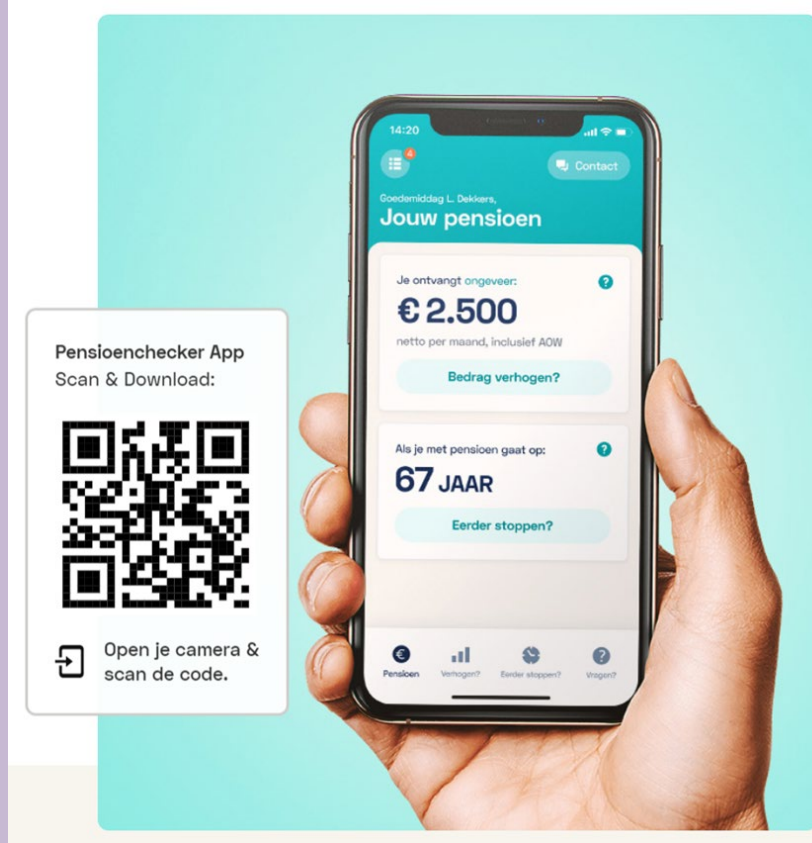


Pension Tracking Services

**EIOPA's technical advice on PTSs:
*the main conclusions from current good practices
in and outside Europe***

Introduction at AAE webinar 9 March 2022

Jan Berndsen, chair of EIOPA Task Force on PTSs, head of supervision at AFM
(Dutch conduct supervisor on financial services)



Outline of today's introduction

1. Setting the scene
2. Main messages of the technical advice

Questions

Part 1

Setting the scene

What is a PTS?

A national Pension Tracking System is an online tool that gives citizens access to an overview of their pensions' entitlements

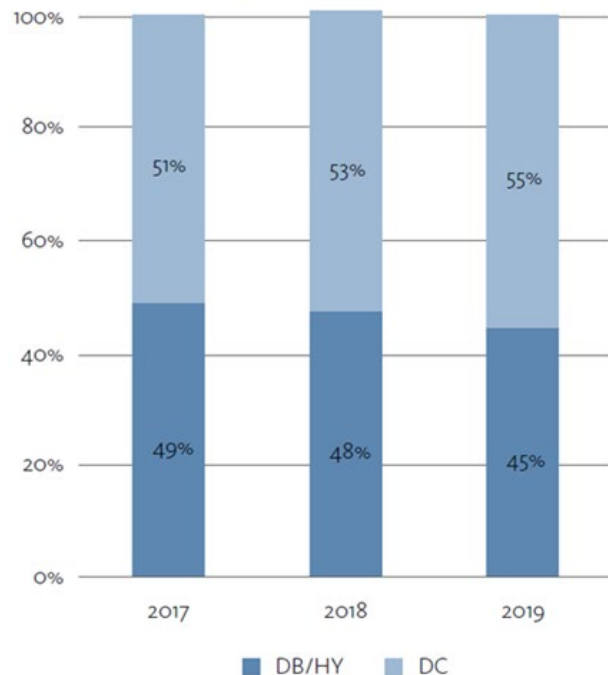
- EIOPA' technical advice on Pension Tracking System seeks to **develop good practices** for setting-up national pension tracking systems
- The advice is a **practical tool** for EU Members States who wish to establish their own national pension tracking system

Why it matters to EU citizens?

- It allows citizens in a Member State to obtain an overview of **all their pensions' entitlements in one place**, in an accessible and understandable way
- It helps citizens understand **what income they can expect** in retirement and **raise their awareness on whether this will be sufficient**
- It helps to **engage citizens and increase knowledge of their pension situation**

Context - move from DB to DC and Ageing

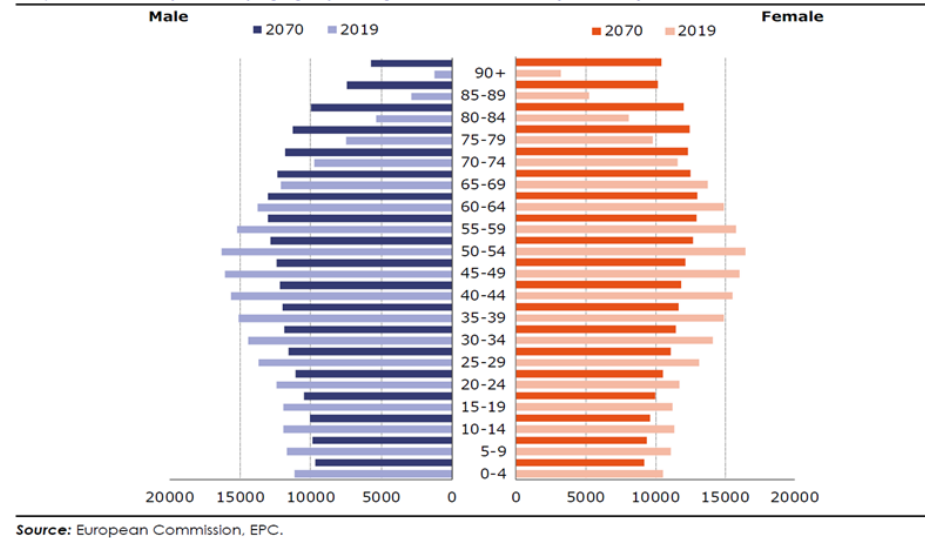
Figure 59 – Active Members split by DB/HY schemes and DC schemes in 23 Member States – 2017-2019



Source: EIOPA financial stability statistics.

DB and hybrid schemes went from accounting for almost 50% of total Active Members across the EEA in 2017 to 45% in 2019

Graph 2: EU – Population by age groups and gender, 2019 and 2070 (thousands)



Source: European Commission, EPC.

- 2019: per 100 people of working age (20-64), there are ~1/3 aged 65+
- 2070: per 100 people of working age (20-64), ~2/3 will be aged 65+

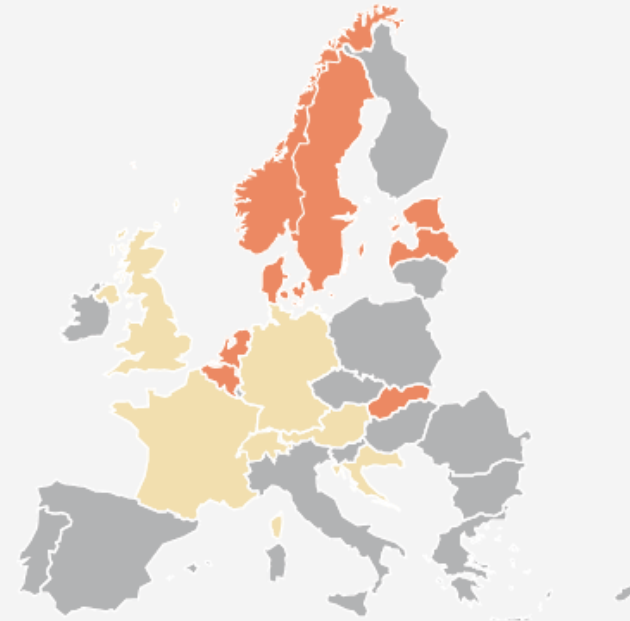
PTSs in Europe



20

Member States are currently not offering an overview of pensions' entitlements to citizens in one place

- 7 EU Member States have a PTS in place, as well as Norway
- 4 EU Member States are currently developing a PTS, as well as the UK and the Switzerland



Why this technical advice on PTSs?

- The European Commission requested EIOPA technical advice on various pension tools. Part of the *Capital Markets Union Action Plan (2020)*
- Action 9: “Support people in their retirement”
 - National pension dashboards: at macro level to assess the adequacy and sustainability of overall retirement income in a given Member State?
 - For Member States that want to set up a national PTS: how to do it? From current practices, how to facilitate an individual average citizen a clear understanding of their estimated financial position in the future in an easily accessible format?

What did we deliver?

The task force delivered, in close cooperation with practitioners, academics in- and outside the EU, and after public consultation with stakeholders (@AAE: *big thank you!*):

- ☑ **technical report:** a set of principles, good practices and recommendations, aiming to facilitate citizens' digital access to personal pension information
- ☑ **road map:** one-page overview of main phases and activities for the development of a PTS and intended as a quick desk aid to help NCAs plan for a PTS
- ☑ **behavioral research** report *Consumer testing of digital disclosures in PTS across the EU*; info sheet on the design of the PTS landing page with the main recommendations based on the consumer testing findings → to inform stakeholders about the possible key information to be included in the landing page and the layering approach

Part 2

Main messages of the technical advice

Overview of the TA

Four areas:

SCOPE

Aim and objective of PTS



FRONT-END

Designing PTS for average EU citizen



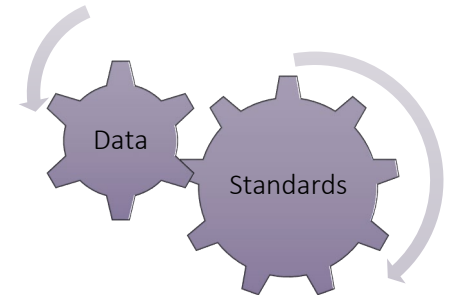
GOVERNANCE

Governance and implementation of PTS

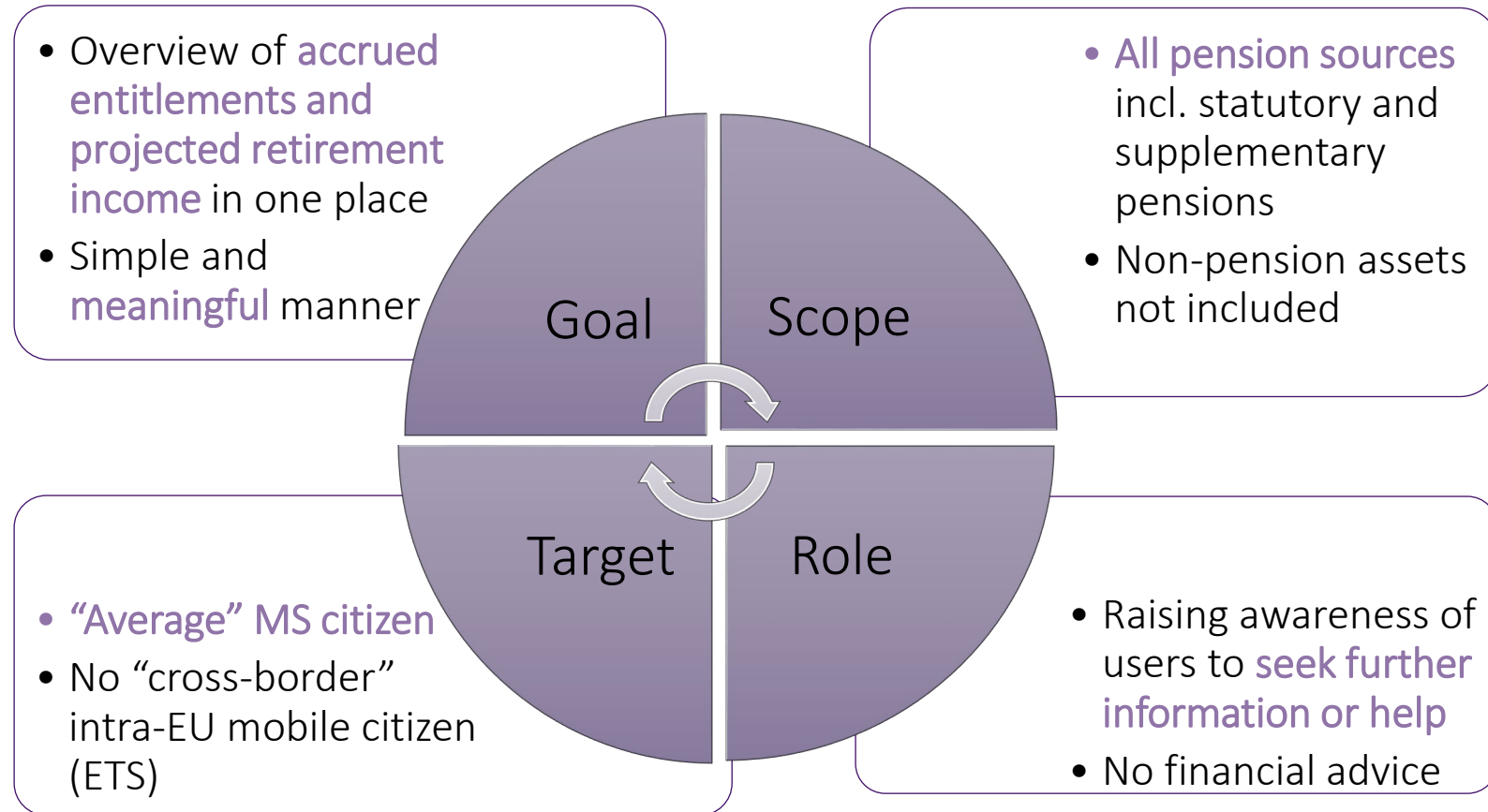


BACK-END

Find suitable solutions to design PTS

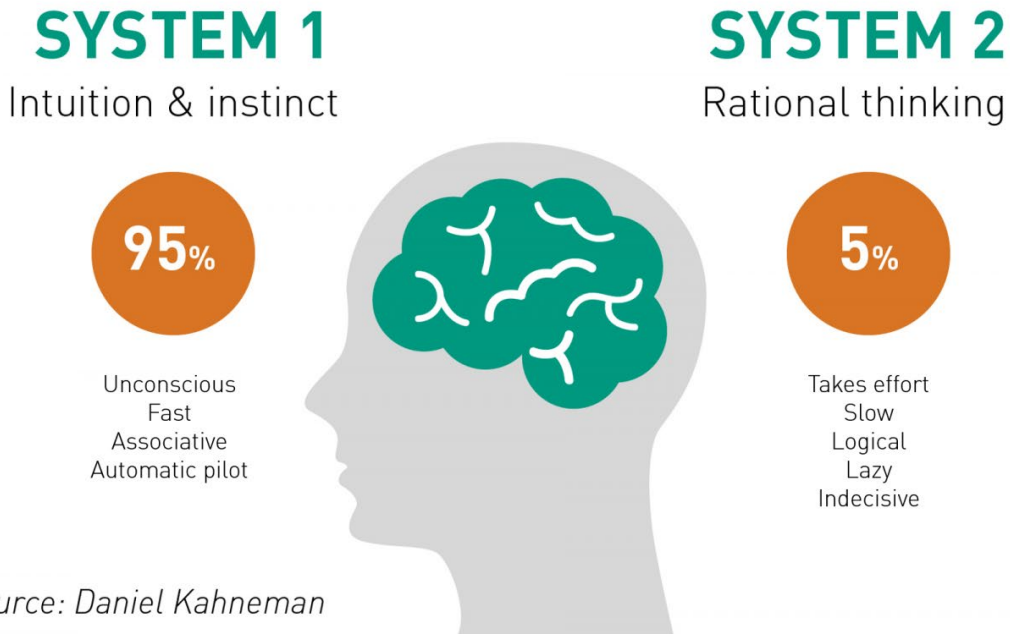


SCOPE



FRONT-END

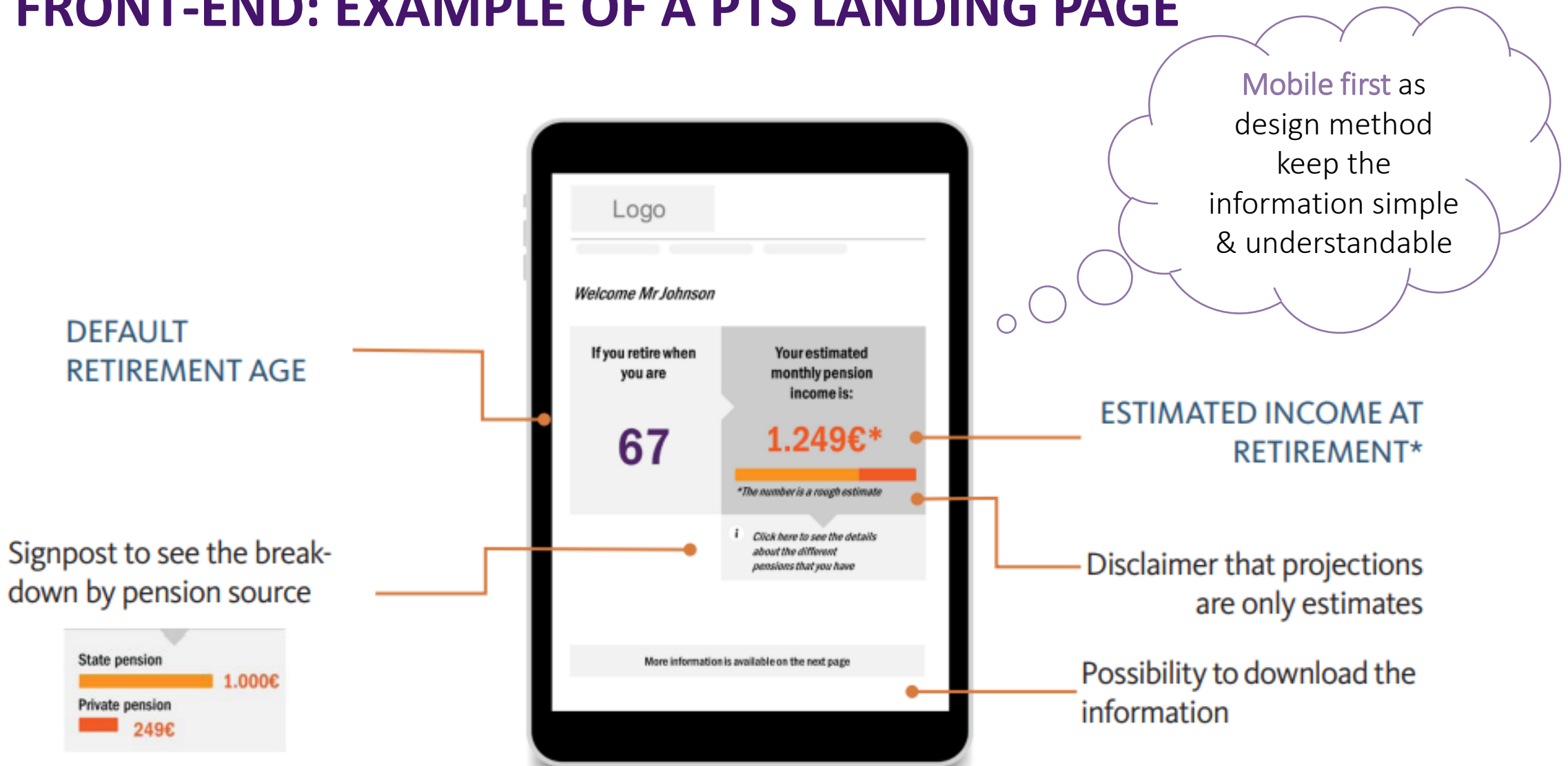
- Design considering users' behavioural and cognitive biases.



Source: Daniel Kahneman

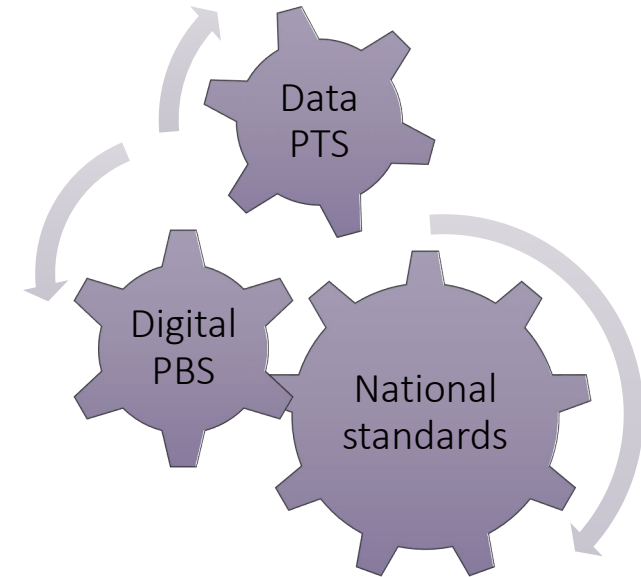
- Information to be:
 - I. Streamlined via layering, signposting and click-buttons,
 - II. Downloadable (user-journey concept),
 - III. Limited to the retirement age and monthly pension income in the landing page, as per consumer testing (see mock-up).

FRONT-END: EXAMPLE OF A PTS LANDING PAGE



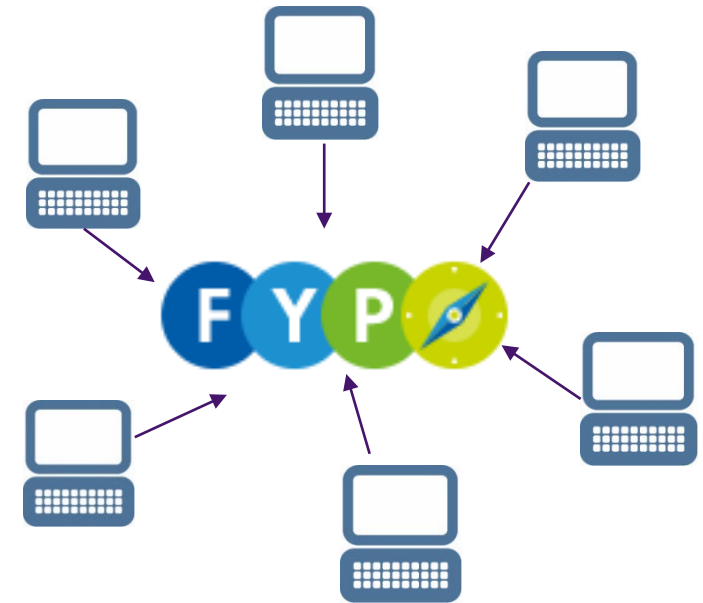
BACK END

- Digital ID system to be able to access the system
- National data standardization by law and independent body
- Consistency of data provided to the PTS and the pension benefit statements (PBS for IORPs) or annual information to consumers (3rd pillar)



CONNECTIVITY TO THE EUROPEAN TRACKING SERVICE (ETS)

- Set-up national PTS is a **prerequisite**
- **Compatibility** of national data standards and solutions **with** the standards set by the ETS - recommended not required
- Remove legal obstacles for **data transfer** between national PTS and ETS



GOVERNANCE

Public good attributes

- Free of charge
- Independent
- Credible
- Transparent



Delivered through a **public body or public-private partnership** with stakeholders inclusion/consultation



Progressive and proportional **roll-out** and scale up

Funding through income tax or industry levy (on all providers in scope) or a combination of both



ROADMAP:



What is in for you?

Food for thought for discussion and following presentations today

Actuaries as a profession could play a role to meet (not limitative) these challenges:

1. Data integrity, data quality, data governance
2. Uniform calculations: methods, standards, parameters etc; should there be some guidance: co-creation industry standard and public hand?

Questions?



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