decumulation phase have been noticed:

- Yes: [The Netherlands, UK, Croatia]
- No: [JURISDICTIONS]
- No information available / Not applicable: [JURISDICTIONS]

Please state your views on how such **innovations in the decumulation phase** can impact the pension sector as well as any benefits and potential risks for consumers. Where relevant please differentiate between personal and occupational pensions and specify whether such innovations relate to: (i) Public reforms; (ii) New products being developed/launched by pension funds; (iii) Decisions taken by beneficiaries.

Fieke VAN DER LECQ, THE NETHERLANDS, Academic:

Discussions on lump sum withdrawal (max 10%) at retirement age are still pending. See also above on DC.

Sibylle REICHERT, THE NETHERLANDS, IORPs:

To address the question for more freedom of choice for participants in occupational pensions, the Dutch government is working on a legislation that enables participants to take out a partial lumpsum (at the moment they retire). The lumpsum is limited to a maximum of 10% of the total pension entitlement to prevent that participants end up with an annuity that is too low for the rest of their retirement.

A proposal for law introducing this lump sum payment has been announced for Q4 2019.

John MAHER, IRELAND, Academic:

In the private sector, retirement ages are set in employment contracts.

In the public sector, (with exceptions regarding police, defence forces and the fire service), normal retirement age has been increased from 65 to 66 (from 2014) and this will increase further to 67 in 2021 and to 68 in 2028.

These dates will also apply prospectively to the Social Insurance State pension.

In the health service, general practice (GP) doctors treating patients must retire from the State GP scheme at aged 72, though they may continue to practice privately once they meet fitness to practice requirements.

Public service employees are now also allowed to continue to work up to age 70 and the manner in which this will occur is set out here :

https://dbei.gov.ie/en/Legislation/Legislation-Files/SI-No-600-of-2017.pdf

The provision of tax relief is hotly contested in Ireland with advocates maintaining it is an integral part of the private sector pensions' regime and of additional savings within the public sector. Meanwhile critics maintain that the relief as currently profiled is regressive and failing to meet a pension coverage goal and a goal of equity.

The Pension Council is a State established advisory body and it has made a submission to a working group within government on this matter and it may be viewed here :

https://www.pensionscouncil.ie/en/Council-Opinions/Submission-to-the-Interdepartmental-Pensions-Reform-and-Taxation-Group/

The Irish pension system is largely driven by contributions. Some contend that retirement income should reflect contributions and reward the deferral of consumption, thereby nullifying free rider effects without rewarding the prioritisation of short term consumption over long term savings. See **https://www.irishtimes.com/business/personal-finance/public-sector-pensions-worth-80-more-than-those-in-private-sector-1.3726553**

Others maintain it should be driven by a universal income level goal independent of the level contributions

See **https://www.socialjustice.ie/content/policy-issues/universal-state-pension-would-ensure-fairness-carers**

The Central Bank of Ireland has published research with respect to Irish Consumers' understanding of and attitude to inducement payments made to financial intermediaries. See

https://www.centralbank.ie/docs/default-source/publications/consumer-protection-research/consumer-understanding-of-commission-payments---november-2017.pdf?sfvrsn=4

The Pensions Council made a submission with respect to a consultation undertaken by the Central Bank of Ireland with respect to these inducements and that may be seen here :

https://www.pensionscouncil.ie/en/Council-Opinions/Submission-to-the-Central-Bank-on-Intermediary-Inducements/

A participative democracy vehicle established by the Government considered issues that ageing presents in Irish society and a summary of its deliberations and priorities may be seen here.

https://www.citizensassembly.ie/en/News/The-Citizens-Assembly-Votes-on-Challenges-and-Opportunities-of-an-Ageing-Population-.html

Jerry MORIARTY, IRELAND, IORPs:

A number of larger DC schemes make advice available to members as they approach retirement. Practically all DC schemes have lifestyling strategies in place. Some are individualised with a different strategy depending on the benefit the member is likely to take in retirement – cash, annuity or transfer to a drawdown product.

Sue LEWIS, UK, Beneficiaries:

The state pension age is now equalised at 65 for men and women. It will reach age 66 by October 2020 and age 67 between 2026 and 2028. Around 3.7% of the workforce is over retirement age, and this proportion is increasing, particularly for women, whose state pension age increase from 60 to 65 over a short time period.

There has been little innovation in decumulation products. The public policy focus is on ensuring that people benefit from the pensions freedoms introduced in 2015. The choices available at retirement can be confusing for DC members. The Financial Conduct Authority has proposed that firms will offer ready-made investment solutions ('investment pathways') to the estimated 100,000 consumers who enter drawdown without taking regulated financial advice each year. Consumers will choose from four objectives for their retirement pot, and be offered a drawdown solution based on their choice. Smaller drawdown providers will be able to refer investors to another provider or the Money and Pensions Service's drawdown comparator tool. This proposal was open to consultation until 5 April 2019. https://www.fca.org.uk/publications/consultation-papers/cp19-5-retirement-outcomes-review

Christian GÜLICH, GERMANY, Beneficiaries:

Due to various tax incentives in Germany the life long annuity continues to be the prevalent way of out-payments for private pension products no matter if state subsidized like Riester or Rürup Pensions or not. This is even the case for those pension products which during the contribution phase are not insurance- but for example mutual fund-based products.

Unfortunately the Second Parliamentary Chamber, the Bundesrat, though having adopted a strongly positive recommendation for PEPP in November 2017, has emphasized that possible tax incentives shall only be given for those PEPP products which offer a life long annuity as out-payment. That is why after the final adoption of the PEPP regulation on EU level this will be a crucial occasion for a fundamental discussion on alternative scientific models of out-payments for pension products and their possible tax incentives.

Stefan NELLSHEN, GERMANY, IORPs:

In Germany due to legal reasons the life long annuity is by far the most important way of decumulation within occupational pension products. Since other ways of decumulation are very much limited by law no significant movements in this area can be observed.

Philip NEYT, BELGIUM, IORPs:

Although beneficiaries have the option to take pension benefits as an annuity most pensioners opt to receive a lump sum payment at retirement.

Senka FEKEZA KLEMEN, CROATIA, IORPs:

In Croatia, due to the small-scale pension reform, there have been some changes in decumulation phase in the mandatory and voluntary pension funds. The most important innovation is the introduction of lump sum in the first pillar (1st bis). All pensioners who are entitled to old age pension and use combined pension from the first and the second pillar will be able to withdraw 15% as a lump sum and will receive the remaining amount as an annuity or lifelong pension.

Members with voluntary personal or occupational pension schemes can combine lump sum, programmed withdrawal or an annuity. The lump sum is limited to up to 30% of total accumulated assets, programmed withdrawal is limited to up to 15.000 EUR and an annuity does not have any limits.

Valdemar DUARTE, PORTUGAL, IORPs:

Considering the non-attractiveness of annuities both for Pension Beneficiaries and Insurers, for Company DC pots that is mandatory to convert in lifelong payments, beyond the annuity, from January 2019 it was put in force the alternative to receive the pensions directly from the pension funds with drawdown solutions. In this case the pension is based on a simulation from the Pension Fund manager with a maximum value calculated using the minimum solvency requirement for DB Pension

Funds and is paid until the exhaustion of the account balance, with the investment risk is beared by the Pension Beneficiaries.

Ann-Marie WANCKE WIDEMAR, SWEDEN, IORPs:

In February 2019, a new proposal was presented regarding national pension/retirement pension (**pillar 1**), aiming to meet the increasing long-life span. Today, the pillar 1 pension decumulation may, at the individual's request, start at from the age of 61 at the earliest. From 2022, the age limit will be 62, in 2024, it will be increased to 63 and from 2026 age 64.

2. Innovation in communications

Effective and comprehensible communication with members is essential for them to be aware of both pension products' characteristics and their pension's situation. Nevertheless, members, in particular those who have just entered the workforce, reportedly are not engaged with their pensions. As a response given that more and more members prefer online and more interactive communication, some funds are making communication 'more digital and simultaneous'. Other pension funds are also reviewing the language used and recurring to social medial to increase members' engagement. Finally, some funds are also implementing behaviourally informed techniques – such as nudging – to increase members' awareness and engagement in decisive moments in a pension's products lifecycle (e.g., prior to retirement or when changing jobs).

Please identify the type of **innovation in communications** in different jurisdictions:

- More digital and simultaneous communications: [The Netherlands, UK]
- Reviewing language and using social medial to increase members' engagement: [JURISDICTIONS]
- Usage of behaviourally informed techniques – such as nudging – to increase members' awareness and engagement in decisive moments in a pension's products lifecycle: [JURISDICTIONS]

Please state your views with regard to the benefits of these types of innovations, including whether you believe they can be effective in improving members' engagements. In your answer, please provide any concrete examples of the types of innovations taking place as well as of their effectiveness. If possible, please also refer to any shortcomings and concerns.

Fieke VAN DER LECQ, THE NETHERLANDS, Academic:

See above on DB schemes. This visual tooling helps members to realize that the pension fund more than doubles their contributions via the investment results.

Sibylle REICHERT, THE NETHERLANDS, IORPs:

Innovation and pension communication: In the Netherlands a well-functioning pension dashboard is in place to be found at: mijnpensioenoverzicht.nl. This generic pension register provides insight in one's future pension, but is not (yet) a planning tool. The pension fund for the healthcare and welfare sector PFZW has developed the "pensioenverkenner" (pension explorer). This a tool that helps a participant in the fund (2,5 mln people) to gain insight in the financial consequences of early retirement or working less hours. These are frequently asked questions among the participants. https://www.toekomstverkenner.nl/home
With regard to an example from one pension fund, there are two innovations worth mentioning from the biggest pension fund.
A large Dutch pension fund has introduced a virtual personal pension account ("persoonlijke pensioenpot", https://www.abp.nl/plan-uw-pensioen/uw-opgebouwde-bedrag/). This "persoonlijke pensioenpot" provides participants of this fund with a detailed insight into their pension provision. This includes contributions paid by both the employer and themselves, investment returns realized on these contributions as well as the pension rights which they have accumulated until so far. This pension fund aims at increasing the pension awareness and engagement of participants. It is however not a change of the legal obligations with the pension scheme, which remains a collective DB scheme. It is just an individual presentation of the position of the participant within the existing pension scheme. A survey of participants concluded that they appreciated this new tool. It helps them to understand that they are really saving towards a credible pension, and that considerable amounts will be available for them.
In addition, another recent initiative aiming at this same goal could be mentioned. This initiative consists of providing transparency about the fund's investment policy, by publishing on its website the main characteristics of this investment policy. (https://waarbelegtabpmijnpensioen.nl/global). This facilitates participants in obtaining a clear insight into the main features of the investments undertaken by this fund. I.e. the regions, countries, products and sectors in which has been invested as well as the main considerations for doing so (or not, e.g. in case of possible exclusion policies). This also allows for checking on some elements of the ESG policies of that fund.

Senka FEKEZA KLEMEN, CROATIA, IORPs:

Communication with members goes through two main channels: legally prescribed documents (membership agreement, Prospectus, Statute, Pension benefit statement or key information document, statement of investment principles) and marketing materials (leaflets, online and newspaper advertisements, billboards, PR articles, marketing campaigns, to name but a few). Pension funds follow the trends in online and interactive communications and continuously work on increasing the availability of pension savings using mobile applications, netbanking and SMS in order to nudge members to save more for the future.

In order to spur the process of improving financial literacy, the new regulations (Act on Voluntary Pension Funds and Act on Mandatory Pension Funds) oblige pension funds management companies to invest part of their income in financial literacy. Financial literacy has become a national project with various stakeholders such as pension funds, banks, insurance companies, regulators (Croatian Financial Services Supervisory Agency and Croatian National Bank), ministries (Ministry of Finance , Ministry of Labour and Pension System), different faculties and research centres. In addition, from this year elementary schools provide financial literacy workshops.

Moses AZZOPARDI, MALTA, Beneficiaries:
As stated previously Malta has only recently introduced private pensions. These are sold at the company offices and as far as I am aware there are no innovative communication techniques so far.

Sue LEWIS, UK, Beneficiaries:

In October 2018, the government launched a 'simpler annual statement', which shows consumers in just two pages all the key facts about their pension and what it might be worth when they retire. The statement **https://www.plsa.co.uk/Policy-and-Research/Document-library/Simpler-annual-pension-statement** was developed by an industry-led group, and tested on consumers. It is not obligatory for firms to use it.
From November 2019, the FCA will bring into force rules on the information that firms must give in the 'wake-up' pack provided to consumers as they approach retirement.
https://www.fca.org.uk/publication/policy/ps19-01.pdf
Firms will be required to send out a pack at age 50 and then every 5 years until consumers have fully crystallised their pension pot. The rules will include:

- Provision of a single page summary document
- Additional risk warnings, eg the inflation risk of holding cash
- A prohibition on firms including marketing material alongside the pack
- A reminder to consumers about the options open to them, and encouragement to seek impartial guidance before making a decision about their pension pot.

These rules are intended to ensure that consumers receive clearer information, but it will be important to ensure consistency across firms: some are better than others at conveying complex information. Not enough consumers seek guidance about their pension pots from the government's free 'PensionWise' service, often because they simply take whatever decumulation product their pension provider offers, or because they want to take the money out in cash, not realising this may result in a large tax bill, or they may lose entitlement to benefits.

John MAHER, IRELAND, Academic:

1. Members should be provided with the option to elect to obtain electronic communication, and where they do, then they should benefit from lower charges given the saving in paper, postage, handling charges and the benefit of automation.
2. Companies such as Irish Life have been endeavouring to move members on to an electronic platform such as its Pensions Planet.

Christian LEMAIRE, FRANCE, IORPs

Increasing use of tutorials using simple terms and entertaining explanatory short videos. User-friendly robo-advisor helping to optimize long term asset allocation and estimate the retirement income the current savings may provide. With a "gaming spirit" approach.

Ann-Marie WANCKE WIDEMAR, SWEDEN, IORPs:

In Sweden, a well-functioning pension dashboard can be found at: **https://www.minpension.se/om-minpension minpension.se**. Everyone who has earned retirement pension, had occupational pension or saved privately in Sweden can log in to minPension to get information about the Swedish pension system, which effects changes in life can have and see their entire pension savings (pillar 1, 2 and 3) and make pension forecasts. The service is run and financed half by the Swedish government and half by the pension companies. This means that minPension is a neutral and independent website that is free of charge for the user. Information about Min Pension can be found in English here: **https://www.minpension.se/minpension-se-info-pa-engelska**. Konsumenteras Försäkringsbyrå, **(**The Swedish Consumers' Insurance Bureau) provides consumers with independent information and advice regarding financial services. All information and advice are free of charge. **https://www.konsumenternas.se/in-english**

3. Pensions' dashboards

With more and more consumers changing jobs multiple times in their lifetime, the chances of them having been part of multiple pension's schemes are higher. This makes it difficult for them to have visibility on their pension's rights. As a response, in some Member States there are some public and/or industry led initiatives to create **pensions' dashboards** enabling consumers to access all their pensions' information simultaneously online. While such dashboards should lead to more transparency some risks exist, in particular with regard to data accuracy as well as risks relating to members fully relying on the information provided and not seeking adequate advice prior to retirement.

Please indicate whether in your jurisdictions there are already in place **pensions' dashboards**:

- Yes: [The Netherlands, Belgium, Croatia]
- No: [JURISDICTIONS]
- No information available / Not applicable: [JURISDICTIONS]

Please state your views with regard to the effectiveness of such dashboards in providing consumers an accurate picture of their pension's rights. If possible in your answer please outline what could be the potential conduct risks relating to **pensions' dashboards** as well as what you believe may be the necessary pre-conditions for such dashboards to lead to better consumers' outcomes.

John MAHER, IRELAND, Academic:

Where members have benefits from several second and third pillar sources such as occupational, individual additional voluntary contributions, and personal pension contracts, the choices on retirement and the tax treatment of benefits may depend on careful consolidation of the full suite. An appropriate application of drawdown and deferral elections for effective financial planning for the member and his/her beneficiaries would require an integrate approach usually requiring financial advice or tailored information.

Sue LEWIS, UK, Beneficiaries:

In April 2019 the government set out its plans for a pensions dashboard. https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/792303/government-response-pensions-dashboards.pdf

There will be a non-commercial dashboard, developed by the Money and Pensions Service, a statutory public sector entity. In addition, pension providers will be able to develop their own dashboards. The government will bring forward legislation to compel pension providers to make consumers' data available to them through their chosen dashboard. It will also make state pension information available. While this is a welcome development, it is too slow – the government estimates 3-4 years – and allowing multiple dashboards risks confusing consumers unless there are strict controls on what information is included, and how it is presented.

Christian GÜLICH, GERMANY, Beneficiaries:

In April 2019 two Federal Ministries (Labour and Finance) published a common research on the basic conception of the comprehensive multi-pillar pension information in Germany. This multi-pillar pension information shall aggregate the data of the existing state pension information by giving additional access to the pension benefit statements of private and occupational pension providers via an online platform. First there will be a pilot project on a voluntary basis, later the participation of pension providers shall become obligatory. This project is supported by the financial industry as well as by consumer organisations, but with to regard to its realisation a precise timetable has not yet been published.

Moses AZZOPARDI, MALTA, Beneficiaries:

In Malta there are no pension dashboards from Goverment nor providers. In the latter case private pensions only started in the last few years. Yet Government should provide dashboards with clear indication that these are just indicators. In Malta consumers do not yet comprehend that the state pension which is two thirds of salary is capped at certain salary limits. They are shocked when they realise that the maximum best pension is only approx 1000 euro a month. See attachment file.

A dashboard will bring them in touch with reality so that they realise this capping. Private insurance companies and banks are warning about this on their websites but it should be the Govenent who should be sending to individuals who pay the National Insurance a personalised statement of their ongoing state pension entitlement.

Fieke VAN DER LECQ, THE NETHERLANDS, Academic:

See above on DB schemes and communication.

Sibylle REICHERT, THE NETHERLANDS, IORPs:

In the Netherlands a well-functioning pension dashboard is in place to be found at: mijnpensioenoverzicht.nl, The dashboard provides insight in first and second pillar pensions of citizens.
Relevant developments on a European level aim at facilitating European mobile and migrant workers. Starting late 2018 an EU funded project started to continue the creation of a European Pensions Tracking Service. It builds upon the work as it has been done by the Track and Trace Your Pensions in Europe project TTYPE. Two Dutch pension providers (APG and PGGM) participate in this new initiative. One of the deliverables is an update of the current state of digital pension communication among the EU 28.

Philip NEYT, BELGIUM, IORPs:

A pension dashboard MyPension.be provides individual information on 1st and 2nd pillar pension plans giving an overview of the pension entitlements for individuals. It also provides an overview of the pension career in the different pension systems. All 2nd pillar pension plan providers feed individual information to the database of MyPension.be.

Senka FEKEZA KLEMEN, CROATIA, IORPs:

As 98% of new employees fail to choose their mandatory pension fund (1st bis pillar) but they leave this decision up to the Central Registry (Regos), the pension dashboard was created in order to increase new employees' engagement and awareness of having to make an informed decision. The dashboard provides transparent and independent information about all mandatory pension funds available on the market, about their risk profile and performance over a 5 -year period. People who would like to choose or change the funds can simulate pension savings based on historical returns of a particular fund.
This could be considered as the first step towards pension planning but there is a lot of room for improvement. The second step should be a possibility of choosing or changing fund on-line. Furthermore, all three pillars should be included in the pension dashboard because knowing how much one can expect from the first and second pillar helps him/her to make a better decision on complementary savings in private pension schemes.

Ann-Marie WANCKE WIDEMAR, SWEDEN, IORPs:

See above.

4. Other focus topics

During discussions, which took place during the OPSG February 2019 meeting, Members provided ideas with regard to potential financial innovations/focus topics that could be covered in more detail in Consumer Trends Reports. In light of this, Members are requested to provide a common European view on the topics below. In your answer please briefly describe: the topic and the underlying issue (2 paragraphs), any shortcoming and consumer protection/conduct concerns (2 paragraphs), and potential solutions to address such concerns (1 paragraph):

- **Gender pension gap**

John MAHER, IRELAND, Academic:

Women live longer on average than men, and have career gaps due to family formation and care responsibilities regarding elderly family members and others with disability. Their risk of relative pension poverty is therefore greater on average. This is coupled with the propensity for part time work and under representation in sectors which successfully extract economic rents from commercial activity.

Where a person in a household is nominated as the potential recipient of a spouse's pension, then communication with the Member should also be addressed to that second person. It is also the case that joint financial planning could include consideration of the amount and timing of the member's contribution with a view to improving the financial outcome for both parties.

Fieke VAN DER LECQ, THE NETHERLANDS, Academic:

Mainly applicable to older women, who were legally forced to retire upon marriage, or otherwise excluded from pension plans, during their younger years. Especially when they got divorced later, they can face financial difficulties, so their access to survivors pension of their former spouses should be preserved.

Another issue is the use of a franchise, which limits access to pension plans for people in lower paid jobs. Since in general women are paid less than men, women may suffer more from the franchise (see PhD thesis E. Schols-Van Oppen, 'The Franchise in Pension Plans, Tilburg University, 2009).

Sibylle REICHERT, THE NETHERLANDS, IORPs:

In the Netherlands a material gender gap exists: future pensions of men are in general substantially higher than pensions of women, in particular in elder age cohorts. In a recent statistical report a difference of approximately 30% between the pensions of men and women was reported **link** .

However, this report also noted that this large difference is not primarily originating from the Dutch pension system (which equally enables men and women to build up adequate pensions), but to a large extent to some main characteristics of the Dutch labour market, in particular the fact women have a lower labour market participation and work mainly in part time jobs. Since pension income in the 2nd pillar is linked to income, the gender gap that is present during working life is also present during retirement. Solutions should be found in labour market policy

Sue LEWIS, UK, Beneficiaries:

The trade union Prospect analysed responses to the Department for Work and Pensions' (DWP) Family Resources Survey, and found that the 'pensions gap' in 2016-17 was 39.5% – equating to an approximate average shortfall for women of £7,000 (€7,941) a year. https://www.prospect.org.uk/help-at-work/pensions-retirement/pension-gender-pay-gap

The pensions gap is more than twice the size of the gender pay gap, which is around 18% in the UK. Although men and women now receive the state pension at the same age, the gap in the amount they receive is not expected to reduce to zero until 2041. As well as women's more fragmented employment patterns over their lifetime, the lower earnings threshold of £10,000 means that many more women than men do not benefit from being auto-enrolled into an occupational pension.

- **Millennials’ pension needs**

John MAHER, IRELAND, Academic:

On average this segment of the population enters the labour market later than their parents, increasingly will have more expensive pension benefits because of life expectancy issues, will work longer if international trends continue and will bear more risk. They may live in societies with historically low fertility rates and contracting dependency rates.

Providing for housing, health care, and retirement income needs requires intergenerational solidarity, suitable urban planning, and more realistic health care planning and provision.

Initiating pension provision from a young age perhaps even with an incentive from the State to launch a personal pension account in a way which shows the effect of compound interest would be very beneficial for this group. This account could then *go live* when the individual enters the labour market either in employment or as a self-employed individual.

The National Youth Council of Ireland has issued a submission to the Government with respect to pensions in the context of the latter’s Automatic Enrolment proposals. See **http://www.youth.ie/advocacy/pensions**

Moses AZZOPARDI, MALTA, Beneficiaries:

Totally agree with John Maher regarding millenials’ pension needs. The situation in Malta is more grave as we do not have any occupational pensions. Governments have been delaying on this issue as they listen too much to concerns from employer associations. We need an incentive to get these people to save even if it is just a pension scheme compulsory set by all employers where the employer does not have to contribute but the member is automatically enrolled unless he/she voluntarily opts out. This may help start people to think and save for their pensions.

Fieke VAN DER LECQ, THE NETHERLANDS, Academic:

Pension should be cheap and easy for young people who don’t have a regular contract. Individualized accounting without loss during transitions to and from pension funds, are necessary to keep them motivated to save for their old age.

Sibylle REICHERT, THE NETHERLANDS, IORPs:

In the Netherlands, there is shift in the way work is organized. The number of people who are working as self-employed workers has risen tremendously in the current millennium and more and more people are not working in a full-time steady (*vast contract*) contract, but are working part-time, or through other non-typical contracts, such as payrolling or contracting. This has an impact on the percentage of people who are covered by occupational pension funds. This is especially true for millennials.

In order to engage with and raise awareness of the younger generations, the Federation of Dutch Pension Funds supports a 'pension lab' (see: https://www.pensioenlab.nl/**),** the purpose is to get younger generations engaged in the pension discussion. It is set up by and for younger people. Furthermore, the Federation has set up a website in order to engage in a dialogue with younger generations and raise the awareness with regard to pensions (https://www.detijdvanjeleven.nl/**)**

Christian LEMAIRE, FRANCE, IORPs

Offer Apps providing a good consumer experience as most millennials live online. Offer investment options making sense for them such as ESG, impact etc.

- **The impact on consumers of the continuous shift from DB to DC schemes**

John MAHER, IRELAND, Academic:

The issue here is that the investment risk and the adequacy risk associated with contributions (employer, employee and State) rests with the pension scheme member. This is in contrast to historic defined benefit schemes or public sector schemes.

Members need periodic updates regarding the actual performance of their fund at an individual level in addition to the impact on projected retirement income.

Either an industry wide voluntary set of performance metrics or a State produced set of metrics with respect to performance is required. These metrics should take account of the risk profile of the fund assets.

Fieke VAN DER LECQ, THE NETHERLANDS, Academic:

Much more risk! See a study on this problem in: Van der Lecq, S. G. & van der Wurff, A. W. I. M., 2011, The Price of Pension Risks; In: Journal of Risk. 13, 3, p. 83-92 (available with the first author)

Sibylle REICHERT, THE NETHERLANDS, IORPs:

The continuous shift for consumers from DB to DC certainly does have consequences for the consumers.

The most evident is that the risks is more and more shifted towards consumers. Risks are not collectively shared in a cohort. In a DC pension system, there is less security of the pensionable outcome. Having said this, in a DC pension system, people might have a bigger choice of how to invest their contributions for their pensions allowing for life cycling etc. At the same time behavioral economics show that people do not make that choice. So the design of a good default option is very important.

To compensate the risks incurred, it is necessary, that people rely on more income sources for their retirement, i.e. a multi-pillar approach to pensions. Another approach could be to combine the advantages of a DB with the advantages of a DC system.

Stefan NELLSHEN, GERMANY, IORPs:

A general shift from DB to DC will make pensions more difficult to be planned by the beneficiaries due to the volatility of capital markets, which will to a large extent be reflected within a changing (projected) level of pensions. In a DB world there is a fixed guaranteed benefit, which will be paid – except for the case that the financial status of the respective pension institution has eroded to an extent, that this is definitely not possible any more. Therefore all in all this makes pension planning for European citizens generally a bit more reliable than in a pure DC world.

One closing remark: it might be, that there can be a revival of new DB offers in case, that a “war for talents” among employers intensifies very much and that pensions are one critical factor and criterion for younger people with respect to their choice, which employer they want to work for.

Christian LEMAIRE, FRANCE, IORPs

See above comment on DB schemes.

Sue LEWIS, UK, Beneficiaries:

This shift has been accelerated in the UK by the ‘pension freedoms’ of 2015, which enabled people to transfer out of their DB scheme into a DC scheme. Many people have done this, motivated by the additional flexibility of a DC pension, including the ability to pass on any unspent pension pot to their heirs. For DB pensions valued at £30,000 or more, members are required to take regulated financial advice before transferring. Unfortunately many DB members wanting to transfer have been the victims of mis-selling. An FCA review of the market found that less than half of regulated advice was suitable. https://www.fca.org.uk/publications/multi-firm-reviews/key-findings-our-recent-work-pension-transfer-advice.

3. Next steps

The OPSG is invited to provide input to EIOPA on the above questions by Tuesday **30 April 2019**. The informal input provided by the OPSG will be taken into account in the data collation and analysis of trends, together with data collected from National Competent Authorities and other relevant stakeholders.