



EUROPEAN COMMISSION

Directorate-General for Financial Stability, Financial Services and Capital Markets Union

REGULATION AND PRUDENTIAL SUPERVISION OF FINANCIAL INSTITUTIONS
Insurance and pensions

CONSULTATION DOCUMENT

CAPITAL MARKETS UNION: ACTION ON A POTENTIAL EU PERSONAL PENSION FRAMEWORK

Disclaimer

This document is a working document of the Commission services for consultation and does not prejudice the final form of any future decision to be taken by the Commission.

In the interest of transparency, organisations are invited to provide the public with relevant information about themselves by registering in the Interest Representative Register and subscribing to its Code of Conduct.

If you are registered, please indicate the name and e-mail of your organisation and your interest Representative Register ID number in the online questionnaire. Your contribution will then be considered as representing the views of your organisation's interest group.

The Commission services ask organisations who wish to submit comments in the context of public consultations to provide the Commission and the public at large with information about whom and what they represent. If an organisation decided not to provide this information, it is the Commission's stated policy to list the contribution as part of the individual contributions.

You are invited to reply **by 31 October 2016** at the latest to the **online questionnaire** available on the following webpage:

http://ec.europa.eu/finance/consultations/2016/personal-pension-framework/index_en.htm

The online questionnaire contains three separate parts.

The first part (B1) is addressed to private individuals (personal pension holders and potential customers of such products)

The second part (B2) is addressed to consumer organisations representing existing or future consumers.

The third part (B3) is addressed to stakeholders who provide, would provide, or represent organisations that are or would be involved in providing personal pensions, public authorities regulating personal pensions, academics or other professionals involved with personal pensions in a professional capacity.

Respondents may reply to one part. Please note that part B2 and B3 is available in English only. Part B1 will be available in EU languages as from 8th of August 2016.

Please note that in order to ensure a fair and transparent consultation process **only responses received through the online questionnaire will be taken into account and included in the report summarising the responses.**

This consultation follows the normal rules of the European Commission for public consultations. Responses will be published unless respondents indicate otherwise in the online questionnaire.

Responses authorised for publication will be published on the following webpage:

http://ec.europa.eu/finance/consultations/2016/personal-pension-framework/index_en.htm#results

Executive summary

Creating a true Capital Markets Union (CMU) which strengthens Europe's economy and creates jobs in all 28 Member States is a top priority for the Commission. CMU is intended to mobilise capital in Europe and channel it to companies, including SMEs, and infrastructure projects that need it to expand and create jobs. By linking savings with growth, it will offer new opportunities for savers and investors.

Pension products in general and personal pensions in particular are key players in the capital markets through their central role for linking long-term savers with long-term investment opportunities. In the Action Plan on Building a Capital Markets Union¹, the Commission announced that it will assess the case for a policy framework to establish a successful European market for simple, efficient and competitive personal pensions, and determine whether EU legislation is required to underpin this market.

Personal (or private) pensions are long-term savings products with a retirement objective which are subscribed voluntarily and are neither social security-based nor occupational. Personal pensions can be offered in different forms such as life insurance products, pension insurance or investment funds. Personal pensions complement state pensions and workplace pensions.

This consultation seeks views on how to best address the current obstacles within the personal pensions market and will contribute to assessing the feasibility of a potential EU policy framework to establish a successful European market for simple, efficient and competitive personal pensions.

In particular, it will help the Commission map individuals' and providers' expectations for an EU personal pension framework. The consultation seek views on how, in the future, personal pensions can better complement retirement income and how to make individuals more confident about using personal pensions to save for their retirement.

The public consultation is open until 31 October 2016.

¹ COM(2015) 468 final

Introduction

Creating a true Capital Markets Union (CMU) which strengthens Europe's economy and creates jobs in all 28 Member States is a top priority for the Commission. CMU is intended to mobilise capital in Europe and channel it to companies, including SMEs, and infrastructure projects that need it to expand and create jobs. By linking savings with growth, it will offer new opportunities for savers and investors.

Pension products in general and personal pensions in particular are key players in the capital markets through their central role for linking long-term savers with long-term investment opportunities. In the Action Plan on Building a Capital Markets Union², the Commission announced that it will assess the case for a policy framework to establish a successful European market for simple, efficient and competitive personal pensions, and determine whether EU legislation is required to underpin this market.

Personal (or private) pensions are long-term savings products with a retirement objective which are subscribed voluntarily and are neither social security-based nor occupational. Personal pensions can be offered in different forms such as life insurance products, pension insurance or investment funds. Personal pensions complement state pensions and workplace pensions.

The maturity of personal pension markets differs throughout the EU, with the take-up of products being limited in most Member States, where they act as additional savings vehicles targeted primarily at higher-income households. Only a few Member States (for example the Czech Republic or Germany) have achieved wider take-up of personal pensions, thanks to incentives such as tax advantages and public co-payments. However, the volume of savings and their potential contribution to adequate retirement incomes remains limited.

Challenges and opportunities

Costs and charges: Personal pension products are provided to savers throughout the EU, but individuals are often unable or uninterested to save more for retirement. Individuals tend to postpone making decisions for retirement, and when they do, they can be discouraged by the poor performance of investment products, their fees (impacting on the final returns) and their complexity, which limit the attractiveness of personal pension products in particular for lower- and middle-income households. A recent study shows that returns of personal pension products can be very distinct. For instance in Denmark, the average yearly real returns of pension funds after charges and taxation reached almost 4% over the period 2002-2013. However, in other Member States, such as Bulgaria, Estonia, Italy, Latvia, Slovakia, or Spain, there were negative returns for certain pension products in the same period. Consequently, there is potential for improving performance, creating lower cost products and ultimately improving the attractiveness and uptake of personal pensions.

Limited Portability: Personal pension products are not usually available for take-up from other Member States even if more attractively priced or performing better. Cross-border provision is currently limited. When individuals move within the European Union, they are often prevented from taking their investment with them and are, as a consequence, unable to benefit from any economies of scale they might otherwise have developed by pooling their personal pension savings.

Diverse Taxation: Tax aspects can be especially challenging as Member States have different tax regimes for personal pension products. While most Member States use tax advantages or other public incentives, such as co-payments to boost the take-up of personal pensions, individuals might be penalised if they wish to have their accumulated benefits in one Member State recognised in another Member State. As a consequence, individuals may be deterred from buying personal

² COM(2015) 468 final

pension products from providers in other Member States if these products do not qualify for the tax relief available for domestic products. Individuals may not be able to continue to pay into their personal pension plan if they relocate to another Member State. The differences in the tax rules add complexity and contribute to higher cost of personal pension products, both for the individual and for the provider. The lack of clarity for providers on how to apply tax rules adds to the complexity and high cost of personal pension products offered across borders. Providers are often unable to offer their personal pension products in other Member States because they might not qualify for tax relief there. While it is not envisaged to harmonise tax requirement for personal pensions, national tax incentives remain very important for the uptake of personal pensions in the framework of a potential EU initiative.

Competition between providers: the maturity of personal pension markets differs throughout the EU, with the take-up of products being overall limited in most Member States. Differing regulatory requirements applicable to personal pensions limit providers' willingness and ability to create new business opportunities in other countries. Markets are predominantly national and dominated by local providers. Insurance companies manage approximately 90% of personal pension assets. Other suppliers, such as pension funds, investment companies or banks play only a marginal role. This indicates there is an opportunity to create stronger competition resulting in more choice for consumers.

Potential opportunities of an EU personal pension framework

European pension systems are facing the dual challenge of remaining financially sustainable and being able to provide Europeans with an adequate income in retirement. Not saving enough for retirement is a top concern for the British, German and Irish workforce (54%, 53% and 50% respectively).³ The old age dependency ratio – the ratio between the number of elderly persons who are inactive and the number of persons of working age – is highest in Italy, Sweden and Germany (above 30%). It is also high in Belgium, France, Denmark and the United Kingdom (25%). Demographic trends anticipate that the proportion of workers supporting those in retirement will halve from an average of four today, to just two, by 2060. In recent years, Member States have adopted a multitude of reforms aimed at managing public spending on pensions to safeguard their sustainability. The 2015 Pension Adequacy Report highlights that the lowering of benefit levels could imply significant risks for the future adequacy of incomes in old age. The impact of lower pensions from public schemes could be offset or mitigated by increased entitlements from supplementary retirement savings.⁴

Personal pensions can help secure adequate replacement rates in the future as a complement to state-based or occupational pensions. There is scope for further development of personal pensions at EU level, in particular by making them more attractive and accessible to potential savers. They can also fit the increasing mobility of EU citizens better as well as the needs of a future workforce with fluctuating work patterns.

An EU single market for personal pensions could offer individuals more choice between products and providers, as well as more understanding and control of the risks that they face at different stages of their private pension investment. A single market would also create new market opportunities for providers, including SMEs, and help decrease the costs for savers.

Personal pensions are a flexible way to build up additional retirement income for a large category of individuals. This includes everybody wishing to save more for retirement, such as employed people willing to complement their public or occupational pension; individuals who are self-employed or

³ European Employee Benefits Benchmark, Expectations vs. Reality: Meeting Europe's Retirement Challenge (Aon Consulting, 2010)

⁴ The 2015 Pension Adequacy Report: current and future income adequacy in old age in the EU

those who have an irregular activity on the labour market, as well as individuals who do not work but can afford to invest in a pension.

European personal pension solutions could be particularly attractive to individuals who move from one country to another and wish to continue to contribute to their existing personal pension savings while having the accumulated benefits recognised for tax relief in the new country.

Personal pension savings also have an important role to play in channelling retail savings into capital markets, a key building block of a Capital Markets Union.

The ultimate goal is to support individuals in the EU to save more to achieve appropriate levels of retirement income. To achieve this, it should be possible:

- for providers based in one EU Member State to offer personal pensions in other EU Member States;
- for savers to be able to sign up for a personal pension offered in other EU Member States; and
- for savers to transfer the benefits accumulated in one or more Member State(s) if they move from one Member State to another, whether to work or to retire – facilitating so-called "portability".

Objective of the consultation

The consultation will help the Commission analyse the case for an EU personal pension framework. It builds on previous consultations⁵ launched by the Commission and EIOPA on personal pensions, but increases their scope. In July 2012 and in 2014, the European Commission asked EIOPA to develop technical advice on an EU Internal Market for personal pension schemes or products. The Commission sought advice in particular on the cross-border, prudential regulation and consumer protection measures that would be required to develop an EU single market for personal pension schemes. EIOPA has responded to those requests and favoured the creation of a harmonised legal framework for a Pan-European personal pensions market⁶.

The Commission, in this consultation, aims to build on that advice and widen the range of possible options and stakeholders consulted.

The consultation also builds on recent initiatives such as the Call for Evidence on the EU Regulatory Framework for Financial Services⁷ and the Green Paper on Retail Financial Services⁸, placing personal

⁵ During the consultation launched by the Commission in 2015 on Building a Capital Markets Union, most respondents indicated that personal pension savings have an important role to play by channelling retail savings into capital market and expressed support for the creation of a single market for personal pensions as one of the building blocks of a Capital Markets Union.

⁶ EIOPA's advice on the development of an EU Single Market for personal pension products (PPP's), ref. EIOPA-16/457, available at: <https://eiopa.europa.eu/publications/submissions-to-the-ec> During the consultation launched by the Commission in 2015 on Building a Capital Markets Union, most respondents indicated that personal pension savings have an important role to play by channelling retail savings into capital market and expressed support for the creation of a single market for personal pensions as one of the building blocks of a Capital Markets Union.

⁷ <http://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:52015DC0630&from=EN>

⁸ COM(2015) 630 final, available at <http://eur-lex.europa.eu/legal-content/EN/TXT/?uri=COM:2015:630:FIN>

pensions in the area of retail financial services to benefit European consumers and facilitate the cross-border supply of these services.

In particular, it will help the Commission map individuals' and providers' expectations for an EU personal pension framework. It will also help in identifying a set of key features to build on when assessing the case for an EU personal pension framework. It will seek views on how, in the future, personal pensions can better complement retirement income. The Commission also aims to make individuals more confident about using personal pensions to save for their retirement.

This consultation seeks views on how to best address the current obstacles within the personal pensions market and will contribute to assessing the feasibility of a potential EU policy framework to establish a successful European market for simple, efficient and competitive personal pensions.

The public consultation is open until 31 October 2016.

A. INFORMATION ABOUT THE RESPONDENT

1. Are you replying as:

- a private individual
- an organisation or a company
- a public authority or an international organisation
- for private individuals, do you reply as:
 - Self-employed
 - Employee in the private sector
 - Employee in the public sector
 - Other (please specify)

2. First Name, Last Name

3. Name of your organisation

4. Name of your authority

5. Contact email address:

6. Is your organisation included in the Transparency Register?

(If your organisation is not registered, we invite you to register here, although it is not compulsory to be registered to reply to this consultation. Why a transparency register?)

- Yes**
- No**

7. If so, please indicate your Register ID number:

8. Type of organisation:

- Academic institution Company,
- SME,
- micro-enterprise,
- sole trader
- Consultancy,
- law firm
- Consumer organisation
- Industry association
- Media
- Non-governmental organisation
- Think tank
- Trade union
- Other

9. Please specify the type of organisation:

10. Type of public authority

- International or European organisation
- Regional or local authority
- Government or Ministry
- Regulatory authority, Supervisory authority or Central bank
- Other public authority

11. Please specify the type of public authority:

12. Where are you based and/or where do you carry out your activity?:

- Austria
- Belgium
- Bulgaria
- Croatia

- Cyprus
- Czech Republic
- Denmark
- Estonia
- Finland
- France
- Germany
- Greece
- Hungary
- Ireland
- Italy
- Latvia
- Lithuania
- Luxembourg
- Malta
- The Netherlands
- Poland
- Portugal
- Romania
- Slovakia
- Slovenia
- Spain
- Sweden
- United Kingdom
- Other Country: *Please specify*

13. Field of activity or sector (if applicable): at least 1 choice(s)

- Accounting
- Auditing
- Banking
- Credit rating agencies
- Insurance
- Pension provision
- Investment management (e.g. hedge funds, private equity funds, venture capital funds, money market funds, securities)
- Market infrastructure operation (e.g. CCPs, CSDs, Stock exchanges)
- Social entrepreneurship
- Other
- Not applicable

14. Please specify your activity field(s) or sector(s)?

15. Contributions received are intended for publication on the Commission's website. Do you agree to your contribution being published?

Yes, I agree to my response being published under the name I indicate (name of your organisation/company/public authority or your name if your reply as an individual)

No, I do not want my response to be published

B1. QUESTIONS TO PRIVATE INDIVIDUALS

In this section, we wish to explore your personal experiences and preferences of retirement saving around four themes: your interest in saving for retirement (theme 1), your experience so far with retirement saving (theme 2), your interest in simple, affordable, efficient and safe personal pensions which provide good returns and which can be confidently relied upon (theme 3) and your preferences as regards the information available to you when investing in personal pensions (theme 4).

It will not take you more than 15 minutes to reply to this questionnaire. Not all questions are mandatory.

Theme 1: Consumer interest in saving for retirement

Demographic trends indicate that the proportion of workers supporting those in retirement will be reduced. This increases pressure on state-based pension systems. To remain financially sustainable, some Member States have introduced reforms to manage public spending on pensions. Such reforms often imply lowering benefit levels. Lower public pensions could create risks for the future adequacy of public pension incomes at the age of retirement.

These risks could be offset or mitigated by increased entitlements from supplementary retirement savings.

There are many ways to save for retirement. Some individuals entirely rely on state-provided pensions for their pension benefits. Some are able to complement the state-provided pensions by pension benefits provided by their employer (occupational pensions). Others save for retirement through deposits on savings accounts. Another option is to save through specific individual pension products.

1. Do you think it is necessary to have additional savings for the age of retirement compared to what state-based or occupational pensions provide?

- Yes, there is need for additional savings for retirement
- No, the state-based and occupational pension will be sufficient
- I don't know

2. How do you save for retirement? (multiple choices are possible)

- I use a savings account
- I contribute to a personal pension product from my bank/insurer
- I contribute to a pension provided by my employer
- I invest in other type of financial instruments/products
- I invest in real estate
- I count on my state pension
- I do not save for retirement
- Other way to save for retirement: (describe max. 500 characters)

Theme 2: Consumer experience with personal pensions

Personal pension products are savings instruments with a number of characteristics. A personal pension product is a voluntary contract between a provider and an individual to save for retirement, not linked to an employment relationship or to the state-based pension.

Personal pensions often have investment elements and can take many forms including life insurance products, pension insurance and investment funds. They require regular contributions which over

time accumulate retirement savings that can typically be withdrawn on reaching retirement age. Member States often provide with national tax incentives and tax relief to promote investments in personal pension products.

3. Have you ever purchased a personal pension product?

- Yes
- No, but I am considering it
- No, I am not interested

4. If yes, how did you purchase your personal pension product?

- It was offered by my bank/insurer
- It was offered by my tax adviser
- I looked for professional advice
- I used a comparison website
- I followed the advice of friends/family
- I followed government advice
- I followed advice from a consumer organisation
- Other way to purchase the personal pension product: describe (max 500 characters)

5. If not, what are the reasons you do not invest in a personal pension product?

- The fees for a personal pension product are too high
- I count on my state-based and occupational pension
- I invest in other types of financial instruments/products
- I have no funds available for any personal pension savings
- I don't think tax incentives are sufficient
- I cannot take it abroad
- I am not aware of any pension savings products
- Any other reason: please describe (max 500 characters)

Consumer experience with personal pensions: Information about costs and fees

As personal pension products have a long term perspective, it is important that consumers are well informed about the product features of a personal pension product. The annual fees, the historic and predicted return, the guarantees offered, the type investment strategy chosen are all factors which will determine the final outcome of the personal pension product at the age of retirement. Information on these elements should enable consumers to make the appropriate choices for their needs.

Due to asymmetric information between providers and consumers, the latter have difficulties in comparing the performance and quality of the pension product and/or providers. This can potentially result in less cost-effective and unintended outcomes for individuals. Enhancing information disclosure might not be sufficient, on its own, to enable individuals to make sound and informed choices.

Consumers need to trust pension providers and have confidence in the attractiveness of personal pensions. The delivery of affordable products at the point of sale is a key element to establish such confidence.

6. Are you aware of the annual fees you pay for your personal pension product?

- Yes, I am aware of the amount of fees I pay
- No, I do not know the fees I pay

- I am not interested in fees

7. Do you know what the return on your investment has been over the last two years?

- Yes, I am aware of the return on my pension product
- No, I do not know the return
- I am not interested in the return

8. Have you recently received information about the total amount of the benefits you are likely to receive once you reach retirement age?

- Yes, I receive information on a regular basis
- No, I do not receive any information
- I am not interested

9. How would you describe your overall level of satisfaction on the choice of personal pensions available to you?

- Very satisfied
- Satisfied
- Not very satisfied
- Not satisfied at all
- I don't know

Please describe why? (max. 500 characters)

10. Have you already purchased a personal pension from a provider coming from another Member State in the last three years?

- Yes, I have purchased a personal pension from another EU Member State
- No, I have not purchased a personal pension from another EU Member State
- No, I have not purchased a personal pension from another EU Member State but I would consider it

Theme 3: Consumer interest in simple, affordable and safe personal pensions which provide good returns

The personal pension products available in some markets are often complex financial products. It is not always easy for individuals to understand the main terms of the product (contributions, guarantees provided, benefits due), its underlying investment options and what returns can be expected. Similarly to other categories of financial products, individuals need clear information about the costs and charges levied, the riskiness of their investment and whether any guarantees are provided on the expected benefits.

As the objective of these products is to provide for adequate and safe retirement income, the European Insurance and Occupational Pensions Authority (EIOPA), the EU supervisory authority in the area of insurance and pensions, recommends in their advice to the Commission to make it mandatory for individuals to determine the appropriate level of market risk he/she should be taking, in view of their time horizon, the risk of inflation, and in view of the different approaches offered by providers. The minimum requirements for simple, affordable and safe personal pension products recommended in the EIOPA advice could be laid down in a European personal pension framework.

11. Are simple and affordable personal pension products which provide good returns available in your country?

- Yes, such products are available in my country
- No, such products are not available in my country
- No opinion

12. If such products were available under an EU personal pension framework, would you consider investing in them?

- I am interested in such a product
- I prefer investing in other savings products
- I am not interesting in saving for retirement
- I don't know, I can't decide what to buy.
- Other: describe max. 500 characters

While personal pension products are currently sold through physical distribution channels such as branches or intermediary networks, recent technological developments give rise to new ways of online distribution. Such online channels have the potential to enhance efficiency and reducing costs of products, allow for online personalised advice or facilitate comparing products from distinct providers. Online channels could also facilitate purchasing products from providers in other EU Member States.

The uptake of personal pensions would be greatly enhanced by ensuring it would be available via a wide range of distribution channels, including both intermediary and online (non-advised) sales. The offer of personal pension products across borders would also be beneficial to increasing uptake.

13. How would you consider buying this product? (multiple options allowed)

- Online, provided advice is offered
- Online, even without advice
- Face-to-face only
- From my investment/tax professional
- From a new provider
- From an insurance company or broker
- I don't know where to buy such products
- Other: describe max. 500 characters

Theme 4: Consumer preferences

To choose a personal pension product tailored to your needs, your age and your risk profile, it is important to be well informed about the product features. Individuals should be informed about the possible return of the product and the costs and charges involved.

The return on the product and whether it is a safe investment will depend to a large extent on the investments option chosen and the possible tax incentives. Under an EU personal pension framework various investment options could be proposed to determine the level of risk in the investment strategy (e.g. defensive or dynamic). The pension product could include a guarantee whereby the provider engages itself to guarantee different parts of the investment (capital return, inflation protection etc.).

During the lifetime of the product, savers should be able to monitor the evolution of the investment in order to know what amount of benefits can be expected on retirement. A comparison of the personal pension product against a reference or a benchmark could facilitate savers' assessment of the adequacy of a product and help compare different products which ultimately enables individuals

to make an informed decision about their pensions.

14. What information would you highlight as the most relevant in your decision to invest in personal pensions?

Please tick the appropriate field, only one choice is allowed per category of reply.	Not at all important	Rather unimportant	Fairly important	Very important	No opinion
The cost of the product					
Clear information about fees, for example for administration, transactions, exit fees					
Available investment options					
Return on my investment					
Information about past performance of the product					
Tax relief					
Availability of professional advice					
Level of fees disclosed annually					
Level of protection provided on my savings (guarantees)					
Information provided in a standardised format for ease of comparison					
A benchmark to assess the product's performance, safety and simplicity					
The possibility for a degree of flexibility in the contributions - for example allowing temporary					

Please tick the appropriate field, only one choice is allowed per category of reply.	Not at all important	Rather unimportant	Fairly important	Very important	No opinion
interruptions of the contributions in specific situations (e.g. unemployment) while preserving the rights matured					

Other: specify max. 500 characters

Consumer preferences: information needs

In order to make personal pension savings safe, cost-effective, transparent as well as sufficiently flexible to cater for an European labour market that is characterised by more and more unconventional careers and heightened mobility of workers, there is a need to address the asymmetry of information between providers and individuals, which negatively influences the ability or willingness of many individuals to make decisions for additional retirement saving.

15. At what stage should information be provided?

Please tick the appropriate field, only one choice is allowed per category of reply	Before signing up to a product	Periodically after signing up to a product	Before signing up to a product and periodically afterwards	Not necessary to provide this information
Information about costs and fees				
Available investment options				
The return on my investment				
Information about the past performance of the product				
Tax relief provided				
Level of protection provided on my savings (guarantees)				
A benchmark to assess the product's performance, safety and simplicity				

Further observations

16. Should you have further observations about personal pensions, please share your experience here (max. 500 characters).

B 2. QUESTIONS FOR CONSUMER ORGANISATIONS.

PLEASE JUSTIFY YOUR CHOICE(S) – WHERE POSSIBLE PLEASE PROVIDE REFERENCE TO ANY EVIDENCE, DATA, REPORTS OR STUDIES.

In a first section, we are looking for views on consumer experiences and preferences around four themes: their interest in saving for retirement (theme 1), experiences with products (theme 2), interest in simple, affordable, efficient and safe personal pensions which provide good returns and which can be confidently relied upon (theme 3) and preferences in the information available to consumers when investing in personal pensions (theme 4).

In a second section, we look for views on the challenges and key features of a European Personal Pension framework.

Please provide where available evidence form reports, studies and publications.

Section 1: consumer preferences

Theme 1: Consumer interest in saving for retirement

Demographic trends indicate that the proportion of workers supporting those in retirement will be progressively reduced. This increases pressure on state-based pension systems. To remain financially sustainable, some Member States have introduced reforms to manage public spending on pensions. Such reforms often imply lowering benefit levels. Lower public pensions create risks for the future adequacy of public pension incomes at the age of retirement.

These risks could be offset or mitigated by increased entitlements from supplementary retirement savings.

There are many ways to save for retirement. Some individuals entirely rely on state-provided pensions for their pension benefits. Some are able to complement the state-provided pensions by pension benefits provided by their employer (occupational pensions). Others save for retirement through deposits on savings accounts. Another option is saving for retirement through specific individual pension products.

1. Do you think it is necessary for consumers to have additional savings for the age of retirement compared to what state-based or occupational pensions provide?

- Yes, there is need for additional savings for retirement
- No, state-based and occupational pension will be sufficient
- I don't know

2. How do consumers mainly save for retirement? (multiple choices are possible)

- They use savings accounts
- They contribute to personal pension products from banks/insurers
- They contribute to pensions provided by employers
- They invest in other types of financial instruments/products
- They invest in real estate
- They have a state pension
- They do not save for retirement
- They employ other ways to save for retirement: (describe max. 500 characters)

Theme 2: Consumer experience with personal pensions

Personal pension products are savings instruments with a number of characteristics. A personal pension product is a voluntary contract between a provider and an individual to save for retirement, not linked to an employment relationship or the state-based pension. Personal pensions often have investment elements and can take many forms including life insurance products, pension insurance and investment funds. They require regular contributions which over time accumulate retirement savings that can typically be withdrawn on reaching retirement age. Member States often provide national tax incentives and tax relief to promote investments in personal pension products.

3. How do consumers purchase personal pension products?

- Directly from banks/insurers
- Indirectly from tax advisers or brokers
- They look for professional advice before they decide to purchase
- They use comparison websites
- They follow friends/family advice
- They follow government advice
- They follow advice from a consumer organisation
- They employ other ways to purchase the personal pension products: describe (max 500 characters)

4. What are the main reasons for consumers not investing in a personal pension product?

- The fees for a personal pension product are too high
- They count on state-based and occupational pension
- They invest in other types of financial instruments/products
- They have no funds available for any personal pension savings
- There are insufficient tax incentives
- They cannot take it abroad
- They are not aware of any pension savings products
- Any other reason: please describe (max 500 characters)

Consumer experience with personal pensions: Information about costs and fees

As personal pension products have a long term perspective, it is important that consumers are well informed about the product features of personal pension products. Information about annual fees, the historic and predicted return, the guarantees offered, or the type investment strategy chosen are all factors which will determine the final outcome of the personal pension product at the age of retirement. Information on these elements should enable consumers to make the appropriate choices for their needs.

Due to asymmetric information between providers and consumers, the latter have difficulties in comparing the performance and quality of the pension product and/or providers, potentially resulting in less cost-effective and unintended outcomes for individuals. Enhancing information disclosure might not be sufficient, on its own, to enable individuals to make sound and informed choices.

Consumers need to trust pension providers and have confidence in the attractiveness of personal pensions. The delivery of affordable products at the point of sale is a key element to establish such confidence.

- 5. Are consumers aware of the annual fees they pay for personal pension products they purchase?**
- Yes, they are aware of the fees they pay
 - No, they are not aware about the fees they pay
 - They are not interested in fees on personal pension products
 - Other: please specify (500 characters max.)
- 6. Do consumers know what the return on investment for their personal pension products has been over the last two years?**
- Yes, they are informed of the return on their personal pension products
 - No, they are not aware of the return
 - They are not interested in the return
 - Other: please specify (max. 500 characters)
- 7. Do consumers receive information about the total amount of the benefits they are likely to receive in retirement?**
- Yes, they receive information on a regular basis
 - No, they do not receive any information
 - They are not interested
 - Other: please specify (max. 500 characters)
- 8. How would you describe the overall level of satisfaction on the choice of personal pensions available to consumers?**
- Very satisfied
 - Satisfied
 - Not very satisfied
 - Not satisfied at all
 - We don't know

Please describe why (max. 500 characters)

- 9. Do consumers purchase personal pensions from providers from other EU Member States?**
- Yes, they purchase personal pensions from another EU Member State
 - No, they have not purchased personal pensions from another EU Member State
 - No, they have not purchased personal pensions from another EU Member State but would consider it
 - Other: please specify (max. 500 characters)

<p>Theme 3: Consumer interest in simple, affordable and safe personal pension products which provide good returns</p>
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<p>The personal pension products available in some markets are often complex financial products. It is not always easy for individuals to understand the main terms of the product (contributions, guarantees provided, benefits due), its underlying investment options and what returns can be expected. Similarly to other categories of financial products, individuals need clear information about the costs and charges levied by providers, the riskiness of their investment and whether any guarantees are provided on the benefits received in retirement.</p>

<p>As the objective of these products is to provide for adequate and safe retirement income, the European Insurance and Occupational Pensions Authority (EIOPA), the EU supervisory authority in the area of insurance and pensions, recommends in their advice to the EU Commission to make it</p>

mandatory for individuals to determine the appropriate level of market risk he/she should be taking, in view of their time horizon, the risk of inflation, and in view of the different approaches offered by providers. The minimum requirements for simple, affordable and safe personal pension products recommended in the EIOPA advice could be laid down in a European personal pension framework.

10. Are simple and affordable personal pension products which provide good returns available in the country where you represent consumers?

- Yes, simple, affordable personal pension products are available in my country
- No, simple, affordable personal pension products are not available in my country
- No opinion
- Other: please specify (max. 500 characters)

11. If such products were available under an EU personal pension framework, would consumers consider investing in them?

- They would be interested in such a product
- They prefer investing in other savings products
- They are not interested in saving for retirement
- They don't know and can't decide what to buy.
- Other: describe max. 500 characters

While personal pension products are currently sold through physical distribution channels such as branches or intermediary networks, recent technological developments give rise to new ways of online distribution. Such online channels have the potential to enhance efficiency and reducing costs of products, allow for online personalised advice or facilitate comparing products from distinct providers. Online channels could also facilitate purchasing products from providers from other EU Member States.

The uptake of personal pensions would be greatly enhanced by ensuring it would be available via a wide range of distribution channels, including both intermediary and online (non-advised) sales. The offer of personal pension products across borders would also be beneficial to increasing uptake.

12. How would consumers consider buying this product? (multiple options allowed)

- Online, provided advice is offered
- Online, even without advice
- Face-to-face only
- From investment/tax professionals
- From a new provider
- From an insurance company or broker
- They don't know where to buy such products
- Other: describe max. 500 characters

Theme 4: Consumer preferences

To choose personal pension products tailored to their needs, age and risk profile, it is important that consumers are well informed about the product features. Individuals should be informed about the possible return of the products and all related costs and charges.

The return on the product and whether it is a safe investment will most likely depend on the investments option chosen and the possible tax incentives. Investment options could determine the level of risk in the investment strategy (e.g. defensive or dynamic). The pension product could

include a guarantee whereby the provider engages to guarantee different parts of the investment (capital return, inflation protection etc.).

In addition, during the lifetime of the product, savers should be able to monitor the evolution of the investment in order to know what amount of benefits can be expected on retirement. A comparison of the personal pension product against a reference or a benchmark could facilitate savers' assessment of the adequacy of a product and help compare different products. This ultimately enables individuals to make an informed decision about their pensions.

13. What information would you highlight as the most relevant for consumers when deciding to invest in personal pensions?

Please tick the appropriate field, only one choice is allowed per category of reply.	Not at all important	Rather unimportant	Fairly important	Very important	No opinion
The cost of the product					
Clear information about fees, for example for administration, transactions, and exit fees					
Available investment options					
Return on investments					
Information about past performance of the product					
Tax relief					
Availability of professional advice					
Level of fees disclosed annually					
Level of protection provided on savings (guarantees)					
Information provided in a standardised format for ease of comparison					

Please tick the appropriate field, only one choice is allowed per category of reply.	Not at all important	Rather unimportant	Fairly important	Very important	No opinion
A benchmark to assess the product's performance, safety and simplicity					
The possibility for a degree of flexibility in the contributions - for example allowing temporary interruptions of the contributions in specific situations (e.g. unemployment) while preserving the rights matured					

Other: specify max. 500 characters

Consumer preferences: information needs

In order to make personal pension savings safe, cost-effective, transparent as well as sufficiently flexible to cater for an European labour market that is characterised by more and more unconventional careers and heightened mobility of workers, personal pensions should be simple, safe and cost-effective, addressing asymmetry of information between providers and individuals, while at the same time providing attractive returns.

14. At what stage should information be provided if at all?

Please tick the appropriate field, only one choice is allowed per category of reply	Before signing up to a product	Periodically after signing up to a product	Before signing up to a product and periodically afterwards	Not necessary to provide this information
Information about costs and fees				
Available investment options				
Return on investment				
Information about the past performance of the product				

Please tick the appropriate field, only one choice is allowed per category of reply	Before signing up to a product	Periodically after signing up to a product	Before signing up to a product and periodically afterwards	Not necessary to provide this information
Tax relief provided				
Level of protection provided on savings (guarantees)				
A benchmark to assess the product's performance, safety and simplicity				

15. Should you have further observations about consumer experience with personal pensions, please share your experience here (max. 500 characters).

Section 2: Challenges and key features.

A. On the challenges to personal pension development in the EU

At present, the EU personal pensions market does not seem to be reaching its full potential, both in terms of the products supplied and the level of demand from potential investors. There is evidence that personal pensions markets remain fragmented along national borders, are dominated by a limited number of national providers, and national tax requirements limit the possibility to purchase personal pension products from other Member States. As a consequence, cross-border provision of these services is limited. Competition is imperfect, restricting investors from enjoying the benefits of more innovative and efficient personal pension products.

Encouraging the provision of third pillar personal pensions by a wider range of financial institutions would foster more competition and could offer more choice with more attractive prices to consumers. Provided the above-mentioned challenges are overcome, the uptake of personal pensions would increase with more coverage among policyholders. Consumers could benefit from simpler, more innovative and more efficient personal pensions to complement their retirement income.

16. What are the issues which limit the development of personal pensions in your Member State? (Please specify your answer below in maximum 500 characters. You may reply to one or several categories)

- National legal requirements (e.g. prudential rules governing providers, administrative rules, tax regime for personal retirement saving, non-tax legal requirements, etc.)
- Barriers to entry for providers (e.g. costs are too high to enter to market, competition is not strong enough on the market, the current low interest rates disincentivise providers to offer long-term products, etc.)
- Insufficient demand from individuals for personal pensions (e.g. lack of information about pension savings, low level of individuals' financial literacy, lack of interest in pension savings, insufficient income for pensions savings purposes)
- Insufficient public policy incentives to stimulate saving in personal pension products
- Any other limitation

17. What are the issues which limit the development of personal pensions across borders? (Please specify your answer below in maximum 500 characters. You may reply to one or several categories)

- Varying national legal requirements (e.g. complexity of national legal frameworks, differing national tax requirements, difference in conduct of business rules, etc.)
- Challenges for providers to operate cross-border (e.g. high set up costs, high operating costs in another Member State, language issues, unfamiliar customer base, branding issues, local dominant distribution channels, presence of conflicts of interest in the distribution channels, etc.)
- Insufficient demand from individuals for cross-border pensions (e.g. uncertainty about cross-border providers, perception that a cross-border pension would only be relevant in case of mobility, etc.)
- Any other limitation

B. What should be the key features of an EU personal pension framework?

As outlined in the 2014 EIOPA preliminary report⁹, personal pension savings are expected to be a successful alternative source of retirement income and provide for replacement rates in the future but only in so far as those savings are safe in the sense of trustworthiness, cost effectiveness and transparency. They should also be sufficiently flexible to cater for a European labour market where workers' mobility is increasing.

Furthermore, the 2016 EIOPA technical advice¹⁰ to the EU Commission outlined that objectives for personal pensions determine and affect to some extent the required product characteristics:

- Safe products imply the need for addressing conflicts of interests and information asymmetries between providers and savers. Conflicts of interests need to be addressed and incentives need to be aligned to facilitate optimised results for consumers. The main tools for ensuring safety could include authorisation and governance requirements and also cover controls and limits on product design and characteristics. Those product limitations could entail investment limitations or the inclusion of guarantees on capital or returns.
- Transparent products: As long-term saving products are often perceived as being complex, relevant information on those products needs to be provided to consumers to enable them to make well-informed decisions about taking up and maintaining long-term savings. The nature, frequency of disclosure and presentation of information contributes to the overall transparency of these products. There are several recent examples in EU financial services legislation about information disclosure requirements, such as in the Regulation on Key Information Documents for Packaged Retail and Insurance-based Investment Products (PRIIPs)¹¹, in the Markets in Financial Instruments Directive (MiFID II)¹² and in the Insurance Distribution Directive (IDD)¹³ which could serve as a basis for establishing the appropriate disclosure requirements for personal pension products.
- Cost-effective products: building a stronger market for personal pensions could provide efficiency gains for providers through standardisation, enabling economies of scale and allowing for improved risk diversification. This can help reducing administrative costs arising from distribution, information and manufacturing, and lower the asset management costs by increasing the size of the asset portfolio under management. According to EIOPA, such efficiency gains could be offered by a well-functioning Single Market for personal pension products, without obstacles to cross-border activities, facilitating healthy competition and financial innovation. Online distribution is often seen as a relevant alternative distribution channel that can help reduce those costs.

⁹ EIOPA: Towards an EU single market for personal pensions: An EIOPA Preliminary Report to COM, 2014

¹⁰ EIOPA's advice on the development of an EU Single Market for personal pension products (PPP's), ref.EIOPA-16/457, available at: <https://eiopa.europa.eu/publications/submissions-to-the-ec>

¹¹ Regulation (EU) No 1286/2014 of the European Parliament and of the Council on key information documents for packaged retail and insurance-based investment products (PRIIPs)

¹² Directive 2014/65/EU of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments and amending Directive 2002/92/EC and Directive 2011/61/EU

¹³ Directive (EU) 2016/97 of the European Parliament and of the Council of 20 January 2016 on insurance distribution (recast)

Building on the essential features of an EU personal pension framework as outlined above through the EIOPA technical advice, an EU personal pension framework should be complemented by a number of areas which could be subject to enhanced standardisation in order to facilitate the cross-border provision of personal pensions and to offer appropriate consumer protection. These areas include investment rules, guarantees provided, portability of pensions, information requirements, rules on switching providers or products and the options for pay-out. In addition, the key features should not be looked at in isolation, but in the context of the tax regime on personal pensions, which is a key driver for the take-up of personal pensions.

This section is thus divided into key features first (B1), and secondly how they affect the tax regime applied to personal pensions (B2).

B1 – KEY FEATURES

INVESTMENT RULES

Many long-term retirement savings are reliant on investments (in capital markets or other areas) in order to grow. Personal pension products create the opportunity for savers to invest for the long-term, potentially maximising their retirement savings. The range of investment options is a key issue to address in this area to balance various risk profiles and respond to the needs and expectations of individuals in terms of investment strategy, given the various levels of financial literacy.

According to the 2016 EIOPA advice¹⁴, savers tend to have difficulties to determine their own investment portfolio, are often overwhelmed by the choice of investments and strongly influenced by the way that choice is presented to them. Savers seem to prefer choosing a "standard" default investment option over complex options. Savers are not aware that their needs may change over the lifetime of the product and may not monitor, review or rebalance the asset allocation of their investment portfolio over time.

In the work conducted by EIOPA on this key feature regarding investments, the options for a personal pensions framework range from including a default investment option to be provided to savers with a very limited number of alternative options in order to steer individuals towards a standard option, towards an approach where more investment options would be provided to cater for individuals with different risk appetites. In this context, the first approach, namely a default investment option, could provide the benefit of simplicity, safety and a limited risk for the majority of savers. The other approach, namely alternative investment options, could provide flexibility to cater for the needs of savers with specific investment profiles, or with different risk return profiles.

EIOPA recommends in its technical advice a limited number of investment options to help limit information overload on consumers. Furthermore, EIOPA recommends a default or "core" investment option in case a product would incorporate more than one investment option in order to simplify decision-making for the majority via choice- and information architecture.

EIOPA also addresses the question whether there should be a guarantee to protect the individual saver, and/or a life-cycle strategy with de-risking when approaching retirement. A life-cycling strategy with de-risking (LCS) is an approach that ensures that savers do not have to make investment decisions during the lifetime of their personal pension product.

¹⁴ EIOPA's advice on the development of an EU Single Market for personal pension products (PPP's), ref.EIOPA-16/457, available at: <https://eiopa.europa.eu/publications/submissions-to-the-ec>

EIOPA recommends a de-risking strategy for at least the default investment option unless all investment options contain a guarantee. The de-risking strategy should aim to maximise returns at defined risk levels for that investment option. These conditions would seek to mitigate potential issues of individuals' loss and regret aversion.

18. Should there be a default investment option in a personal pension product which would provide simplicity and safety catering for the needs of a majority of personal pension savers?

- Yes
- No
- No opinion

19. Which type of protection should be attached to the default investment option ensuring simplicity and safety for investors in personal pensions?

- a. Guarantee on capital
- b. Guarantee on returns
- c. No need for a guarantee
- d. Other (please specify)

20. Should the number of alternative investment options be limited? If yes, please specify the scope of the limitation and which type of protection they should feature (max. 500 characters)

PORTABILITY OF PERSONAL PENSIONS

Personal pensions are typically long-term products as their focus is on retirement. During their lifetime, investors' preferences and needs could change, and they may move between Member States for multiple reasons (employment, settling for retirement etc.). Following changes in individuals' preferences and/or personal circumstances, the question of portability of pensions arises, within the same country or across borders. Portability would allow for the recognition and transfer of pension contributions across providers and across Member States. A portability feature of personal pensions across the EU should make personal pensions a more attractive option for mobile workers than they are offered at present through allowing them to keep their pension contributions together and therefore enjoy higher benefits in retirement. In addition, if personal pensions were portable, providers of personal pensions could scale up their activities in a more integrated EU market, and thus offer products across borders to savers in less mature personal pension markets.

21. Should a personal pension product be portable:

Please tick the appropriate field, only one choice is allowed per category of reply.	Not at all important	Rather unimportant	Fairly important	Very important	No opinion
Across Member States					
Within the same Member State					

Please tick the appropriate field, only one choice is allowed per category of reply.	Not at all important	Rather unimportant	Fairly important	Very important	No opinion
Both within the same Member State and across Member States					

22. What are the main barriers for portability of existing personal pension products? Please describe in max. 500 words.

INFORMATION TO POLICYHOLDERS

In order to determine which personal pension products best fit their needs, individuals should be appropriately informed of the key features of such products, in particular in view of the products' long-term nature and inherent complexity. There are several recent examples in EU financial services legislation about information disclosure requirements, such as in the Regulation on Key Information Documents for Packaged Retail and Insurance-based Investment Products¹⁵ (PRIIPs), Markets in Financial Instruments Directive¹⁶ (MiFID II) and Insurance Distribution Directive¹⁷ (IDD). PRIIPs introduces a Key Information Document (KID – a simple document giving key facts to retail investors in a clear and understandable manner) covering not only collective investment schemes but also other 'packaged' investment products offered by banks or insurance companies.

In the work conducted so far on the key elements of information to be disclosed, the options for personal pensions range from using existing models such as the KID in PRIIPs as a basis with some adaptations, to designing a more specific set of information requirements tailored to the specific nature of personal pensions.

The EIOPA technical advice recommends using the existing rules based on the idea of the PRIIPs KID as a starting point for disclosure requirements for personal pensions. However, EIOPA recommends adjusting the PRIIPs KID to allow for the specificities of personal pensions to be accommodated. This could for example include information related to the choices to be made by savers or options provided by national law and options provided by the provider on reaching retirement.

According to EIOPA it is important to project and estimate how investments (typically including periodic contributions) and the related returns accumulate over a potentially very long time period, and what that could mean in terms of a retirement income. Therefore, projections could also be a feature of the disclosure requirements.

A distinction should also be made between information provided before subscribing to a product (pre-contractual information) and information provided to savers during the product lifetime.

23. The PRIIPs Key Information Document (KID) provides an example of pre-contractual information disclosure. Should the KID be used for the purpose of personal pensions disclosures? Alternatively, which KID elements could be directly used for disclosures

¹⁵ Regulation (EU) No 1286/2014 of the European Parliament and of the Council on key information documents for packaged retail and insurance-based investment products (PRIIPs)

¹⁶ Directive 2014/65/EU of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments and amending Directive 2002/92/EC and Directive 2011/61/EU

¹⁷ Directive (EU) 2016/97 of the European Parliament and of the Council of 20 January 2016 on insurance distribution (recast)

regarding a potential EU personal pension and what are the elements that should be adapted (e.g. to take into account the long-term nature of the investment)?
Please specify, in max. 500 characters.

24. What information, in your opinion, is most relevant to individual savers before signing up to a product?

Please tick the appropriate field, only one choice is allowed per category of reply.	Not at all important	Rather unimportant	Fairly important	Very important	No opinion
Available investment options					
Different types of fees					
Level of fees disclosed annually					
The rate of return over the last two years					
Level of protection provided					
Information provided in a standardised format (similarly to the PRIIPs KID)					
The tax regime for contributions, returns and pay-outs					
Is there any other information that would be of importance for savers before signing up to a product? Please specify (max 500 Characters)					

25. What information, in your opinion, is most relevant to individual savers during the lifetime of the product?

Please tick the appropriate field, only one choice is allowed per category of reply.	Not at all important	Rather unimportant	Fairly important	Very important	No opinion
Current investment option					
Available investment options					
Level of fees					
The rate of return					
Level of protection provided					

Please tick the appropriate field, only one choice is allowed per category of reply.	Not at all important	Rather unimportant	Fairly important	Very important	No opinion
Accumulated benefits					
Expected benefits at retirement					
The tax treatment of savings					
Any other information that would be of importance for savers during the product lifetime? (Please specify in max. 500 characters)					

DISTRIBUTION

As personal pension products are often considered complex and information asymmetries between providers and savers subsist, distributors play an important role. Distributors, and in particular the advice they could provide, could have a very significant impact on the development of a sound personal pensions market, reduce the asymmetry of information and ultimately serve the interests of consumers. Distributors can assist consumers in assessing personal pension products before they make a purchase and help identify which product best meets their needs. They can provide advice to those with more complex needs or those who are less financially literate. Distributors can also play a role during the lifetime of a personal pension product, assisting consumers in assessing their retirement provisions over time and helping trigger changes in consumers' allocation of resources within a personal pension product, or switching investment option over time, especially in the run-up to retirement.

Currently, personal pension products tend to be distributed face-to-face and through branches, which may or may not be accompanied by advice. However, technological developments may change the way personal pension products are distributed and how advice is provided. The choice and/or variety of distribution channels is a key factor in determining the success of a personal pension framework.

In the work conducted so far by EIOPA on this key feature (i.e. distribution aspects), the options range from encouraging physical sales in parallel to adapting key features so that personal pensions can easily be sold online. EIOPA recommends that at least for the default option, distribution without advice via the internet should be permitted in the case of non-complex personal pension products, easy for customers to access and understand.

The question of advice, and it being compulsory or not, remains a question in the case of more complex investment options and potentially higher risks for savers.

During the product's lifetime, EIOPA recommends that the distributor should monitor and review the product in the context of the saver's needs and future plans. For known trigger events, for example when the saver is nearing retirement, the distributor should inform the saver about the upcoming event, and provide all relevant information in order to enable the individual to choose the best option for his / her retirement.

26. Would you consider that advice should be mandatory for the provision of personal pensions? Please provide details (500 characters max.)

SWITCHING BETWEEN PRODUCTS OR PROVIDERS

For personal pension products which are by nature very long-term products, it is necessary to offer consumers the flexibility to switch between products as well as providers. Switching allows investors a choice between products and providers, and could be a means to encourage competition and keep levels of fees under control. Being locked into in a product or with a provider for a long time, especially until reaching retirement age, regardless of whether the performance of the product is satisfactory or not, could be highly detrimental to the individual.

However, this needs to be weighed against the benefits provided by long-term investment, which requires that funds be made available over extended periods. In line with the idea of long-term saving and of creating a Capital Markets Union, personal pensions should help generate funding for long-term illiquid investments (for example infrastructure or unlisted SME equities). This objective could be undermined if consumers shifted providers constantly, leading to short term liabilities and forcing providers to invest in more liquid assets. Consequently, a balance should be struck between allowing savers to switch providers and ensuring that providers can invest in long-term illiquid assets.

In the work conducted so far by EIOPA on this key feature, namely switching, the options range from allowing very limited switching possibilities over time to preserve the long-term investment, to fostering competition by allowing savers to switch more often their personal pension across providers.

EIOPA recommends that switching providers should be possible but under some limitations such as minimum holding periods. Switching costs should also be fair and transparent. EIOPA favours transparent and clearly allocated costs of switching over free charge switching whereby costs might be hidden elsewhere.

In this context switching refers to changing personal pension products across providers within a Member State; it is not intended to provide for switching outside the personal pensions environment.

In your opinion:

27. Under what conditions should it be possible to switch personal pension providers?

- **Switching should be without conditions**
- **Switching should be subject to a fee**
- **Switching should be only possible after a minimum period of time and be allowed only a limited number of times**
- **Switching should not be possible**

Please explain max 500 characters:

PAYOUT (DECUMULATION)

Decumulation, or pay-out, starts at the legal age of retirement or when the policyholder chooses to retire.

Different pay-out options should allow policyholders to choose the most appropriate decumulation

option for them. In the work conducted by EIOPA on this key feature, the options range from allowing any type of pay-out, bearing in mind that a personal pension is typically supplementing the main source of pension revenue, to recommending one or several preferred pay-out options, notably in order to maximise consumer protection.

In its technical advice, EIOPA does not recommend standardising the decumulation phase of personal pension products. It considers that more work should be done to determine the advantages and disadvantages of the distinct pay-out options.

28. Which forms of pay-out should be favoured? Please provide an explanation of your choice (Max. 500 words)

- a. lump sum
- b. life time annuities
- c. temporary annuities (limited in time)
- d. individuals' choice
- e. any other
- f. there should be flexibility on pay-out

Please explain max 500 characters (optional)

29. Overall, in your opinion, what factors would encourage competition to offer high quality, affordable personal pension products?

Please tick the appropriate field, only one choice is allowed per category of reply.	Not at all important	Rather unimportant	Fairly important	Very important	No opinion
Level of fees and returns					
Transparency on fees and costs					
Type of investment policy (active vs passive)					
Ease of distribution					
Consumer awareness of the availability of retirement products					
A benchmark to assess the product's performance, safety and simplicity					
Tax and other financial incentives to personal pension savings					

B2. EFFECT OF KEY FEATURES ON THE TAX REGIME OF PERSONAL PENSIONS

Personal pensions are vehicles which may benefit from national tax incentives under the form of tax relief at different stages of the life of the product. National tax rules may constitute an obstacle to the development of a single market for personal pensions given the complexity and variety of tax regimes applicable in Member States. Increased complexity could create additional administration costs for personal pension products and might reduce incentives for suppliers to operate across borders.

At the same time, taxation is a key factor that determines the success of a framework for personal pensions because tax incentives play an important role in the decision to subscribe to personal pensions savings. Generally, a deferred taxation model is applied to personal pension products; contributions are deducted from an individual's taxable income and pensions are taxed within the framework of income tax or, in many instances at a favourable rate. In most Member States the investment results are tax exempt. However, the taxation rates and regimes vary widely between Member States.

While it is not envisaged to harmonise tax requirement for personal pensions, national tax incentives remain very important for the uptake of personal pensions in the framework of a potential EU initiative.

30. In your experience, to what extent are tax incentives important for the uptake of personal pension products by savers? Please explain in max. 500 words.

C. On the benefits of potential EU action on personal pensions

A true EU market for personal pensions could create a number of benefits and contribute to growth and investment within a Capital Markets Union. For investors, this should ensure delivery of affordable personal pensions through better prices at the point of sale, good returns and a wider range of providers due to increased competition. Furthermore, products could be more transparent, easier to understand and also safer, if there were some minimum standards, which should lead to increase consumer confidence. It might also be easier to change providers or to transfer accumulated benefits when moving to another Member State. Providers could benefit from reduced complexity, facilitated cross-border activity, reduced administrative costs, and efficiencies could be created by pooling assets from a larger investor base. Providers would be able to provide similar products within a wide range of Member States.

31. In your opinion, what are the most significant benefits of providing personal pensions on an EU scale?

Please tick the appropriate field, ; only one choice is allowed per category of reply.	Not at all important	Rather unimportant	Fairly important	Very important	No opinion
Larger pools of assets due to a wider reach					
Opens up the market to other providers					
Improved asset allocation					
Product innovation					
Improved returns					
Lower operating costs					
Attractive to mobile customers					
Attractive to regular (non-mobile) customers					
Encourages a level playing field between providers					
Others? Please specify.					

D. On the type of potential EU action

The previous sections on the key features of a personal pension framework and on the benefits of potential EU action focused on assessing the effects that an EU initiative would have on the personal pension market. The consultation now turns to views on how to best frame such an initiative, from self-regulatory approaches (cooperation among stakeholders) to more comprehensive EU intervention (harmonising at EU level the national personal pension regimes).

For each of the potential approaches, we invite respondents to detail how the chosen approach would address the problems identified in the first part of this consultation. These would address issues such as insufficient personal pension take up by individuals, insufficient cross-border provision, insufficient variety in personal pension providers, lack of efficiency of personal pensions on costs and returns, and insufficient innovation in personal pensions.

- 32. The EU could foster cooperation between stakeholders (Member States, providers, consumers) around a common approach to providing personal pension products. This would imply designing – together with the national authorities, pension industry and consumers – a series of recommendations which providers could follow when offering personal pensions.**

Fostering cooperation among stakeholders would...

Please tick the appropriate field, only one choice is allowed per category of reply.	...not address this challenge at all	...partly address this challenge	...largely address this challenge	...decisively address this challenge	No opinion
Enhance the take-up of personal pensions by consumers in the EU					
Enhance cross-border offer of personal pension products by providers in the EU					
Widen the range of providers					
Enhance efficiency, asset allocation and returns when offering personal pension products					
Contribute to innovation within the personal pension product market					
Other (please specify)					

- 33. A European personal pension account could be established, similarly to the Individual Retirement Account (IRA) offered in the United States. An IRA is a personal savings plan that gives individuals tax advantages when saving for retirement. It encompasses different types of plans, depending on the income or employment status of an individual, their tax circumstances and the investment options they choose. There can be many different types of providers: an IRA can be opened with banks, credit unions, insurance companies,**

mutual fund companies and brokerage firms. Most IRA providers offer a broad variety of investment options, including stocks and bonds, money market funds and mutual funds.

Would such an approach address the challenges below?

A personal pension account would...

Please tick the appropriate field, only one choice is allowed per category of reply.	...not address this challenge at all	...partly address this challenge	...largely address this challenge	...decisively address this challenge	No opinion
Enhance the take-up of personal pensions by consumers in the EU					
Enhance cross-border offer of personal pension products by providers within the EU					
Widen the range of providers					
Enhance the efficiency, asset allocation and returns when offering personal pension products					
Contribute to innovation within the personal pension product offer					
Other (please specify)					

34. A European personal pension product could be established on a voluntary basis, based on a set of common and flexible features, in order to provide pension income in retirement. Such features could include transparency and disclosure requirements, investment options, accumulation and decumulation options, distribution specificities, guarantees on the product, and fees and charges levied. The main difference between a personal pension account (described under question 36) and a personal pension product is that a personal pension account does not pre-define investment options. The role of tax advantages would be similar for the personal pension account and the personal pension product. This approach could take inspiration from the Undertakings for Collective Investment in Transferable Securities (UCITS), European Long Term Investment Funds (ELTIF), the EuVECA and EuSEF funds, the European company statute and the EIOPA advice on the development of a Pan-European Personal Pension Product.

Would such an approach address the challenges below?

A European personal pension product would...

Please tick the appropriate field, only one choice is allowed per category of reply.	...not address this challenge at all	...partly address this challenge	...largely address this challenge	...decisively address this challenge	No opinion
Enhance the take-up of personal pension products by consumers in the EU					
Enhance cross border offer of personal pension products by providers within the EU					
Widen the range of providers					
Enhance the efficiency, asset allocation and returns when offering personal pension products					
Contribute to innovation within the personal pension product offer					
Other (please specify)					

35. The EU could consider harmonising national personal pension regimes, in particular on the aspects of prudential supervision, possible providers, maximum costs, disclosure requirements, distribution models etc. but excluding tax requirements.

Would such an approach address the challenges below?

Harmonising national personal pension regimes would...

Please tick the appropriate field, only one choice is allowed per category of reply.	...not address this challenge at all	...partly address this challenge	...largely address this challenge	...decisively address this challenge	No opinion
Enhance the take-up of personal pension products by consumers within the EU					
Enhance cross-border offering of personal pension products by providers within the EU					
Contribute to a wide range of providers to offer personal pension products					
Contribute to enhancing the efficiency, asset allocation and returns when offering personal pension products					

Please tick the appropriate field, only one choice is allowed per category of reply.	...not address this challenge at all	...partly address this challenge	...largely address this challenge	...decisively address this challenge	No opinion
Contribute to innovation within the personal pension product offer					
Other (please specify)					

36. Would you favour an alternative EU approach?

Please provide details. Max. 500 words.

B 3. QUESTIONS FOR OTHER STAKEHOLDERS IN A PROFESSIONAL CAPACITY – FOR PROVIDERS, POTENTIAL PROVIDERS, STAKEHOLDER REPRESENTATIVES, PUBLIC AUTHORITIES REGULATING PERSONAL PENSIONS, ACADEMICS ETC.

PLEASE JUSTIFY YOUR CHOICE(S) – WHERE POSSIBLE PLEASE PROVIDE REFERENCE TO ANY EVIDENCE, DATA, REPORTS OR STUDIES.

A. On the challenges to personal pension development in the EU

At present, the EU personal pensions market does not seem to be reaching its full potential, both in terms of the products supplied and the level of demand from potential investors. There is evidence that personal pensions markets remain fragmented along national borders, are dominated by a limited number of national providers, and national tax requirements limit the possibility to purchase personal pension products from another Member State. As a consequence, cross-border provision of these services is limited. Competition is imperfect, restricting investors from enjoying the benefits of more innovative and efficient personal pension products.

Encouraging the provision of third pillar personal pensions by a wider range of financial institutions would foster more competition and could offer more choice with more attractive prices to consumers. Provided the above-mentioned challenges are overcome, the uptake of personal pensions would increase with more coverage among policyholders. Consumers could benefit from simpler, more innovative and more efficient personal pensions to complement their retirement income.

1. Do you offer personal pension products to consumers?

- No, we do not offer personal pension products
- Yes, in one Member State
- Yes, in more than one Member State

If yes, please specify in which Member States.

2. What are the issues which, in your view, limit the development of personal pensions in your Member State? (Please specify your answer below in maximum 500 characters. You may reply to one or several categories)

- National legal requirements (e.g. prudential rules governing providers, administrative rules, tax regime for personal retirement saving, non-tax legal requirements, etc.)
- Barriers to entry for providers (e.g. costs are too high to enter the market, competition is not strong enough on the market, the current low interest rates disincentivise providers to offer long-term products, etc.)
- Insufficient demand from individuals for personal pensions (e.g. lack of information about pension savings, low level of individuals' financial literacy, lack of interest in pension savings, insufficient disposable income for pensions savings purposes)
- Insufficient public policy incentives to stimulate saving in personal pension products
- Any other limitation

3. What are the issues which, in your view, limit the development of personal pensions across borders? (Please specify your answer below in maximum 500 characters. You may reply to one or several categories)

- Varying national legal requirements (e.g. complexity of national legal frameworks, differing national tax requirements, difference in conduct of business rules, etc.)
- Challenges for providers to operate cross-border (e.g. high set up costs, high operating costs in another Member State, language issues, unfamiliar customer base, branding issues, local dominant distribution channels, presence of conflicts of interest in the distribution channels, etc.)
- Insufficient demand from individuals for cross-border pensions (e.g. uncertainty about cross-border providers, perception that a cross-border pension would only be relevant in case of mobility, etc.)
- Any other limitation

B. What should be the key features of an EU personal pension framework?

As outlined in the 2014 EIOPA preliminary report¹⁸, personal pension savings are expected to be a successful alternative source of retirement income and provide for replacement rates in the future but only in so far as those savings are safe in the sense of trustworthiness, cost effectiveness and transparency. They should also be sufficiently flexible to cater for a European labour market where workers' mobility is increasing.

Furthermore, the 2016 EIOPA technical advice¹⁹ outlined that objectives for personal pensions determine and affect to some extent the required product characteristics:

- Safe products imply the need for addressing conflicts of interests and information asymmetries between providers and savers. Conflicts of interests need to be addressed and incentives need to be aligned to facilitate optimised results for consumers. The main tools for ensuring safety could include authorisation and governance requirements and also cover controls and limits on product design and characteristics. Those product limitations could entail investment limitations or the inclusion of guarantees on capital or returns.
- Transparent products: As long-term savings are often perceived complex, relevant information on those products needs to be provided to consumers to make well-informed decisions about taking up and maintaining long-term savings. The nature, frequency of disclosure and presentation of information contributes to the overall transparency of these products. There are several recent examples in EU financial services legislation about information disclosure requirements, such as in the Regulation on Key Information Documents for Packaged Retail and Insurance-based Investment Products (PRIIPs)²⁰, in the Markets in Financial Instruments Directive (MiFID II)²¹ and in the Insurance Distribution Directive (IDD)²² which could serve as a basis for establishing the appropriate disclosure requirements for personal pension products.
- Cost-effective products: building a stronger market for personal pensions could provide efficiency gains for providers through standardisation, enabling economies of scale and allowing for improved risk diversification. This can help reducing administrative costs arising from distribution, information and manufacturing and lower the asset management costs by increasing the size of the asset portfolio under management. According to EIOPA, such efficiency gains could be offered by a well-functioning Single Market for personal pension products, without obstacles to cross-border activities, facilitating healthy competition and financial innovation. Online distribution is often seen as a relevant alternative distribution channel that can help reduce those costs.

¹⁸ EIOPA: Towards an EU single market for personal pensions: An EIOPA Preliminary Report to COM, 2014

¹⁹ EIOPA's advice on the development of an EU Single Market for personal pension products (PPP's), ref.EIOPA-16/457, available at: <https://eiopa.europa.eu/publications/submissions-to-the-ec>

²⁰ Regulation (EU) No 1286/2014 of the European Parliament and of the Council on key information documents for packaged retail and insurance-based investment products (PRIIPs)

²¹ Directive 2014/65/EU of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments and amending Directive 2002/92/EC and Directive 2011/61/EU

²² Directive (EU) 2016/97 of the European Parliament and of the Council of 20 January 2016 on insurance distribution (recast)

Building on the essential features of an EU personal pensions framework as outlined above through the EIOPA technical advice, an EU personal pension framework should be complemented by a number of areas which could be subject to enhanced standardisation. These areas include investment rules, guarantees provided, portability of pensions, information requirements, rules on switching providers or products and the options for pay-out. In addition, the key features should not be looked at in isolation, but in the context of the tax regime of the personal pension, which is in many Member States a key driver for the take-up.

This section is thus divided into key features first (B1), and secondly how they affect the tax regime applied to personal pensions (B2).

B1 – KEY FEATURES

INVESTMENT RULES

Many long-term retirement savings are reliant on investments (in capital markets or other areas) in order to grow. Personal pension products create the opportunity for savers to invest long-term, potentially maximising their retirement savings. The range of investment options is a key issue to address in this area.

According to the 2016 EIOPA advice²³, savers tend to have difficulties to determine their own investment portfolio, are often overwhelmed by the choice of investments and strongly influenced by the way that choice is presented to them. Savers seem to prefer choosing a "standard" default investment option over complex options. Savers are not aware that their needs may change over the lifetime of the product and may not monitor, review or rebalance the asset allocation of their investment portfolio over time.

In the work conducted by EIOPA, the options for a personal pensions framework range from including a default investment option to be provided to savers with a very limited number of alternative options in order to steer individuals towards a standard option, towards an approach where more investment options would be provided to cater for individuals with different risk appetites. In this context, the first approach, namely a default investment option, could provide the benefit of simplicity, provide safety and a limited risk for the majority of savers. The other approach, namely alternative investment options, could provide flexibility to cater for the needs of specific savers which specific investment profiles, with different risk return profiles.

EIOPA recommends in its technical advice a limited number of investment options to help limit information overload on consumers. Furthermore, EIOPA recommends a default or "core" investment option in case a product would incorporate more than one investment option in order to simplify decision-making for the majority via choice- and information architecture.

EIOPA also addresses the question whether there should be a guarantee to protect the individual saver, and/or a life-cycle strategy with de-risking when approaching retirement. A life-cycling strategy with de-risking (LCS) is an approach that ensures that savers do not have to make investment decisions during the lifetime of their personal pension product.

EIOPA recommends a de-risking strategy for at least the default investment option unless all

²³ EIOPA's advice on the development of an EU Single Market for personal pension products (PPP's), ref.EIOPA-16/457, available at: <https://eiopa.europa.eu/publications/submissions-to-the-ec>

investment options contain a guarantee. The de-risking strategy should aim to maximise returns at defined risk levels for that investment option. These conditions would seek to mitigate potential issues of individuals' loss and regret aversion.

- 4. Should there be a default investment option in a personal pension product which would provide simplicity and safety catering for the needs of a majority of personal pension savers?**
- Yes
 - No
 - No opinion
- 5. Which type of protection should be attached to the default investment option ensuring simplicity and safety for investors in personal pensions?**
- e. Guarantee on capital**
 - f. Guarantee on returns**
 - g. No need for a guarantee**
 - h. Other (please specify)**
- 6. Should the number of alternative investment options be limited? If yes, please specify the scope of the limitation and which type of protection they should feature (max. 500 characters)**

PORTABILITY OF PERSONAL PENSIONS

Personal pensions are typically long-term products as their focus is on retirement. Therefore, during their lifetime, investors' preferences and needs could change, and they may move between Member States for multiple reasons (employment, settling for retirement etc.). Following changes in individuals' preferences and/or personal circumstances, the question of portability of pensions arises, within the same country or across borders. Portability would allow for the transfer of pension contributions across providers and across Member States. A portability feature of personal pensions across the EU should make personal pensions a more attractive option for mobile workers in view of keeping their pension contributions together. In addition, providers of personal pensions could scale up their activities in a more integrated EU market, and thus offer products across borders to savers in less mature personal pension markets.

- 7. Should a personal pension product be portable:**

Please tick the appropriate field, only one choice is allowed per category of reply.	Not at all important	Rather unimportant	Fairly important	Very important	No opinion
Across Member States					
Within the same Member State					
Both within the same Member State and across Member States					

- 8. What are the main barriers for portability of existing personal pension products? Please describe in max. 500 words.**

INFORMATION TO POLICYHOLDERS

In order to determine which personal pension products best fit their needs, individuals should be appropriately informed of the key features of such products, in particular in view of the products' long-term nature and inherent complexity. There are several recent examples in EU financial services legislation about information disclosure requirements, such as in the Regulation on Key Information Documents for Packaged Retail and Insurance-based Investment Products²⁴ (PRIIPs), Markets in Financial Instruments Directive²⁵ (MiFID II) and Insurance Distribution Directive²⁶ (IDD). PRIIPs introduces a Key Information Document (KID – a simple document giving key facts to retail investors in a clear and understandable manner) covering not only collective investment schemes but also other 'packaged' investment products offered by banks or insurance companies.

In the work conducted so far on the key elements of information to be disclosed, the options for personal pensions range from using existing models such as the KID in PRIIPs as a basis with some adaptations, to designing a more specific set of information requirements tailored to the specific nature of personal pensions.

The EIOPA technical advice recommends using the existing rules based on the idea of the PRIIPs KID as a starting point for disclosure requirements for personal pensions. However, EIOPA recommends adjusting the PRIIPs KID to allow for the specificities of personal pensions to be accommodated. This could for example include information related to the choices to be made by savers or options provided by national law and options provided by the provider on reaching retirement.

According to EIOPA it is important to project and estimate how investments (typically including periodic contributions) and the related returns accumulate over a potentially very long time period, and what that could mean in terms of a retirement income. Therefore, projections could also be a feature of the disclosure requirements.

A distinction should also be made between information provided before subscribing to a product (pre-contractual information) and information provided to savers during the product lifetime.

9. The PRIIPs Key Information Document (KID) provides an example of pre-contractual information disclosure. Should the KID be used for the purposes of personal pensions disclosures? Alternatively, which KID elements could be directly used for disclosures regarding a potential EU personal pension and what are the elements that should be adapted (e.g. to take into account the long-term nature of the investment)? Please specify, in max. 500 characters.

10. What information, in your opinion, is most relevant to individual savers before signing up to a product?

²⁴ Regulation (EU) No 1286/2014 of the European Parliament and of the Council on key information documents for packaged retail and insurance-based investment products (PRIIPs)

²⁵ Directive 2014/65/EU of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments and amending Directive 2002/92/EC and Directive 2011/61/EU

²⁶ Directive (EU) 2016/97 of the European Parliament and of the Council of 20 January 2016 on insurance distribution (recast)

Please tick the appropriate field, only one choice is allowed per category of reply.	Not at all important	Rather unimportant	Fairly important	Very important	No opinion
Available investment options					
Different types of fees					
Level of fees disclosed annually					
The rate of return over the last two years					
Level of protection provided					
Information provided in a standardised format (similarly to the PRIIPs KID)					
The tax regime for contributions, returns and pay-outs					
Is there any other information that would be of importance for savers before signing up to a product? Please specify (max 500 Characters)					

11. What information, in your opinion, is most relevant to individual savers during the lifetime of the product?

Please tick the appropriate field, only one choice is allowed per category of reply.	Not at all important	Rather unimportant	Fairly important	Very important	No opinion
Current investment option					
Available investment options					
Level of fees					
The rate of return					
Level of protection provided					
Accumulated benefits					
Expected benefits at retirement					
The tax treatment of savings					

Please tick the appropriate field, only one choice is allowed per category of reply.	Not at all important	Rather unimportant	Fairly important	Very important	No opinion
Any other information that would be of importance for savers during the product lifetime? Please specify in max. 500 characters)					

DISTRIBUTION

As personal pension products are often considered complex and information asymmetries between providers and savers subsist, distributors play an important role. Distributors, and in particular the advice they could provide, could have a very significant impact on the development of a sound personal pensions market, reduce the asymmetry of information and ultimately serve the interests of consumers. Distributors can assist consumers in assessing personal pension products before purchase and help identify which product best meets their needs. They can provide advice to those with more complex needs. Distributors can also play a role during the lifetime of a personal pension product, assisting consumers in assessing their retirement provisions over time and helping trigger changes in consumers' allocation of resources within a personal pension product, or switching investment option over time, especially in the run-up to retirement.

offer

Currently, personal pension products tend to be distributed face-to-face and through branches, which may or may not be accompanied by advice. However, technological developments may change the way personal pension products are distributed and how advice is provided. The choice and/or variety of distribution channels is a key factor in determining the success of a personal pension framework.

In the work conducted so far by EIOPA on this key feature (i.e. distribution aspects), the options range from encouraging physical sales in parallel to adapting key features so that personal pensions can easily be sold online. EIOPA recommends that at least for the default option, distribution without advice via the internet should be permitted in the case of non-complex personal pension products, easy for customers to access and understand.

The question of advice, and it being compulsory or not, remains a question in the case of more complex investment options and potentially higher risks for savers.

During the product's lifetime, EIOPA recommends that the distributor should monitor and review the product in the context of the saver's needs and future plans. For known trigger events, for example when the saver is nearing retirement, the distributor should inform the saver about the upcoming event, and provide all relevant information in order to enable the individual to choose the best option for his / her retirement.

12. As a provider, which types of distribution channels would you favour in order to maximise the benefits and efficiency gains of a Single Market for personal pensions (e.g. online/face-to-face, directly/via agents)? Please specify (500 characters max.)

13. Would you consider that advice should be mandatory for the provision of personal pensions? Please provide details (500 characters max.)

SWITCHING BETWEEN PRODUCTS OR PROVIDERS

For personal pension products which are by nature very long-term products, it is necessary to offer consumers the flexibility to switch between products as well as providers. Switching allows investors a choice between products and providers, and could be a means to encourage competition and keep levels of fees under control. Being locked into in a product or with a provider for a long time, especially until reaching retirement age, regardless of whether the performance of the product is satisfactory or not, could be highly detrimental for the individual.

However, this needs to be weighed against the benefits provided by long-term investment, which requires that funds be made available over extended periods. In line with the idea of long-term saving and of creating a Capital Markets Union, personal pensions should help generate funding for long-term illiquid investments (for example infrastructure, real estate or unlisted SME equities). This objective could be undermined if consumers shifted providers constantly, leading to short term liabilities and forcing providers to invest in more liquid assets. Consequently, a balance should be struck between allowing the possibility for switching by savers and ensuring that providers can invest in long-term illiquid assets.

In the work conducted so far by EIOPA on this key feature, namely switching, the options range from allowing very limited switching possibilities over time to preserve the long-term investment, to fostering competition by allowing savers to switch more often their personal pension across providers.

EIOPA recommends that switching providers should be possible but that some limitations on switching, such as minimum holding periods, should be allowed. Switching costs should also be fair and transparent. EIOPA favours transparent, clearly allocated costs of switching over free charge switching whereby costs might be hidden elsewhere.

In this context switching refers to changing personal pension product across providers within a Member State; it is not intended to provide for switching outside the personal pensions environment.

In your opinion:

14. Under what conditions should it be possible to switch personal pension providers?

- **Switching should be without conditions**
- **Switching should be subject to a fee**
- **Switching should be only possible after a minimum lifetime of the product and allowed only a limited number of times**
- **Switching should not be possible**

Please explain max 500 characters:

PAYOUT (DECUMULATION)

Decumulation, or pay-out, starts at the legal age of retirement or when the policyholder chooses to retire.

Different pay-out options should allow policyholders to choose the most appropriate decumulation option for them. In the work conducted by EIOPA on this key feature, the options range from

allowing any type of pay-out, bearing in mind that a personal pension is typically supplementing the main source of pension revenue, to recommending one or several preferred pay-out options, notably in order to maximise consumer protection.

In its technical advice, EIOPA does not recommend standardising the decumulation phase of personal pension products. It considers that more work should be done to determine the advantages and disadvantages of the distinct pay-out options.

15. Which forms of pay-out should be favoured? Please provide an explanation of your choice (Max. 500 words)

- g. lump sum**
- h. life time annuities**
- i. temporary annuities (limited in time)**
- j. individuals' choice**
- k. any other**
- l. there should be flexibility on pay-out**

16. Overall, in your opinion, what factors would encourage competition to offer high quality, affordable personal pension products?

Please tick the appropriate field, only one choice is allowed per category of reply.	Not at all important	Rather unimportant	Fairly important	Very important	No opinion
Level of fees and returns					
Transparency on fees and costs					
Type of investment policy (active vs passive)					
Ease of distribution					
Consumer awareness of the availability of retirement products					
A benchmark to assess the product's performance, safety and simplicity					
Tax and other financial incentives to personal pension savings					

B2. EFFECT OF KEY FEATURES ON THE TAX REGIME OF PERSONAL PENSIONS

Personal pensions are vehicles which may benefit from national tax incentives under the form of tax relief at different stages of the life of the product. National tax rules may constitute an obstacle to the development of a single market for personal pensions given the complexity and variety of tax regimes applicable in Member States. Increased complexity could create additional administration costs for personal pension products and might reduce incentives for suppliers to operate across borders.

At the same time, taxation is a key factor that determines the success of a framework for personal pensions because tax incentives play an important role in the decision to subscribe to personal pensions savings. Generally, a deferred taxation model is applied to personal pension products; contributions are deducted from an individual's taxable income and pensions are taxed within the framework of income tax or, in many instances at a favourable rate. In most Member States the investment results are tax exempt. However, the taxation rates and regimes vary widely between Member States.

While it is not envisaged to harmonise tax requirements for personal pensions, national tax incentives remain very important for the uptake of personal pensions in the framework of a potential EU initiative.

17. In your experience, In your experience, to what extent are tax incentives important for the uptake of personal pension products by savers? Please explain in max. 500 words.

18. If you are a provider offering personal pension products in other Member States, how do you accommodate differing national tax regimes?

- We operate through branches or subsidiaries**
- We operate directly across the border without branches or subsidiaries**
- Other (please describe)**

C. On the benefits of potential EU action on personal pensions

A true EU market for personal pensions could create a number of benefits and contribute to growth and investment within a Capital Markets Union. For investors, there could be more product innovation, better prices and a wider range of providers due to increased competition. Furthermore, products could be more transparent, easier to understand and also safer, if there were some minimum standards. It might also be more flexible to change provider or when move to another Member State. Providers could benefit from reduced complexity, facilitated cross-border activity, reduced administrative costs and efficiencies could be created by pooling assets from a larger investor base. Providers would be able to provide similar products within a wide range of Member States.

19. In your opinion, what are the most significant benefits of providing personal pensions on an EU scale?

Please tick the appropriate field, only one choice is allowed per category of reply.	Not at all important	Rather unimportant	Fairly important	Very important	No opinion
Larger pools of assets due to a wider reach					
Opens up the market to other providers					
Improved asset allocation					
Product innovation					
Improved returns					
Lower operating costs					
Attractive to mobile customers					
Attractive to regular (non-mobile) customers					
Encourages a level playing field between providers					
Others? Please specify					

D. On the type of potential EU action

The previous sections on the key features of a personal pension framework and on the benefits of potential EU action focused on assessing what the effects on the market of an EU initiative would be. The consultation now turns to views on how to best frame such an initiative, from self-regulatory approaches (cooperation among stakeholders) to more comprehensive EU intervention (harmonising at EU level the national personal pension regimes).

For each of the potential approaches, we invite respondents to detail how the chosen approach would address the problems identified in the first part of this consultation. These would address issues such as insufficient personal pension take up by individuals, insufficient cross-border provision, insufficient variety in personal pension providers, lack of efficiency of personal pensions on costs and returns, and insufficient innovation in personal pensions.

- 20. The EU could foster cooperation between stakeholders (Member States, providers, consumers) around a common approach to providing personal pension products. This would imply designing – together with the national authorities, pension industry and consumers – a series of recommendations which providers could follow when offering personal pensions.**

Fostering cooperation among stakeholders would...

Please tick the appropriate field, only one choice is allowed per category of reply.	...not address this challenge at all	...partly address this challenge	...largely address this challenge	...decisively address this challenge	No opinion
Enhance the take-up of personal pensions by consumers in the EU					
Enhance cross-border offer of personal pension products by providers in the EU					
Widen the range of providers					
Enhance efficiency, asset allocation and returns when offering personal pension products					
Contribute to innovation within the personal pension product market					
Other (please specify)					

- 21. A European personal pension account could be established, similarly to the Individual Retirement Account (IRA) offered in the United States. An IRA is a personal savings plan that gives individuals tax advantages when saving for retirement. It encompasses different types of plans, depending on the income or employment status of an individual, their tax circumstances and the investment options they choose. There can be many different types of providers: an IRA can be opened with banks, credit unions, insurance companies,**

mutual fund companies and brokerage firms. Most IRA providers offer a broad variety of investment options, including stocks and bonds, money market funds and mutual funds.

Would such an approach address the challenges below?

A personal pension account would...

Please tick the appropriate field, only one choice is allowed per category of reply.	...not address this challenge at all	...partly address this challenge	...largely address this challenge	...decisively address this challenge	No opinion
Enhance the take-up of personal pensions by consumers in the EU					
Enhance cross-border offer of personal pension products by providers within the EU					
Widen the range of providers					
Enhance the efficiency, asset allocation and returns when offering personal pension products					
Contribute to innovation within the personal pension product offer					
Other (please specify)					

22. A European personal pension product could be established on a voluntary basis, based on a set of common and flexible features, in order to provide pension income on reaching retirement. Such features could include transparency and disclosure requirements, investment options, accumulation and decumulation options, distribution specificities, guarantees on the product and fees and charges levied. The main difference between a personal pension account (described under question 21) and a personal pension product is that a personal pension account does not pre-define investment options. The role of tax advantages would be similar for the personal pension account and the personal pension product. This approach could take inspiration from the Undertakings for Collective Investment in Transferable Securities (UCITS), European Long Term Investment Funds (ELTIF), the EuVECA and EuSEF funds, the European company statute and the EIOPA advice on the development of a Pan-European Personal Pension Product.

Would such an approach address the challenges below?

A European personal pension product would...

Please tick the appropriate field, only one choice is allowed per category of reply.	...not address this challenge at all	...partly address this challenge	...largely address this challenge	...decisively address this challenge	No opinion
Enhance the take-up of personal pension products by consumers in the EU					
Enhance cross border offer of personal pension products by providers within the EU					
Widen the range of providers					
Enhance the efficiency, asset allocation and returns when offering personal pension products					
Contribute to innovation within the personal pension product offer					
Other (please specify)					

23. The EU could consider harmonising national personal pension regimes, in particular on the aspects of prudential supervision, possible providers, maximum costs, disclosure requirements, distribution models etc. but excluding tax requirements.

Would such an approach address the challenges below?

Harmonising national personal pension regimes would...

Please tick the appropriate field, only one choice is allowed per category of reply.	...not address this challenge at all	...partly address this challenge	...largely address this challenge	...decisively address this challenge	No opinion
Enhance the take-up of personal pension products by consumers within the EU					
Enhance cross-border offering of personal pension products by providers within the EU					
Contribute to a wide range of providers to offer personal pension products					
Contribute to enhancing the efficiency, asset allocation and returns when offering personal pension products					

Please tick the appropriate field, only one choice is allowed per category of reply.	...not address this challenge at all	...partly address this challenge	...largely address this challenge	...decisively address this challenge	No opinion
Contribute to innovation within the personal pension product offer					
Other (please specify)					

24. Would you favour an alternative EU approach?

Please provide details. Max. 500 words.