actuarial association of europe

Occupational Pensions Stakeholder Group

Topics

April 2021 – September 2022

Rome, 6 October 2022

Occupational Pensions Stakeholder Group

- The Occupational Pensions Stakeholder Group has 30 members.
- Members of the Occupational Pensions Stakeholder Group can submit opinions and advice to EIOPA on any issue related to its tasks.
- The group meets at least 4 times a year of which one with EIOPA's Board of Supervisors and a 5th time jointly with both the IRSG and EIOPA's Board of Supervisors. The meetings are conducted both virtual and at the Authority's premises in Frankfurt am Main.
- The group is composed of the following categories:
  - Beneficiaries (6x)
  - Employees (3x)
  - Independent top-ranking academics (4x)
  - Institutions for occupational retirement provision operating in the Union (IORPs) (13x)
  - Professional Associations (3x)
  - SMEs (1x)

Occupational Pensions Stakeholder Group

OPSG = Occupational Pensions Stakeholder Group (EIOPA)

- Current mandate runs from July 2020 to July 2024

- Positions for first two years of the mandate:
  - Chairperson: Bernard Delbecque – EFAMA
  - Vice-Chairpersons:
    - Aleksandra Mączyńska – Better finance
    - Falco Valkenburg – Actuarial Association of Europe

- On 21 September the same leadership team was (re-)elected for the second two years of the mandate

Occupational Pensions Stakeholder Group

Topics May 2022 meeting:

- Pensions Data
- Best Practices for Defined Contribution (DC) Pensions
- Sustainable Finance
- IORP II Review
- Diversity and Inclusion in Pensions
- EIOPA's update on retail related work
  - Cost and Past Performance
  - Methodology to assess value for money in the unit-linked market
- Proportionality

Occupational Pensions Stakeholder Group

Topics September 2022 meeting:

- Election OPSG Chairperson/Vice Chairperson
  - Bernard Delbecque, Aleksandra Mączyńska and Falco Valkenburg re-elected
- IORP II Review
- Consumer trends report
- Call for advice on greenwashing
- ACP on Diversity in the light of proportionality
- Revised Decision on EIOPA's regular information request towards NCAs regarding the provision of occupational pensions information

Occupational Pensions Stakeholder Group

Output in this period:

- 29/03 OPSG – advice on IORP II review / cross border activities
- 10/05 OPSG Advice on funded pensions contribution to income in later life, growth and employment
- 20/05 OPSG – Advice on Consumer Trends
- 25/05 OPSG Advice on Sustainable investments for IORPs: risk, return and inclusion properties
- 18/07 OPSG advice on the revised Decision on EIOPA's regular information request towards NCAs regarding the provision of occupational pensions information

Review IORP II Directive

Article 62

Evaluation and review

1. By 13 January 2023, the Commission shall review this Directive and report on its implementation and effectiveness to the European Parliament and to the Council.

2. The review referred to in paragraph 1 shall in particular consider:

(a) the adequacy of this Directive from a prudential and governance point of view;

(b) cross-border activity;

(c) the experience acquired in applying this Directive and its impact on the stability of IORPs;

(d) the Pension Benefit Statement.

- Review is delayed ("in view of the substantial delay in the transposition process")
- Call for Technical Advice from European Commission to EIOPA published 16 June

Review IORP II Directive

Call for Technical Advice covers four areas:

1. Adequacy of the Directive and proportionality of its application
2. Cross-border activity and transfers
3. Functioning of the Pension Benefit Statement
4. Any other experience which EIOPA deems relevant and appropriate

Complementing the analysis the Commission would like to see an assessment in relation to the following areas:

a. Impact of the shift from DB to DC
b. Exploring ways to strengthen the sustainability aspects
c. Exploring prudential requirements to include diversity and inclusion

Advice request the advice by 1 July 2023

Review IORP II Directive

EIOPA's Board of Supervisors have set up a work program led by Brendan Kennedy (Irish Pensions Regulator and Chief Executive of the Irish Pensions Authority)

Six Work Areas (WA) have been defined:

- WA 1: adequacy and proportionality
- WA 2: cross-border
- WA 3: information to members
- WA 4: DC
- WA 5: SuFi (sustainable finance)
- WA 6: diversity and inclusion

1 February launch of Consultation Paper with a deadline of 30 April

Commission wants to do as much as possible before the next elections

Possible focus points for Pensions Committee

IORP II review is perhaps the most important topic for the next couple of years from a formal European Commission perspective

Worrying is the current geo-political and economic environment. Russia just mobilised troops. Really dangerous. This puts risks. Now the assets look fine, but that could change quickly. Are the models really making sense around this situation? Probably we should not say that all is going well. A funded status doesn't say much about the outlook with high inflation, declining assets and declining savings and savings potential. A wage/price spiral would be a multiplier of evil for retirees. Adequacy of pensions goes down which is concerning.

What can actuaries suggest regarding models, assumptions, key indicators etc?

How to provide for fair information without scaring people off?

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