

Comments Template on CP EIOPA's advice on the development of an EU Single Market for personal pension products (PPP)		Deadline 26 April 2016 23:59 CET
Name of Company:	Actuarial Association of Europe (AAE)	
Disclosure of comments:	Please indicate if your comments should be treated as confidential:	<del>Confidential</del> / <b>Public</b>
<p>Please follow the following instructions for filling in the template:</p> <ul style="list-style-type: none"> <li>⇒ Do <b>not</b> change the numbering in the column "reference"; <b>if you change numbering, your comment cannot be processed by our IT tool</b></li> <li>⇒ Leave the last column <u>empty</u>.</li> <li>⇒ Please fill in your comment in the relevant row. If you have <u>no comment</u> on a paragraph or a cell, keep the row <u>empty</u>.</li> <li>⇒ Our IT tool does not allow processing of comments which do not refer to the specific numbers below.</li> </ul> <p><b>Please send the completed template, in Word Format, to CP16-001@eiopa.europa.eu. Our IT tool does not allow processing of any other formats.</b></p> <p>The numbering of the paragraphs refers to Consultation Paper on the proposal for implementing technical standards on special purpose vehicles.</p>		
Reference	Comment	
General Comment	<p>The AAE answered the previous PEPP consultation by EIOPA on 5 October 2015. The key points stated there were:</p> <ul style="list-style-type: none"> <li>- we stressed the fact that in a pension product it is important to look at the actual pension, i.e. the decumulation phase. We think accumulation phase should be a function of the desired decumulation.</li> <li>- we think that from the consumer perspective it is valuable to have the same requirements at product level and for the providers of those products in all Member States.</li> </ul>	Public

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	<ul style="list-style-type: none"> <li>- pension products are generally long term products and customers need to be given good understanding of the risks of these products.</li> <li>- guarantees are important but it is important to remember that guarantees come with a cost that should be made clear to the customer.</li> <li>- not all customers are similar and due emphasis should especially be given to the treatment of so-called vulnerable customers.</li> </ul> <p>In our previous submission we also noted the self-evident fact that markets are at different stages as regards their maturity. We would expect the PEPP concept to have more importance for less mature markets in giving customers better options and in driving costs down. The overarching problem with PEPPs is that markets are also otherwise different. Their tax codes are different, social security systems are different, contracts are made under different rules based on local legislation, labour laws are different etc. Countries are also different in how their other social security systems are funded and how sustainable these are. This also mean different needs for private savings. The consultation paper notes (page 10) that Member States could benefit from additional individual savings.</p> <p>Several member associations of the AAE are providing input to this consultation on the development of an EU Single Market for personal pension products. These answers represent the understanding, based on situations in different markets, of our members on the best way forward. We feel that a fragmented European market for pension</p>	

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	<p>products would not be good in the future. We hope the input given by our members clarifies the obstacles of the project and give good food for thought.</p> <p>From an actuarial point of view it is practically impossible to give definitive answers to the questions presented. We would however like to contribute to the project when going forward. The AAE can offer a European thinktank to analyse the problems encountered. We could, based on our actuarial expertise and experience, analyse what the practical consequences of some more concrete proposals in this area would be. We would as well be happy to contribute in finding actuarially sound building blocks to achieve the goals of certain more concrete aims.</p> <p>As a particular point we feel it necessary to give customers a good understanding on how to compare different products. An important issue here is how to compare products where the risk for the customer is different.</p>	
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