

CONSULTATION QUESTIONS

1. PENSION TRACKING SYSTEMS

Pension tracking systems are digital platforms that allow citizens to obtain an overview of pension entitlements held in different schemes in one place. In addition, they may provide an estimate of the future pension benefits. By providing a complete picture of their entitlements from the various types of pension schemes, they enable citizens to take informed decisions about their career, retirement planning and saving needs.

Currently, pension tracking systems in some form exist in several Member States, however, most of them do not cover all pillars of the pension system. EIOPA¹ and OECD² have analysed pension tracking systems with a view to identifying good practices. The Commission seeks views on the coverage and design features of pension tracking systems.

Stakeholders' views are sought on the following:

- 1 Do you consider that the pension tracking system in your Member State functions well?
 - a. Yes
 - b. No, it should be extended/improved
 - c. No, my country doesn't have a tracking system
 - d. No opinion

Please elaborate your answer. In case you are not satisfied, please indicate which features should be improved or added.

The Actuarial Association of Europe (AAE), representing actuaries across nearly all Member States, does not take a position on the performance of any single national pension tracking system (PTS). Instead, we note that assessing the effectiveness of a PTS should be based on the specific objectives it is designed to meet at the outset, which may differ across countries.

A well-functioning PTS can offer substantial benefits in terms of transparency and retirement planning, particularly if it covers all relevant pension pillars. However, the practical value of such comprehensive coverage depends on the pension system's structure in each Member State. In systems where the first pillar dominates, the marginal benefit of including second and third pillars may be less pronounced.

From a pan-European perspective, we acknowledge there could be merit in exploring the development of a European-level pension tracking solution. Such

¹ EIOPA (2021), [Technical advice on the development of pension tracking systems](#)

² OECD (2024), [OECD Pensions Outlook 2024: Improving Asset-backed Pensions for Better Retirement Outcomes and More Resilient Pension Systems](#), OECD Publishing, Paris, <https://doi.org/10.1787/51510909-en>.

an initiative could complement national systems by enhancing cross-border coordination and providing a consolidated overview for mobile workers, while respecting the diversity of national pension arrangements.

The AAE maintains a dedicated PTS Working Group, and we would be keen to engage with the European Commission to provide further input on this topic, if required in the future.

- 2 What do you consider will make a pension tracking system a useful tool to increase citizens' awareness of their future pension entitlements and to enable them to plan for retirement? (please rank options according to their importance)
- a. 1 access to the system and the information provided is simple and secure
 - b. 3 users can be sure that the information is objective, i.e. not influenced by the interest of those that provide the information
 - c. 2 the system covers all pillars of the pension system
 - d. 4 the system is cost-effective
 - e. No opinion

Please elaborate your answer.

The AAE considers several factors to be essential for a pension tracking system (PTS) to effectively increase awareness and support retirement planning. The most critical of these is that access to the system and the information it provides is both simple and secure. Without an intuitive and reliable platform, user engagement is likely to be low, regardless of the quality of the information provided.

Equally important is the system's ability to provide a complete picture by covering all relevant pillars of the pension system. Citizens can only make informed decisions when they have visibility over all their pension entitlements, whether from public, occupational, or personal schemes.

To be truly impactful, the information presented must be objective and reliable. Users should trust that the data is unbiased and not influenced by provider interests. This trust is reinforced when the system ensures that data is accurate, regularly updated, and presented in a clear and comprehensible way.

While cost-effectiveness is a valid consideration—particularly in maintaining long-term public support—it should not compromise the system's usefulness or reliability. At scale, the unit cost per user may be low, even for complex and comprehensive platforms.

Finally, we suggest that the development and enhancement of pension tracking systems should incorporate insights from behavioural science to improve user engagement. Experience has shown that awareness does not automatically increase with information provision alone.

- 3 Which of the following elements should a pension tracking system cover (please rank options according to their importance)
- a. 1 Information from all schemes about past contributions and accrued entitlements
 - b. 2 Projected pension benefits at a set retirement age based on standard career assumptions
 - c. 4 Possibility to simulate pension entitlements under different scenarios of individual contributions, retirement age, investment allocations, and financial market developments (where relevant)
 - d. 3 Information about the options and the pay-out (net of taxes) a citizen can expect in case of early withdrawal
 - e. Other

Please elaborate your answer.

We believe that the most important features of a PTS should focus on clarity, simplicity, and user relevance. We propose that the foundational elements of such a system be built around two core data sets: accrued entitlements and projected pension benefits at retirement age. These components provide users with the essential information they need to understand their expected income and to begin planning their retirement with confidence.

Information from all schemes on past contributions and accrued entitlements is fundamental. This represents the most concrete and easily understood data for individuals, helping them confirm that their pension rights have been correctly recorded. In parallel, projected pension benefits based on standardised assumptions offer a high-level view of what an individual might expect to receive, which is especially helpful for long-term retirement planning and for assessing the adequacy of pension provision.

A layered approach to information presentation may be especially beneficial. In this structure, core entitlements and projections would appear at the top level, with more detailed historical or explanatory information available upon further interaction. This enhances usability while ensuring depth is available for those who seek it.

The possibility to simulate pension outcomes under different scenarios—such as varying contribution levels or retirement ages—can provide added value, but we recognise that this level of complexity may not be suitable for all users. Such features might be better placed within a multi-tiered system, allowing more sophisticated users to access these tools or to seek personalised advice when needed.

Information on early withdrawal options (net of taxes) is not universally relevant across Member States and may be more useful in specific national contexts or under particular circumstances. While not a core component, such data can be included where relevant, but should not detract from the primary goal of the PTS.

Overall, a robust and consistent calculation approach, supported by clear actuarial principles and standardised assumptions, is vital to ensure comparability and user trust. Actuaries can play a useful role in supporting this aspect, helping to ensure

the system operates on a sound and independent technical basis. Moreover, it is worth considering whether consistency in methodology should also extend to other frameworks (e.g., PEPP, PRIIPs), to aid clarity and comparability.

Please see also the questions on transparency in Sections IV and V.

- 4 What do you consider are the most difficult challenges in setting up a pension tracking system (please rank in the order of importance)
- a. 3 Data protection
 - b. 1 Accuracy and impartiality of data
 - c. 4 Access to the platform and presentation of the information
 - d. 2 Maintenance and governance of the platform
 - e. 5 Inter-operability with pension tracking systems across Member States
 - f. 6 Other (please elaborate)
 - g. No opinion

Please elaborate your answer.

We consider the most critical challenge in developing a pension tracking system to be ensuring the accuracy and impartiality of the data used for calculating accrued and projected pension entitlements. When information is sourced from multiple schemes across different pillars and providers, consistency and reliability become essential for the system to be trusted and meaningful to users.

Closely linked to this is the need for strong data protection. Given the highly sensitive nature of personal and financial pension information, it is imperative that the system ensures only the intended user can access their data. Without clear, secure authentication processes and strict data governance, public trust in the system could be undermined.

The governance and maintenance of the platform is another key area of focus. Once established, the platform must be continuously updated, both in terms of pension values and system operations. Questions around who operates and oversees the platform—whether it is a public authority or a consortium of providers—are central to ensuring neutrality, long-term sustainability, and efficient and appropriate updates.

Access to the system and presentation of information, while vital for user experience, are secondary to the challenges related to data reliability and governance. That said, user-friendly interfaces and well-structured data presentation (e.g. layered views) are important to ensure that users engage with the tool effectively – we analysed this extensively in our answer to Q3.

Interoperability across Member States is an important longer-term aspiration but perhaps not an immediate priority. While desirable for mobile workers and cross-border pension coverage, it adds layers of technical and legal complexity, and may be best addressed once robust national systems are in place.

2. PENSION DASHBOARDS

Pension dashboards show country-wide information on pensions with the objective to highlight gaps in sustainability and their adequacy at aggregate level, and to enable Member States to deploy necessary policy intervention. These can be a tool to create a political setting that allows for appropriate peer pressure to be exercised, so that Member States identify and address shortcomings at their level and are incentivised to learn from best practices.

The Commission and Member States are jointly producing and publishing data on pensions adequacy and their sustainability in the Pension Adequacy Report³ and in the [Ageing Report](#).⁴ EIOPA analysed data gaps and advised on steps to set up pension dashboards.

Stakeholders' views are sought on the following:

- 5 Which elements do you consider useful to make pension dashboards an effective tool to monitor the performance of a Member States' pension system (please rank the options according to their importance)
- a. 2 Detailed data about occupational and personal pensions, in addition to statutory pension
 - b. 4 Breakdown of pension data by different cohorts of the population (e.g. by gender, age, type of employment, economic sector, income, etc.)
 - c. 1 A forward-looking projection of pension adequacy and sustainability, based on transparent and robust assumptions.
 - d. 3 Consistent data and methodology across Member States to allow for comparisons
- Other elements, please list

Please elaborate your answer.

To make pension dashboards effective for monitoring pension system performance, we consider forward-looking projections of pension adequacy and sustainability to be essential. These projections offer critical insight for policymakers, allowing them to assess the long-term impact of demographic, economic, and policy trends on pension outcomes. When built on transparent and robust actuarial assumptions, such projections provide a foundation for evidence-based decisions regarding system reform, retirement age, and coverage levels.

A number of our members also emphasised the importance of consistent data and methodology across Member States. Such consistency enables benchmarking and mutual learning, especially when it comes to tracking long-term adequacy and sustainability outcomes. However, we recognise that the diversity of pension systems across Europe, especially regarding the relative size and role of the different pillars, can limit the scope of meaningful comparison. In that context,

³ European Commission: Directorate-General for Employment, Social Affairs and Inclusion and Social Protection Committee (SPC), [The 2024 pension adequacy report – Current and future income adequacy in old age in the EU. Volume I](#), Publications Office of the European Union, 2024, <https://data.europa.eu/doi/10.2767/909323>

⁴ European Commission: Directorate-General for Economic and Financial Affairs, [2024 Ageing Report. Economic and Budgetary Projections for the EU Member States \(2022-2070\)](#).

consistency should be pursued without compromising the relevance of the dashboard to national circumstances.

Detailed data across all pillars—statutory, occupational, and personal—is needed to present a complete picture and support decision-making. The relative emphasis on each pillar varies substantially across Member States, and therefore coverage of all sources is important in providing a realistic view of future benefits and identifying (and addressing) adequacy gaps.

Breakdowns by population cohorts (e.g., gender, employment type, income level) are valuable for identifying inequalities and supporting targeted interventions. These breakdowns help illuminate differences in pension outcomes across groups, enhancing the dashboard’s role in informing inclusive policy development.

Lastly, we acknowledge the complexity of projecting future pension values, particularly when planned reforms have been announced but not yet legislated. Actuaries can play a key role in defining such methodologies and assumptions, ensuring they remain rigorous, transparent, and credible.

- 6 Which dimensions of a pension system’s performance do you find most meaningful (please provide a ranking)?
- a. Income replacement, i.e. the level of retirement income relative to work income now or in the future
 - b. Pension sustainability, i.e. measured by its capacity to deliver a decent level of retirement income in the next decades in face of a declining working age population
 - c. Contribution to poverty reduction and equality
 - d. Fiscal costs now and in the future
 - e. Other, please list

Please elaborate your answer

We acknowledge that the relative importance of the various performance dimensions of a pension system—such as adequacy, sustainability, equity, and fiscal cost—is ultimately a matter for societal or political judgement, and may vary significantly across Member States and over time. In that context, we highlight that the elaboration offered in this response represents the technical perspective of the actuarial profession, rather than a prescriptive policy recommendation. Our aim is to outline the considerations that we believe actuaries can help assess and quantify in order to inform better policymaking.

The most meaningful dimensions of pension system performance are those that directly reflect its core objective: delivering adequate retirement income in a sustainable and equitable manner.

Income replacement—the ability of the system to provide a reasonable level of income relative to a person’s working life—is seen as the most fundamental

measure of effectiveness. It provides a clear benchmark for policymakers to assess whether retirees will be able to maintain a decent standard of living.

Closely connected to this is sustainability. Without a financially stable framework, the long-term capacity of the system to deliver on its adequacy objectives is at risk. Ensuring sustainability is particularly critical in the face of demographic pressures, such as an ageing population and shrinking workforce. In this respect, pension dashboards can prove to be an indispensable tool for policymaking, noting the responsibility of the State to, for example, set contribution levels and fiscal policy.

Poverty reduction and equality are also important performance indicators. Pension systems play a crucial role in addressing old-age poverty and in mitigating inequality across gender, income level, and employment status. Monitoring performance along these dimensions helps ensure that systems are inclusive and responsive to vulnerable groups.

Fiscal costs, both current and projected, are necessary inputs to understanding the trade-offs between generosity and affordability. However, these should be interpreted as tools for delivering on broader policy goals, rather than as objectives in their own right. Fiscal considerations must be balanced against social priorities, and contextualised within each Member State's economic and demographic conditions.

3. AUTO-ENROLMENT

The consultation explores the role of auto-enrolment in the Union's strategy on supplementary pensions. The Commission commissioned a study on best practices and performance of auto-enrolment mechanisms for pension savings.⁵

In particular, a question arises on whether Member States should encourage the use of auto-enrolment to nudge future pensioners in allocating part of their income (or savings) into a supplementary pension scheme.

The consultation also enquires about the approach that Member States could adopt to incentivise enrolment into supplementary pensions, to possibly identify best practices about factors that determine the effectiveness of auto-enrolment. This may involve examining various factors that can influence the success of auto-enrolment, such as the availability of default options, the cost-effectiveness of starting at earlier ages, the design of pay-in or pay-out phases, incentives for employers to facilitate the enrolment of their employees and the type of pension schemes used for auto-enrolment, including existing occupational pension schemes and other pension products used in the workplace context.

The initiative may also consider best practices as regards practical aspects such as the eligibility of schemes for auto-enrolment, the eligibility of workers/employees, the duties of employers or professional workers, the enrolment process, the opt-out, transparency, portability and safeguards for beneficiaries. The role of taxation could also be explored.

Stakeholders' views are sought on the following:

- 7 What are in your views the key features for an auto-enrolment mechanism to be successful? (please rank the options according to their importance)
 - a. 4 Provision of auto-enrolment administration facilities by the State
 - b. 3 Starting with low contribution rates for participants with their gradual escalation over time
 - c. 6 Duration and recurrence of opt-out windows and options for re-enrolment
 - d. 2 State incentives (e.g. tax or subsidies), with calibration based on income categories
 - e. 1 Preservation of statutory pension benefits and sustainability
 - f. 7 Full or partial early withdrawal of pension benefits (subject to penalty, where relevant)
 - g. 5 Involvement of social partners in its design.
 - h. Other (please specify)

Please elaborate your answer.

A successful auto-enrolment (AE) mechanism must be firmly integrated with the overall pension system and contribute to the long-term adequacy and sustainability of retirement income. It is important that AE is perceived as complementing, rather

⁵ European Commission: Directorate-General for Financial Stability, Financial Services and Capital Markets Union, LE Europe, Redington, Spark, Devnani, S. et al., *Best practices and performance of auto-enrolment mechanisms for pension savings – Final report*, Publications Office, 2021, <https://data.europa.eu/doi/10.2874/03565>

than undermining, the statutory (first pillar) system and be designed in a way that builds trust, ensures broad participation, and supports effective retirement outcomes. Preserving the statutory pension system and ensuring long-term sustainability is considered a foundational element. An AE system can help nudge savers to increase savings and retirement income derived from pillar II savings.

State-provided or supported administration is another key feature, enabling a robust and accessible infrastructure for participants and employers. While opinions vary on whether administration should be handled directly by the State or outsourced to independent or market-based entities, a reliable administrative framework is essential for operational success.

State incentives calibrated by income level are also an important consideration. These can help ensure fairness, boost take-up, and address affordability—particularly for lower-income earners. To support these aims, auto-enrolment schemes should also ensure broad coverage across the workforce, including those in non-standard employment arrangements such as self-employed individuals, part-time workers, or those holding multiple jobs.

Gradual escalation of contributions—starting with modest rates and increasing over time—can strike a balance between initial affordability and eventual adequacy. However, schemes must ensure that initial contributions are not set so low that they fail to generate meaningful retirement income. Escalation should be clearly communicated and designed in a way that anticipates and mitigates behavioural resistance to increases, supporting long-term adequacy.

Involvement of social partners is important to ensure buy-in, legitimacy, and practical alignment with labour market conditions. Their engagement in the AE scheme’s design and ongoing evolution supports broader acceptance and system coherence.

Opt-out provisions are necessary to preserve individual autonomy, but they should be designed to prevent long-term disengagement. Limited opt-out windows with mandatory re-enrolment can help strike this balance. Communication at each stage—enrolment, contribution escalation, and re-enrolment—should be simple, clear, and framed in a way that supports long-term engagement.

Early withdrawal options, particularly for reasons unrelated to retirement (e.g. general liquidity needs), are not seen as a core feature of AE. If permitted, they should be strictly limited to exceptional cases such as ill-health. Broad early access risks undermining the system’s long-term objectives.

- 8 In your opinion, what should be the features that the default pension plan(s) should have to be successful? (please rank the options according to their importance)
- a. 2 Life-cycle asset allocation (more prudent as the retirement date approaches)
 - b. 3 Option to shift pension plan and risk profile at a later stage (in addition to opt out)
 - c. 4 Minimum contribution, with the option to increase it at later stage
 - d. 5 Capital guarantee, despite expected lower return compared to solutions without that guarantee
 - e. 1 Sufficient scope of target population, to ensure cost effectiveness and investment diversification capability of the default fund(s)
 - f. 6 Other
 - g. No opinion

Please elaborate your answer.

To be successful, default AE pension plans must strike a balance between simplicity, robustness, and long-term adequacy. These plans will likely serve individuals with limited financial knowledge or engagement, making the quality of their design crucial for outcomes.

A key feature is broad coverage across the workforce, including those in non-standard or less secure employment. This is essential to increase pensions adequacy, achieve cost efficiency, investment diversification, and to build overall confidence in the system. Sufficient scope improves the ability to deliver long-term value for money and reinforces public trust.

Life-cycle asset allocation is an important feature. By adjusting the investment strategy as individuals approach retirement—moving from higher-growth assets to more stable ones—such an approach manages downside risk while preserving growth potential earlier in life. Importantly, this transition should consider not just the point of retirement, but also the post-retirement phase, especially in systems where annuitisation or phased drawdowns are expected. Overly conservative allocations too early could compromise income sustainability throughout retirement.

Flexibility to shift the pension plan or risk profile at a later stage is also considered valuable. While many participants may remain in the default option, the ability to adjust their investment strategy—particularly in response to personal life changes—supports autonomy and improves relevance over time.

Minimum contribution levels, established from the outset, are important for generating meaningful retirement income. While flexibility to increase contributions later is beneficial, starting too low may undermine the potential benefits of long-term compounding. A well-calibrated entry point balances affordability with adequacy and encourages positive saving habits.

Capital guarantees, while intuitively appealing, are generally not effective in the context of long-term pension saving. They tend to restrict returns and reduce flexibility in investment strategies, particularly in low-yield environments. Furthermore, nominal guarantees can be eroded by inflation, potentially reducing real income in retirement and creating issues of intergenerational fairness. If any guarantee is to be offered, it should be carefully limited, clearly explained, and ideally designed to reflect purchasing power rather than nominal value.

Additional features such as sustainability criteria and digital engagement tools can enhance the design proposition. Moreover, opt-out provisions could provide individual autonomy, as long as they are designed to prevent long-term disengagement.

- 9 In your opinion, who should have the responsibility to establish the default pension plan that eligible participants should enroll in?
- a. The legislator
 - b. The social partners, where applicable
 - c. The employer
 - d. Other
 - e. No opinion

Please elaborate your answer.

We believe that the legislator should hold primary responsibility for establishing the default AE pension plan. This approach ensures alignment with national pension policy objectives, consistency across sectors and employment types, and protection of participant interests.

A legislator-led framework offers the advantage of universal coverage, extending access to groups who are often underserved by occupational or employer-driven schemes—such as freelancers, part-time workers, or those in precarious employment. Centralised legislative oversight also ensures that the default plan meets standards for transparency, fairness, and long-term sustainability, and supports broader policy coherence in pension provision.

While the involvement of social partners is highly valuable—particularly to reflect the needs and realities of specific labour markets—delegating full responsibility to them or to individual employers, risks fragmentation, uneven quality, and potential conflicts of interest. Without coordinated oversight, such decentralised models may produce unequal outcomes for savers, undermining trust in the system.

In this context, a central, legislatively defined solution, shaped with input from social partners and relevant stakeholders, provides the clearest path to ensuring an effective, equitable, and well-regulated default arrangement.

10 In your opinion, what measures shall be adopted to ensure equal opportunities for self-employed and employees not covered by auto-enrolment?

- a. Granting of equivalent tax incentives or other subsidies to participate in private pension plans
- b. Granting of equivalent tax incentives or other subsidies to participate in in general default occupational pension plans only
- c. Other
- d. No opinion

Please elaborate your answer.

We believe that granting equivalent tax incentives or other subsidies to the self-employed and employees not covered by auto-enrolment—particularly for participation in private pension plans—is the most effective and inclusive approach.

Such measures would help ensure fairness across employment types, avoiding structural disadvantages for those outside standard employer-employee relationships. This includes freelancers, platform workers, or individuals in non-standard or multiple job arrangements who may lack access to occupational schemes or employer-based auto-enrolment. By allowing these groups to benefit from comparable financial incentives, participation in supplementary retirement savings can be encouraged, and adequacy gaps reduced.

Restricting incentives solely to occupational pension plans would risk excluding a significant segment of the workforce, limiting the broader coverage goals of pension policy. Instead, promoting access to certified private pension products on equal financial terms supports individual flexibility, maintains fairness, and strengthens the second and third pillars of pension provision.

Some of our members also highlighted the importance of removing non-financial barriers. This includes ensuring simple and digital access to pension products, providing clear projections and tracking tools, and developing targeted awareness campaigns. For the self-employed, flexible contribution structures are also key, reflecting variable income patterns and seasonal cash flows.

In this context, both fiscal and operational measures are needed to build a more inclusive and effective pension savings framework.

11 What is in your view the task of the public authorities in enabling the use of auto-enrolment (please rank the options)

- a. 1 To set the relevant legal framework
- b. 4 To provide detailed guidance to employers and other bodies
- c. 3 To provide tax incentives or public subsidies to the target population
- d. 6 To provide tax incentives or compensation for employers or other bodies that administer enrolment, contributions and pay-outs
- e. 5 To provide administrative support
- f. 2 To provide comprehensive and impartial information to the target population

g. Others (please specify)

Public authorities play a foundational role in the effective implementation and acceptance of auto-enrolment mechanisms. The most critical task is to establish a clear, structured legal framework. This legal basis ensures transparency, consistency, and alignment with the broader pension policy objectives, offering clarity to all stakeholders involved.

Equally important is the provision of comprehensive and impartial information to the target population. Public understanding and trust in auto-enrolment are crucial for long-term engagement and take-up. A successful rollout depends on clear communication of the benefits, mechanisms, and implications of participation.

Detailed guidance to employers and other stakeholders is also essential. Auto-enrolment imposes new responsibilities on employers, particularly small and medium-sized enterprises. Clear instructions and standardised procedures can help ensure smooth compliance and reduce administrative burdens.

Tax incentives or public subsidies directed at the target population can enhance participation, especially among lower-income or marginalised groups. While not the sole driver of success, these financial levers can improve perceived value and affordability of pension savings. For employers, although direct tax incentives or compensation for managing enrolment and contributions are less critical, they may help reduce friction in implementation, especially for smaller employers. Public authorities could explore cost-effective mechanisms to ease this burden where necessary.

Administrative support and infrastructure, including digital platforms and streamlined enrolment tools, are practical enablers of success. While the provision of such support need not rest solely with the legislator, public authorities should ensure that robust, user-friendly solutions are in place.

Please see also the question on PEPP in a workplace context below.

4. REVIEW OF THE PEPP REGULATION

Since its launch, the PEPP has not experienced material uptake across the EU. According to an EIOPA staff paper⁶ published in 2024, several issues were identified to justify the poor uptake: the level and structure of the fee cap on PEPP distribution, as well as Member States inaction on implementing national provisions, and the less advantageous tax regimes of PEPP vis-à-vis other national personal pension products. EIOPA also made suggestions on ways to improve PEPP uptake, including combining occupational and personal PEPP in a single pension product, reducing administrative burdens, and introducing auto-enrolment in the PEPP.

This consultation aims to collect information on whether the PEPP Regulation shall be reviewed to introduce a streamlined and accessible default option (the “Basic PEPP”) to complement existing Member States’ pay-as-you-go and occupational pension systems.

In particular, it explores whether the appeal and usability of the PEPP could be improved by simplifying product features, facilitating digital onboarding, ensuring cost-effectiveness, and removing barriers to participation across the European Union. Views are also sought on whether additional investment options shall continue to be offered in addition to the basic PEPP.

The current PEPP requires distribution to be subject to an individual suitability test. While the Basic PEPP can include life-cycling strategies - which entail a dynamic asset allocation for different age cohorts of pension members as a function of the distance to the retirement date (i.e. becoming more prudent as the retirement age approaches) –, these strategies are not necessarily required by the Regulation, which allows for alternative risk mitigation techniques. The consultation explores whether the Basic PEPP can be designed as a non-complex lifecycle product that incorporates suitability factors, such as risk appetite and investment horizon, directly into its structure, easy to understand and therefore to be offered also without investment advice, enabling distribution on an execution-only basis with lower costs.

The consultation also explores PEPP’s potential role as a default option for workplace auto-enrolment schemes. The aim will be to ensure that the Basic PEPP could be distributed through any channel, including auto-enrolment and digital channels

This consultation also invites views on the adequacy of information and comparability requirements and the impact of the 2017 Commission Recommendations on the tax treatment of personal pension products, including the PEPP.

Stakeholders are also encouraged to raise any additional issues that could contribute to the successful scale-up of the PEPP.

Basic PEPP

Under the PEPP Regulation, advice should be given to prospective PEPP savers by PEPP providers or PEPP distributors prior to the conclusion of the PEPP contract, including for the Basic PEPP. This requirement aims to ensure consumer protection but also adds to the costs of the product. In addition, according to the OECD Recommendation for the Good

⁶ EIOPA (2024), [Staff Paper on the future of the pan-European Personal Pension Product](#).

Design of Defined Contribution Pension Plans,⁷ “life cycle investment strategies can be well suited to encourage members to take on some investment risk when young, and to mitigate the impact of extreme negative outcomes when close to retirement”.

Stakeholders’ views are sought on the following:

- 12 In your view, does the current structure of the Basic PEPP allow for wide uptake by savers across the European Union, helping to ensure adequate income in retirement while also contributing meaningfully to the objectives of the Savings and Investments Union?

a. Yes

b. No

c. No opinion

Please elaborate your answer. What changes, if any, would be necessary to enhance the attractiveness of the Basic PEPP for both providers and savers?

We do not consider that the current structure of the Basic PEPP allows for wide uptake by savers across the European Union. While the objectives behind the Basic PEPP are well-intentioned, the product as currently designed seems to face several structural and operational limitations.

The most significant concern is the fee cap, currently set at 1% of accumulated capital. Although this is well-intentioned with the aim to protect consumers, in practice this design creates a misalignment between the timing of costs and the build-up of assets. Providers can face high upfront costs during the early years of a policy—precisely when accumulated savings are lowest. This creates a barrier to market entry, may deter innovation, and can raise questions around the long-term sustainability of offering Basic PEPPs under these constraints. It might be worth exploring whether an annualised approach to the fee cap, based on average accumulated capital over time, could better align costs with asset build-up and reduce distortions.

Additional complexity arises from the mandatory advice requirements, which may not be proportionate in all circumstances. For standardised lifecycle strategies, it might be helpful to explore execution-only distribution models, which could reduce cost and improve accessibility—particularly via digital platforms.

From the consumer’s perspective, fiscal treatment remains one of the largest hurdles. Without harmonised or equivalent tax incentives across Member States, the PEPP is placed at a disadvantage relative to national products, and its cross-border portability is weakened. This is further exacerbated by the need for PEPP providers to comply with multiple national tax regimes, which adds complexity and reduces competitiveness relative to existing, well-established national pension products. Unless individuals perceive clear financial advantages, take-up is likely to remain limited.

⁷ OECD (2022), [Recommendation of the Council for the Good Design of Defined Contribution Pension Plans](#), OECD/LEGAL/0467

Other design features, such as the administrative effort of maintaining multiple sub-accounts, may introduce inefficiencies and discourage long-term accumulation. Frequent provider changes, especially early in the accumulation phase, could also negatively consumer outcomes. We also note that frequent provider changes, particularly within the first years of saving, may undermine the principle that each policy should carry its own costs and could lead to weaker long-term outcomes for members.

The following changes could support and enhance attractiveness:

- Reconsider the fee cap methodology in a way that targets overall value for money as the guiding principle;
- Allow simplified and digital distribution for standardised offerings;
- Work towards greater alignment in tax treatment across Member States; and
- Reduce administrative complexity and support operational scalability.

13 Do you consider that the Basic PEPP should necessarily be designed with a built-in lifecycle investment strategy, as a standard feature of the product?

a. Yes

b. No

c. No opinion

Please elaborate your answer. Please consider whether other risk mitigation techniques should also be considered as a standard feature of the Basic PEPP and why.

We consider that the Basic PEPP could benefit from having, as a standard feature, a built-in lifecycle investment strategy. Lifecycle strategies are simple to communicate, automatically adapt to the saver's investment horizon, and offer a broadly accepted method of de-risking as retirement approaches. Their structure makes them well-suited to default personal pension products, particularly in cases where individual financial literacy may be limited.

Such strategies are already widely used in other pension contexts, including occupational defined contribution schemes, and are aligned with principles of proportionality and consumer protection. By gradually shifting the asset mix over time, lifecycle funds can mitigate sequencing risk and align investments with expected retirement outcomes. This can be particularly useful for non-advised or passive savers. Moreover, in the early career stage, lifecycle strategies can significantly improve compounding and accumulation outcomes, particularly in cases of overly conservative investment choice.

That said, some of our members have noted that a lifecycle approach should not be the only permissible risk mitigation technique. Academic literature has raised questions about the efficiency of deterministic lifecycle strategies compared to other techniques such as balanced funds or adaptive investment strategies. For this reason, it might be helpful to consider a broader menu of standardised, transparent risk mitigation options—provided they meet robust criteria on performance, risk control, and consumer comprehensibility.

From a regulatory perspective, maintaining a core default lifecycle strategy—while allowing appropriately vetted alternatives—could strike a good balance in safeguarding consumer outcomes and preserving product simplicity. In short, while lifecycle strategies offer a practical and consumer-friendly default, other calibrated and evidence-based investment options could be considered, so long as they meet comparable risk mitigation objectives.

- 14 Do you consider that the Basic PEPP should be designed in a way that it can be offered also on an execution-only basis (i.e. without requiring investment advice)?

a. Yes

b. No

c. No opinion

Please elaborate your answer. If yes, what additional design features could support or facilitate the distribution of the Basic PEPP on an execution-only basis? Additionally, do you consider that there would be value in linking such distribution to a condition that contributions remain within the nationally applicable tax-deductible limits?

The Basic PEPP can be designed in a way that enables it to be distributed on an execution-only basis, without requiring individualised investment advice. This approach can support broader accessibility, reduce distribution costs, and facilitate digital onboarding.

To enable this, the product design should remain simple, standardised, and transparent. Features that would support execution-only distribution include:

- A built-in lifecycle investment strategy or similarly straightforward risk mitigation mechanism;
- A limited and clearly defined range of investment options;
- Harmonised information disclosures using plain language and visual aids; and
- A value-for-money oriented cost structure that reinforces trust and comparability.

Execution-only distribution is particularly suitable in cases where the product is designed as a default or “starter” pension plan. It can streamline access, especially for populations that may be underserved by traditional advice channels, while maintaining a high level of consumer protection through product governance and regulatory oversight.

Question 14.2 Do you consider that there would be value in linking such distribution to a condition that contributions remain within the nationally applicable tax-deductible limits?

We do not consider it necessary to link execution-only distribution of the Basic PEPP to a condition that contributions remain within nationally applicable tax-deductible limits.

While such a linkage might be intended to align tax policy with consumer protection goals, it could inadvertently limit individuals' ability to save more for retirement—especially those who are able and willing to contribute beyond tax-favoured thresholds. As long as the product design remains sufficiently robust, execution-only distribution can be a viable and safe option, regardless of the contribution level.

Restricting contributions to within tax-deductible limits could also complicate product administration and create unnecessary barriers for savers, without materially improving consumer outcomes. Instead, strong communication, clear disclosures, and digital tools could offer more effective safeguards in execution-only environments.

However, it should be noted that tax treatment should be aligned with other national products without the introduction of tax arbitrage opportunities e.g., for high earners.

15 Do you consider it is useful to maintain the availability of alternative investment options, in addition to the Basic PEPP?

a. Yes

b. No

c. No opinion

Please elaborate your answer. If yes, should such options be defined and if yes, what should be such additional investment options and what should their purpose be (e.g., making the PEPP more aligned with an employer matching scheme, offering a broader PEPP investment portfolio, etc.), while ensuring they remain consistent with the PEPP's objectives?

While the Basic PEPP serves as a default option—designed to be simple, transparent, and suitable for a wide range of savers—additional investment choices can help address varying financial goals, risk appetites, and employment contexts.

Alternative options can enhance the product's flexibility and broaden its appeal. For example, savers with higher financial literacy or longer time horizons may seek portfolios with higher return potential, while others might prefer options tailored to sustainability criteria. In certain cases, the options offered may benefit from alignment with other existing employer arrangements.

That said, the number and complexity of these alternative investment options should remain “limited” and clearly defined to avoid overwhelming users and to preserve the product's overall simplicity. Clear categorisation, consistent risk labelling, and standardised disclosures can help ensure that all investment options remain aligned with the PEPP's overarching goals—namely adequacy, security, and portability.

Moreover, any investment choices offered should adhere to basic investment principles of a prudently diversified portfolio. The overall cost of such investment

options should also adhere to value for money principles, without being unduly burdensome for the consumer/saver.

Sub-accounts

Under the PEPP Regulation, PEPP providers should offer national sub-accounts, each of them accommodating personal pension product features allowing that contributions to the PEPP or out-payments qualify for incentives if available in the Member States in relation to which a sub-account is made available by the PEPP provider. Importantly, PEPP providers are required to offer sub-accounts for at least two Member States upon request.

Stakeholders' views are sought on the following:

16 In your view, does the sub-account structure align effectively with the specificities inherent in a cross-border product, including how Member States grant tax or other relevant incentives for personal pension products?

a. Yes

b. No

c. No opinion

Please elaborate your answer. If no, what alternative structure would better serve the objectives of the PEPP?

We do not consider that the sub-account structure fully aligns with the specificities inherent in a cross-border product, particularly in the context of how Member States apply tax or other relevant incentives.

While the sub-account concept offers a degree of segmentation that may theoretically accommodate national differences, in practice it introduces significant complexity. National tax regimes differ not only in their fiscal treatment of pension products, but also in their eligibility criteria, reporting obligations, and rules on withdrawals and portability. The current structure may require savers and providers to switch investment strategies or product configurations when changing residence—undermining the long-term investment horizon that personal pension products rely upon.

From an administrative perspective, maintaining multiple sub-accounts with different legal, fiscal, and regulatory requirements imposes substantial operational and IT burdens. This may reduce scalability, increase costs, and create confusion among users. Moreover, providers must maintain in-depth knowledge across multiple legal systems, which adds further to complexity and compliance risk.

Instead, we suggest that alternative approaches—such as simplified, customisable modules that can flexibly adapt to national tax rules—may better serve the goals of clarity, portability, and long-term value. Such a model could also facilitate greater take-up by reducing barriers to cross-border provision and usage. Ultimately, aligning incentives and tax recognition across jurisdictions may require broader coordination at EU level, which would support the overall objectives of the PEPP and the Capital Markets Union.

- 17 Do you consider the requirement for PEPP providers to offer sub-accounts for at least two Member States is necessary to foster cross-border provision of PEPPs?

a. Yes

b. No

c. No opinion

Please elaborate your answer. In addition, should the Regulation ensure that savers have access to a PEPP from any PEPP provider, regardless of their Member State of residence and without requiring a sub-account to be available in that Member State?

Yes, we consider the requirement for PEPP providers to offer sub-accounts for at least two Member States to be a helpful provision to encourage cross-border provision of PEPPs.

This requirement reflects the cross-border ambition of the PEPP and helps ensure that providers are prepared to support mobile savers, who may accumulate entitlements across multiple jurisdictions during their careers. It also contributes to building a genuinely pan-European personal pension market by expanding access and increasing the potential for scale and innovation.

That said, we believe the Regulation should go a step further. Savers should be allowed to access a PEPP from any authorised provider, regardless of their Member State of residence.

Fee cap

Under the PEPP Regulation, the Basic PEPP is subject to a fee cap set at 1% of the accumulated capital per year, covering most of the costs and fees. This cap is intended to ensure affordability and comparability across the EU market while safeguarding consumer interests. However, it also raises questions about the ability of PEPP providers to deliver long-term value and innovate within this constraint, particularly in light of differing cost structures and market conditions across Member States.

Stakeholders' views are sought on the following:

- 18 Do you consider that the Basic PEPP should continue to be subject to a 1% fee cap?

a. Yes

b. No

c. No opinion

Please elaborate your answer. If no, what alternative measures would you propose to keep the cost of the Basic PEPP at affordable levels?

We recognise the intention behind the 1% fee cap on the Basic PEPP as a consumer protection measure aimed at ensuring affordability and value for money. However, views among AAE members are divided on whether maintaining this cap is the most effective way to achieve these goals.

Some of our members believe that the current cap supports transparency and predictability for savers and should remain in place at least for the Basic PEPP. It provides a clear cost ceiling and helps build trust in the product by ensuring fees do not erode long-term returns. In this view, maintaining the fee cap contributes to safeguarding consumer interests and may promote wider uptake.

Other members have expressed concerns that the fixed 1% fee cap may unintentionally limit the attractiveness of the Basic PEPP for providers. Specifically, it may inhibit the development of high-quality offerings, constrain innovation, and deter market entry—especially when upfront costs are high, and accumulated savings are initially low. The structure of the cap may also raise sustainability concerns for providers under existing supervisory requirements, particularly when switching rules allow customers to move providers after a short period.

To address these concerns while still maintaining a focus on affordability, some members suggest a more flexible approach. Some alternatives could include:

- Defining value for money principles as the primary regulatory objective.
- Strengthening regulatory oversight of cost levels through ongoing supervision and public benchmarking.
- Recalibrating the cap as an annualised percentage of average accumulated capital, rather than a static percentage of assets under management.

Overall, while we understand the rationale for a fee cap, we believe that any cost control mechanism should be carefully designed to balance consumer protection with provider viability and market development. Ensuring value for money—through a combination of transparency, oversight, and flexibility—should be the core objective.

19 If the fee cap for the Basic PEPP were to be maintained, do you think certain cost components (e.g. taxes, specific distribution costs) should be excluded from the cap, or that other adjustments to the cap should be considered?

a. Yes

b. No

c. No opinion

Please elaborate your answer. If yes, please specify which types of costs you believe should be excluded or what adjustments should be considered, and explain why:

We acknowledge differing views among our members regarding whether certain cost components should be excluded from the Basic PEPP's 1% fee cap or whether other adjustments should be considered.

Some AAE members support a more flexible interpretation of the cap. In their view, excluding cost elements that are either outside the provider's control—such as taxes—or that reflect necessary compliance or distribution-related expenses would better align the cap with the practical realities of offering long-term pension products.

Other AAE members have cautioned against creating exemptions or reinterpretations that could undermine the cap's role in safeguarding value for money.

Overall, while there is scope to refine the current cap structure, we advise that any modifications be carefully assessed to ensure they support product transparency, operational sustainability, and regulatory consistency.

Risk-mitigation techniques

Under the PEPP Regulation, all investment options shall be designed by PEPP providers on the basis of a guarantee or risk-mitigation technique which shall ensure sufficient protection for PEPP savers. Risk-mitigation techniques are techniques for a systematic reduction in the extent of exposure to a risk and/or the likelihood of its occurrence. These risk-mitigation techniques have been specified by Commission Delegated Regulation (EU) 2021/473.

Stakeholders' views are sought on the following:

- 20 In your view, do the existing risk-mitigation requirements strike an appropriate balance between ensuring consumer protection and maintaining sufficient flexibility and incentive for PEPP providers to offer the PEPP?
- a. Yes
 - b. No
 - c. No opinion

Please elaborate your answer. If no, which aspects do you find problematic, and how might they be improved?

We acknowledge that the current risk-mitigation requirements, as outlined in Commission Delegated Regulation (EU) 2021/473, already embed a forward-looking, quantitative and probability-based framework that is designed to ensure robust consumer protection. The requirement to demonstrate, through stochastic modelling, a high probability of capital preservation and limitation of drawdowns is a significant safeguard that applies to all authorised risk-mitigation techniques, including lifecycle strategies, smoothing mechanisms, and guarantees.

These requirements reflect a thoughtful attempt to strike a balance between ensuring prudential oversight and maintaining flexibility for product innovation. Lifecycle strategies are not accepted by default but are instead subject to clearly defined quantitative standards before qualifying as compliant risk-mitigation techniques. In this regard, the regulation provides a structured and evidence-based framework.

That said, we recognise that some practical challenges may arise in the application of these requirements. For example, it may be helpful to provide further clarification to ensure that different RMTs are assessed in a consistent manner, particularly with respect to how risk metrics such as downside volatility and inflation-adjusted loss probabilities are applied across different techniques. It may

also be important to ensure that all risk-mitigation techniques are assessed on a consistent basis, with common criteria such as downside protection and inflation risk applied across approaches.

Use in a workplace context

The EIOPA Staff Paper on the future of the PEPP suggests considering a PEPP that would combine occupational and personal pensions, noting that a single product may ensure scale and attract more providers, thus increasing offer for consumers. Stakeholders⁸ have also discussed this option. As a different option, stakeholders⁹ have also highlighted the possibility of adjusting specific requirements in the PEPP Regulation to allow its use as an employment benefit, while preserving its nature as a personal pension product.

Stakeholders' views are sought on the following:

- 21 Do you consider that the Basic PEPP should be explicitly open to use in a workplace context?
- a. Yes
 - b. No
 - c. No opinion

Please elaborate your answer. If yes, should this involve just explicitly allowing employer contributions or offering the Basic PEPP as an employee benefit while retaining its character as a personal pension product, or should it be adapted to function also as an occupational pension scheme? What regulatory changes would be necessary to enable either of such options, if any?

We consider that the Basic PEPP should remain a personal pension product and should not be adapted to function as an occupational pension scheme.

While employer contributions or use of the PEPP as a voluntary workplace benefit could support take-up, these should not alter the product's legal character. The Basic PEPP was designed to offer a portable, standardised savings option across the EU, complementing national pension systems without duplicating existing second-pillar arrangements. Adapting it to serve as an occupational scheme would risk regulatory overlap with established frameworks and may introduce labour law complexities.

Allowing employer contributions while maintaining the product's status as a personal pension could provide useful flexibility without undermining its simplicity or purpose. Introducing labour law elements or sub-accounts within the Basic PEPP could add unnecessary complexity and cost, undermining its purpose as a simple, standardised personal pension.

⁸ EIOPA OPSG (2024), [Own-Initiative EIOPA OPSG Discussion Paper on introducing the pan-European Occupational Pension Product](#).

⁹ EIOPA OPSG (2024), [Own-Initiative EIOPA OPSG Discussion Paper on the pan-European Pension Product](#), p. 26-27.

Registration and supervision

The PEPP Regulation establishes uniform rules governing the registration and supervision of PEPPs.

Stakeholders' views are sought on the following:

22 In your view, should the current rules on the registration of PEPP be revised?

a. Yes

b. No

c. No opinion

Please elaborate your answer. If yes, please specify which aspects of the registration process you believe should be modified.

23 Do you consider that the current rules for the supervision of PEPP should be revised?

a. Yes

b. No

c. No opinion

Please elaborate your answer. If yes, please specify which aspects of the supervisory framework you believe should be modified.

Investment rules and diversification

Article 41 of the PEPP Regulation sets the investment rules that apply to PEPP providers, including the prudent person rule, as a minimum to the extent that there is no more stringent provision in the relevant sectorial law applicable to the PEPP provider.

Stakeholders' views are sought on the following question:

24 Do you consider the investment rules in the PEPP Regulation appropriate to support the achievement of adequate long-term returns?

a. Yes

b. No

c. No opinion

Please elaborate your answer.

We believe that that there are some considerations to be taken into account regarding the investment rules and how they support the achievement of adequate long-term returns for savers.

The PEPP Regulation (Article 41) applies the prudent person principle, requiring that investments be made in the best long-term interests of savers, with proper diversification, liquidity, and risk management. While this is broadly supported, in practice the investment rules, when combined with the risk-mitigation criteria under Delegated Regulation (EU) 2021/473, may impose overly conservative

constraints on investment design—particularly for younger savers or those with longer accumulation periods.

A specific concern relates to the lifecycle-based risk-mitigation techniques for the Basic PEPP, which must demonstrate at least a 92.5% probability of capital preservation at retirement. While this threshold aims to protect savers, it may unintentionally limit the ability to invest in growth-oriented assets, such as equities or alternative investments, especially in the early stages of the savings journey. Similarly, Article 41's requirement to limit investment in non-regulated markets may restrict exposure to less liquid but potentially higher-return asset classes, such as private assets, which can contribute to both improved returns and broader economic objectives.

To improve alignment with the goal of delivering adequate retirement outcomes, greater flexibility can be allowed in asset allocation for younger savers, with clear supervisory criteria for managing risk over the long term.

Level playing field across personal pension providers and rules on distribution

The lack of uptake of the PEPP is often explained by reference to existing national products that benefit from incentives. The EIOPA Staff Paper on the future of the PEPP has stressed the importance of considering the interaction of the PEPP with other competing pension products in order to address the underlying reasons for the low uptake of the PEPP. In addition, stakeholders¹⁰ have also raised specific concerns regarding the distribution rules applicable to PEPP, particularly with respect to misalignment with distribution rules applicable to insurance intermediaries .

Stakeholders' views are sought on the following:

25 Do you consider that PEPP's limited uptake is due to the existence of competing personal pension products across the Member States?

a. Yes

b. No

c. No opinion

Please elaborate your answer. If yes, what key features do you think give existing national products a competitive advantage over the PEPP? Please provide examples. Should the European Commission adjust the PEPP to allow it to be more competitive with national products? If so, what kind of adjustments should be considered **and how could the framework be improved?**

We consider that the limited uptake of the PEPP is not primarily due to competition from established national personal pension products, but rather stems from gaps in its regulatory design, tax alignment, and consumer awareness.

¹⁰ EIOPA OPSG (2024), [Own-Initiative Discussion Paper on the pan-European Pension Product](#), p. 24-26.

Existing national pension products often enjoy strong local trust, clear integration with domestic tax regimes, and familiarity among savers—advantages that PEPP lacks in many Member States.

That said, these observations do not indicate that PEPP is merely a competitor. It was conceived to complement existing national systems, offering a portable, cross-border pension solution tailored to mobile workers. Efforts to directly position PEPP as a substitute for national products could undermine its intended role and create unintended friction.

To enhance uptake, the PEPP framework could be strengthened in the following ways:

- Remove regulatory and administrative barriers that limit digital or cross-border distribution.
- Align tax treatment across Member States so that PEPP receives comparable support to domestic pension products.
- Increase awareness among individuals, employers, and providers—highlighting PEPP’s cross-border portability, simplicity, and complementarity to national systems.

26 To your knowledge, does the existing framework create any obstacles or barriers to the distribution of PEPP, including across providers and Member States?

a. Yes

b. No

c. No opinion

Please elaborate your answer. If no, what are the main factors that create such obstacles and barriers in distribution, and how could these be addressed?

Yes, we consider that the current PEPP framework presents obstacles to effective distribution, particularly across Member States. Diverging national rules—especially in taxation, consumer protection, and pension regulation—create complexity that discourages providers from offering PEPPs on a cross-border basis. The requirement to maintain sub-accounts tailored to different jurisdictions further increases administrative and compliance burdens, making the product less scalable.

To support wider distribution, the framework could benefit from greater coordination of national tax treatments, simplification of the sub-account structure, and improved alignment of supervisory expectations. Enhancing legal and operational clarity for providers would help reduce barriers to entry and encourage broader market participation.

Please see also the questions on transparency and tax treatment below.

Individual transfers

Greater competition in the private pension products market could enhance the development of the third pension pillar and help citizens build trust therein. The EIOPA Staff Paper on

the future of the PEPP notes that allowing the individual transfer of accumulated amounts from other personal pension products into the PEPP could contribute to broader uptake.

Stakeholders' views are sought on the following:

27 Should the PEPP Regulation ensure that savers can make individual transfers between existing personal pension products and the PEPP?

a. Yes

b. No

c. No opinion

Please elaborate your answer.

We believe that the possibility for individual transfers between existing personal pension products and the PEPP should be approached with caution. For example, national tax allowances are often limited, and transfers could risk breaching these limits, reducing the value of reliefs for savers. While the idea of increased portability is appealing from a consumer perspective, significant legal, tax, and administrative challenges remain. National personal pension schemes are embedded within distinct regulatory and fiscal systems. Allowing transfers without harmonised tax and supervisory frameworks could result in inconsistent treatment, create arbitrage opportunities, and undermine national pension policies.

Transfers involving only parts of entitlements, such as selected sub-accounts, could also introduce unnecessary administrative complexity and cost.

In addition, large-scale transfers in either direction—into or out of the PEPP—could create unintended effects for existing collectives of insured members, raising concerns about fairness and stability.

Transparency, information and pension tracking systems

Transparency, clear disclosure and effective pension tracking are key to building trust and helping savers make informed decisions.

Stakeholders' views are sought on the following:

28 Are the transparency requirements envisaged by the PEPP Regulation adequate? Are they comparable to those applicable to other personal pension products under national law (e.g. in terms of cost disclosure, performance information, risk indicators and benefit projections)?

a. Yes

b. No

c. No opinion

Please elaborate your answer. If no, please clarify in what respects the PEPP Regulation does not ensure adequate transparency requirements and where the

PEPP Regulation and national frameworks governing competing personal pension products differ, and how could the EU regulatory framework be improved. In particular, please specify if are you aware of any best practices at Member State level that could be reflected in the PEPP Regulation.

Transparency is essential for the beneficiaries to understand whether the product fits their needs. However, it has to be taken into account that the transparency requirements of PEPP differ from European rules for PRIIP and IDD. Furthermore, this makes it more difficult for the consumer to compare products.

- 29 In your view, could the inclusion of the PEPP along with other personal pension products in national pension tracking systems improve transparency for savers?

a. Yes

b. No

c. No opinion

Please elaborate your answer. If yes, do you believe the PEPP Regulation should require Member States to ensure such inclusion?

Yes — broad integration would enhance transparency and consumer empowerment. Allowing PEPP pensions to appear alongside other personal pension products in national tracking systems would offer savers a more complete and coherent view of their retirement savings. It aligns well with financial planning goals, enabling individuals to assess adequacy and compare products more effectively while preserving clarity in cross-product holdings.

To facilitate this, the PEPP Regulation might consider encouraging—or where feasible requiring—Member States to include PEPP data in their tracking systems. Harmonised data standards, compatible categorisations, and common definitions would be essential to ensure seamless inclusion and avoid fragmentation. By promoting such integration, the framework would enhance transparency without necessitating the creation of separate systems, ultimately supporting informed decision-making and better comparability for savers.

- 30 In your view, could pension tracking systems be considered a suitable means to fulfil certain disclosure requirements under the PEPP Regulation for members and beneficiaries who interact via digital tools?

a. Yes

b. No

c. No opinion

Please elaborate your answer. If yes, how should the pension tracking system and the PEPP Benefit Statement interact or coexist in practice? In particular, how could dual reporting be avoided while ensuring that all relevant information requirements under the Directive are fulfilled?

Pension tracking systems can effectively complement disclosure requirements under the PEPP Regulation, especially for digitally engaged members and beneficiaries. They provide an accessible, centralized platform where savers can view up-to-date information on their pension entitlements, costs, and performance.

To avoid duplication of reporting, the PEPP Benefit Statement could focus on personalized, contractual details and periodic summaries, while the tracking system would provide a broader, real-time overview. Clear coordination between the two should be established, with aligned data formats and update frequencies, ensuring all regulatory disclosure requirements are met without overburdening providers or confusing savers.

Tax treatment

[Commission Recommendation of 29 June 2017 on the tax treatment of personal pension products, including the pan-European Personal Pension Product](#),¹¹ encouraged Member States to grant PEPPs the same tax relief as the one granted to national personal pension products. Where Member States have more than one type of personal pension product,

they were encouraged to give PEPPs the most favourable tax treatment available to their personal pension products.

- 31 To your knowledge, has the Commission Recommendation of 29 June 2017 led to the PEPP and other personal pension products being placed on a level playing field in terms of tax treatment?

- a. Yes
- b. No
- c. No opinion (as this may vary by country)

Please elaborate your answer, providing relevant examples where possible.

- 32 Would further action at the level of the European Union be necessary to ensure a level playing field in terms of tax treatment between the pan-European Personal Pension Product and other competing personal pension products?

- a. Yes
- b. No
- c. No opinion

Please elaborate your answer. If yes, what type of action would you consider most appropriate?

Generally, additional EU-level action would be helpful to ensure a consistent and fair tax treatment between the PEPP and other national personal pension products. Currently, the differences in national tax regimes create an uneven playing field, potentially disadvantaging the PEPP in some Member States.

To support comparability and encourage cross-border uptake of PEPPs, Member States could be required to apply the most favourable tax treatment already available to similar domestic third-pillar products. This would not only promote fairness, but also make the PEPP a more attractive and viable option for savers.

¹¹C(2017) 4393 final

Other aspects

Stakeholders' views are sought on the following:

33 Are there any additional issues that you believe should be considered in the review of the PEPP Regulation?

a. Yes

b. No

c. No opinion

Please elaborate your answer. If yes, please describe these issues and explain why they should be addressed.

5. REVIEW OF THE IORP II DIRECTIVE

The main aim of this consultation is to explore how streamlining the framework for supplementary pension provision can increase trust, advance better investor returns (including by way of gaining exposure to a broader range of asset classes) while increasing the risk management capacity for doing so, and create more transparency on cost and returns.

On 28 September 2023 EIOPA presented its technical advice to the European Commission¹² on possible changes to the IORP II Directive which will also be taken into consideration in the context of the review of that Directive.

This consultation also invites reflection on whether some or all the rules of the Directive, including its envisaged improvements, might be relevant for supplementary pension providers beyond those falling within the current scope of the Directive and not covered by any other piece of secondary legislation at the level of the European Union. Expanding the scope of the Directive could help ensure greater consistency in the level of protection afforded to members and beneficiaries, in particular for employment-related schemes, across different types of providers.

The prudent person rule, set out in Article 19 of the IORP II Directive, is a cornerstone of supplementary pensions' investment policies. It requires pension providers to invest their assets in the best long-term interests of members and beneficiaries as a whole. Investments must be diversified to avoid excessive dependence on any single asset or class. The IORP II Directive uses the prudent person principle as a framework for ensuring that IORPs invest their assets in a responsible and well-managed manner, with the ultimate goal of providing secure and adequate retirement benefits to their members.

In light of the limited cross-border provision, the consultation also explores whether the current framework allows IORPs to operate smoothly across borders. It looks at the functioning of cross-border notification procedures and the adequacy of cooperation between home and host supervisors, as well as whether supervisory powers are sufficiently clear and aligned.

Additional questions focus on the level playing field across providers, the adequacy of information requirements for members and beneficiaries, and the potential inclusion of institutions for retirement provision in national pension tracking systems to improve transparency. Finally, the consultation invites feedback on whether tax obstacles continue to hinder cross-border provision of occupational pensions and whether further EU action is needed to address these barriers.

Stakeholders are also encouraged to raise any other issues relevant to the review.

Investment rules and diversification

A recent stocktake¹³ indicates that, over the past decade, the median performance of second pillar pensions was approximately 0.9% when adjusted for inflation.

¹² EIOPA (2023), [Technical advice for the review of the IORP II Directive](#).

¹³ Better Finance (2024), [The Real Return of Long-term and Pension Savings](#).

Under appropriate risk management frameworks, exposure to a diversified portfolio, including certain alternative asset classes, can help enhance long-term returns for scheme members and beneficiaries.

The IORP II Directive requires diversification of investments under the prudent person rule enshrined in Article 19 of the Directive. The rule aims at making sure pension providers invest their assets in the best long-term interests of members and beneficiaries as a whole. However, the IORP II Directive also allows Member States to introduce concentration limits or other rules limiting investments by IORPs, provided that they are prudentially justified, which in certain cases may prevent IORPs from having access to certain asset classes.

To further strengthen the protection of members and beneficiaries and ensure that every IORP acts fairly and in accordance with the best interests of members and beneficiaries, and supports prospective members, members and beneficiaries to properly assess the choices or options, EIOPA, in its advice, has recommended introducing a new provision in the IORP II Directive establishing a duty of care principle.

Stakeholders' views are sought on the following:

- 34 Do you consider that a diversified portfolio of assets, including also investments in unlisted securities or alternative assets classes (with proper management and adequate risk safeguards) could enhance long-term returns for scheme members and beneficiaries?

- a. Yes
- b. No
- c. No opinion

Please elaborate your answer. Please justify your answer based on data, if available. Furthermore, please elaborate what are in your view the risks and benefits associated with a share of IORPs assets being allocated to alternative assets, and which alternative asset classes would be more suitable and how would hereto related risks be best managed.

We consider that allowing IORPs to hold a diversified investment portfolio—including unlisted securities and alternative asset classes like infrastructure, real estate, and private equity—can support improved long-term outcomes for members, provided strong governance and risk safeguards are in place.

Such allocations can enhance risk-adjusted returns and add diversification protection to portfolios in relation to public markets. Diversifying into assets with different return drivers and cash flow profiles can contribute to resilience over time. Some other benefits are that unlisted investments may be less prone to “irrational market movements” compared to publicly traded securities, especially in market downturns or overreactions. Such investments could also potentially earn a higher return due to their illiquidity premium.

However, these benefits come with risks, notably:

- Liquidity constraints, which may challenge assets priced infrequently or subject to gating—an issue especially in DC structures where members expect regular access or transfers.
- Valuation uncertainty and difficulty in attributing returns fairly between members investing at different times.

Proper risk mitigation measures should include:

- Prudent allocation limits and scenario analysis embedded in the IORP’s risk management framework,
- Fee transparency, rigorous due diligence and oversight requirements,
- Rigorous selection and monitoring of asset managers or in-house expertise,
- Liquidity planning and stress testing tailored to the nature and liability structure of different pension schemes (DB vs DC vs Collective DC),
- Clear and transparent disclosure.

35 Are there in your knowledge any national quantitative or other type of investment rules imposing overly restrictive limits on investments in alternative assets?

a. Yes

b. No

c. No opinion

Please elaborate your answer. If yes, what is the rationale for such limits and should Member States continue to be allowed to impose such limits, despite the reliance on a risk-based supervisory approach? If investment limitation rules continue to be allowed under the IORP Directive, do you consider it important to place limits on overly restrictive national rules in certain asset classes, including unlisted assets? Please also indicate which types of restrictions you consider most problematic and how they could be addressed without undermining appropriate risk control.

Yes, national-level investment restrictions continue to play a significant role in shaping the asset allocation decisions of IORPs in several Member States. These rules often include quantitative limits on exposure to unlisted securities, real assets, or other alternative investments. While such limits are typically introduced with the intent of safeguarding beneficiaries through enhanced prudence and liquidity, in practice they can constrain long-term investment strategies and reduce the ability of IORPs to benefit from diversification and improved risk-adjusted returns.

Examples of such constraints include statutory caps on the proportion of portfolio assets that can be allocated to infrastructure, private equity, or non-listed real estate, and non-euro denominated assets, regardless of the IORP’s risk appetite, member profile, or internal risk management capabilities. While this may be appropriate in some contexts, overly conservative approaches can discourage innovation and disproportionately affect smaller or more growth-oriented schemes.

In addition, the IORP II Directive itself requires that assets be “predominantly invested on regulated markets.” While this principle aims to safeguard security and liquidity, it effectively restricts IORPs’ ability to allocate to alternative investments. We support EIOPA’s proposal to broaden the definition of regulated markets, as this

would enable more effective diversification and better alignment with the long-term nature of pension liabilities.

Where robust internal governance and risk management frameworks are demonstrably in place, a wider range of investment strategies can be accommodated, always with reference to the prudent person principle.

- 36 Do you consider that other factors, such as limited IORPs' expertise with unlisted asset classes, may contribute to the low level of diffusion of these investments among IORPs?

a. Yes

b. No

c. No opinion

Please elaborate your answer. If yes, please indicate which other factors you consider most relevant and whether and how they could be addressed in the context of the review of the IORP II Directive.

Yes, we believe that limited expertise and internal capacity within IORPs—especially smaller schemes—are among the key factors contributing to the low level of investment in unlisted asset classes. These types of assets typically require more complex due diligence, valuation models, legal reviews, and ongoing monitoring than traditional public market investments. As such, they may be perceived as resource-intensive and operationally burdensome.

Beyond internal expertise, other relevant factors include:

- Minimum ticket sizes and illiquidity, which can exclude smaller IORPs;
- Cost barriers, including legal, consultancy, and governance expenses;
- Regulatory uncertainty or perceived supervisory scrutiny when entering less traditional asset classes;
- Limited access to suitable products, such as pooled investment vehicles tailored to IORPs;
- Limited knowledge in IORP boards and investment committees.

In some Member States, conservative regulatory or fiduciary cultures may also disincentivise IORPs from pursuing these investments—even where they could offer long-term diversification benefits. Public opinion and fear of reputational risk are also key drivers against such investments.

In the context of the IORP II Directive review, it might be helpful to:

- Offer technical guidance or best practice case studies to support capability building,
- Facilitate co-investment platforms or pooling mechanisms for smaller IORPs,
- Clarify supervisory expectations and risk management requirements for alternative assets to reduce uncertainty,
- Encourage collaborative arrangements, such as partnerships with asset managers or peer IORPs with greater scale and experience.
- Highlight the importance of alternative investments to sustainability.

- 37 Do you consider that the current provisions on risk management in the IORP II Directive and the intervention capacity of supervisory authorities could be further enhanced to strengthen trust in institutions under the scope of the Directive?
- a. Yes
 - b. No
 - c. No opinion

Please elaborate your answer. If yes, please specify in what ways these aspects could be improved. In particular, do you consider that the existing framework provides adequate transparency on IORPs' use of derivatives, as well as the use of investment vehicles and private credit transactions? If no, please elaborate how any existing gaps should be addressed.

It is challenging to provide a yes or no answer to this question. The Directive already provides a comprehensive and robust risk management framework based on the prudent person principle, supplemented by governance requirements, Own Risk Assessment (ORA), and regular supervisory engagement. These measures offer sufficient flexibility to address the wide variety of IORP models across Member States while ensuring that key risks are actively monitored and managed. The Directive also enables supervisory authorities to intervene where necessary, ensuring adequate oversight without overburdening well-managed institutions.

However, risk management is a dynamic and iterative process and, as such, there is always scope for monitoring and improving risk management in pensions. For example, EIOPA has recently delved into the supervision of liquidity risk management through a public consultation aimed to enhance this particular area. The AAE is supportive of issuing guidelines or opinions to areas that warrant further improvement or clarification, such as, liquidity risk.

Regulation and supervision should be based on the common core principles of sound risk management, actuarial methods for valuation and adequate funding requirements, robust governance, and member/beneficiary protection, but taking into consideration and respecting national specificities.

To this extent, we recognise the importance of periodically reviewing specific elements and/or provisions with the aim of continuously improving risk management in pensions.

Regarding derivatives, calls for enhancement often reflect misunderstandings about the scope and effectiveness of the existing provisions. For instance, the use of derivatives and investment vehicles is already subject to disclosure and governance requirements, including those relating to the ORA. Such supervisory concerns about specific derivative instruments or transactions could be addressed within the current framework, provided national competent authorities have the necessary expertise/capabilities and apply the rules proportionately.

- 38 Do you consider that the introduction of an explicit duty of care provision could further strengthen the level of protection of members and beneficiaries?
- a. Yes
 - b. No

c. No opinion

Please elaborate your answer. If such a duty were to be made explicit in the Directive, what elements should it cover?

We support the introduction of an explicit duty of care provision in the IORP II Directive, as it could reinforce the protection of members and beneficiaries, provided it is appropriately framed and supported by clear guidance.

The existing framework under IORP II already contains several principles aimed at safeguarding members' interests—particularly in areas such as governance, risk management, and transparency. However, making the duty of care more explicit could help ensure that IORPs consistently act in the best interests of members, particularly as pension products become more complex and member choice increases. Importantly, the duty should not be purely aspirational; rather, it should be anchored in specific behavioural expectations and aligned with IORPs' practical responsibilities.

In particular, some inspiration could be drawn from existing practices under the Product Oversight and Governance (POG) regime of the Insurance Distribution Directive (IDD). While IORPs are not always responsible for the initial design of pension plans—especially where employers or social partners play a key role—they are uniquely positioned to identify emerging risks, communicate those to relevant stakeholders, and advocate for appropriate changes.

To avoid ambiguity and divergence across Member States, the duty of care should be supported by:

- Guidelines or supervisory expectations clarifying the scope of IORPs' responsibilities under the duty.
- Proportional application, recognising that IORPs differ significantly in size, governance structure, and business model.
- Clarity on overlaps with existing obligations, to minimise duplication and regulatory burden.

39 Do you consider that national competent authorities are adequately equipped under the Directive to oversee that assets are invested in the best long-term interests of members and beneficiaries as a whole?

a. Yes

b. No

c. No opinion

Please elaborate your answer. Do you believe that national competent authorities should have an explicit mandate to oversee and, where appropriate, intervene in order to help ensure that supplementary pension schemes deliver adequate investment returns for members and beneficiaries? If yes, what tools or powers should supervisors be equipped with to address situations where schemes systematically fail to deliver good outcomes?

We offer no definitive position on whether national competent authorities (NCAs) are uniformly equipped under the IORP II Directive to ensure investments are

managed in members' best long-term interests (or whether there should be supervisory intervention). However, the following considerations point to important trade-offs:

The Directive already mandates that NCAs oversee governance, risk management, and Own Risk Assessment (ORA) procedures. In many jurisdictions, authorities use these tools effectively to assess investment strategy and engage with the IORP when necessary, without unduly influencing asset allocation decisions.

At the same time, in some Member States—particularly for smaller IORPs—supervisory frameworks remain high-level, with limited quantitative guidance on cash flow testing, stress scenarios, or alignment with liability profiles. In these cases, NCAs may lack the resources or methodologies to assess whether asset strategies serve the long-term interest of members.

Explicit supervisory mandates—especially concerning investment outcomes—could bring benefits in terms of accountability and discipline. Yet, they also risk encouraging short-term performance pressure, diluting fiduciary responsibility, or reducing scheme autonomy—particularly in defined benefit contexts.

In a few countries NCAs have split supervision into two supervisors: prudential and duty of care. In most countries there is one supervisor. It would be interesting to view how this difference in the governance of national supervision works out in practice.

Scale

In the European Union, supplementary pension funds operate at a smaller scale compared to their global peers. This may limit their ability to diversify portfolios, invest in long-term assets, and achieve better risk-adjusted returns, as well as offer competitive costs.

Stakeholders' views are sought on the following:

- 40 Do you consider that the scale of many IORPs may affect their overall investment capacity, for example by reducing their ability to build a diversified portfolio, hindering the performance of the schemes due to cost inefficiencies, or by creating other inefficiencies?

a. Yes b. No c. No opinion

Please elaborate your answer. If yes, are you aware of any best practices which can facilitate the build-up of scale in the IORPs sector (e.g. asset pooling, fiduciary management, outsourced chief investment officer, multi-employer schemes, master trust arrangements) In particular, are you aware of any obstacles or difficulties (including but not limited to cross-border issues) preventing scale-up or any of the above-mentioned practices? Please indicate if and how the review of the IORP II Directive can foster the take up of such practices or otherwise contribute to the potential scale-up of workplace pension schemes?

Yes, the limited scale of many IORPs may impact their investment capacity by restricting access to diversified asset classes, increasing per-member costs, and limiting in-house expertise. Smaller IORPs often struggle to spread fixed costs such as those related to consultancy, governance, compliance, and reporting, which can

reduce the net returns delivered to members. These constraints may also hinder the adoption of more sophisticated investment strategies (including exposure to alternative assets). Moreover, for smaller IORPs, scale could prove an issue in achieving adequate diversification.

Best practices to address these issues include asset pooling arrangements, fiduciary management or outsourced CIO models, and the development of multi-employer schemes or master trust structures. These approaches can help smaller IORPs access greater investment scale and professional management. However, practical obstacles remain, including regulatory fragmentation across Member States, cultural preferences for bespoke arrangements, and limitations imposed by legacy administrative systems.

Collective transfers

Article 12 of the Directive regulates cross-border collective transfers of a pension scheme's liabilities, technical provisions, and other obligations and rights, along with the corresponding assets or their cash equivalents, between IORPs. Furthermore, simple and clear rules on domestic transfers are also necessary to enable scale at the level of the Member States.

Stakeholders' views are sought on the following:

- 41 Do you consider that the current framework for cross-border collective transfers between IORPs has managed to achieve the objectives that justified its introduction, namely facilitate the organisation of occupational retirement provision on a Union scale?
- a. Yes
 - b. No
 - c. No opinion

Please elaborate your answer. If no, should it be simplified and how (e.g. a uniform EU definition of the majority of members and beneficiaries or their representatives needed to approve a cross-border transfer)? In addition, have you experienced or are you aware of any difficulties with domestic collective transfers? In particular, are you aware of any Member State not having in place clear and simple rules for such transfers?

Cross-border operations

The IORP II Directive intended to reduce regulatory divergences, overlapping requirements and excessively burdensome cross-border procedures.

Stakeholders' views are sought on the following:

- 42 In your view, does the current EU legislative framework effectively ensure that cross-border activities of IORPs can be carried out in practice, in a proper and timely manner?
- a. Yes
 - b. No
 - c. No opinion

Please elaborate your answer. If no, please describe any practical barriers or delays you have encountered or are aware of, and suggest how the framework could be improved to facilitate smoother cross-border operations, including in areas not currently covered by the Directive. In particular, to what extent could a simplification of the existing cross-border notification procedures (e.g. the period of up to six weeks for the competent authority of the host Member State to inform the competent authority of the home Member State of the requirements of social and labour law relevant to the field of occupational pension schemes) help facilitate such operations?

We do not express a position on the effectiveness of the current EU framework for facilitating cross-border activity of IORPs. While the framework is designed to ensure proper procedures are in place, we acknowledge that cross-border activities remain limited in practice.

In principle, the EU legislative framework should provide a level playing field for IORPs engaging in cross-border business. However, due to the low number of cross-border operations to date, it is difficult to assess the framework's practical effectiveness. Before introducing any new regulatory measures or simplifying existing processes, it would be important to determine whether significant practical obstacles or regulatory arbitrage have occurred. Absent such evidence, further changes could risk introducing unnecessary administrative burdens.

- 43 In your view, are the current supervisory powers for cross-border activities under the IORP II Directive adequate to ensure trust and prevent regulatory arbitrage?
- a. a. Yes
 - b. No
 - c. No opinion

Please elaborate your answer. Is there room for improvement in the current rules governing the cooperation and division of responsibilities between home and host Member States in the supervision of institutions for occupational retirement provision?

Scope

The scope of the IORP Directive was defined in 2003 and has remained unchanged since. In several Member States, especially those that have joined the European Union in 2004 or later, IORPs are much less common or even absent. Instead, supplementary pensions are often provided through other institutions that also operate on a funded basis and at their own risk. These institutions serve similar purposes and typically offer schemes whose membership is often linked to employment. However, they usually fall outside the scope of any EU prudential legislation.

In 2016, the OECD replaced its previous Recommendation on Core Principles of Occupational Pension Regulation¹⁴ with the Recommendation on Core Principles of

¹⁴ OECD (2009), [Recommendation of the Council on Core Principles of Occupational Pension Regulation](#), OECD/LEGAL/0373.

Private Pension Regulation¹⁵, which expanded the scope of the principles. Additionally, Regulation (EU) 2018/231 of the European Central Bank of 26 January 2018 on statistical reporting requirements for pension funds¹⁶, defines a scope which is not always aligned with that of the IORP II Directive.

Stakeholders' views are sought on the following:

44 In your view, could the current scope of the IORP II Directive be adjusted to better capture the diversity of the supplementary pension landscape and the organisation of the different pension systems across all Member States, to ensure a minimum level of protection for all supplementary pension savers across the European Union?

a. Yes

b. No

c. No opinion

Please elaborate your answer. If yes, how could the scope of the Directive be adjusted to better reflect the diversity of systems and ensure effective protection for all supplementary pension savers? In particular, Please elaborate your views on whether other institutions for retirement provision that serve similar purposes but are currently not covered by any EU prudential legislation (e.g. institutions covered by Regulation (EU) 2018/231 but not falling under the scope of the Directive) should be fully or partially brought within the scope of the Directive. If no, please describe how the current scope of the Directive ensures adequate prudential protection for supplementary pension savers across all Member States.

We do not take a definitive position on expanding the scope of the IORP II Directive. While the Directive currently offers comprehensive coverage for funded pension institutions across Member States, there are differing viewpoints as to whether it should be broadened.

Some argue that expanding the scope—such as including PAYG schemes, book-reserve arrangements, or sectoral pension funds currently outside the Directive—could help standardise protections and governance. These schemes may not fall under prudential regulation yet serve similar pension-provider roles. Including them would necessitate tailored obligations to reflect their unique structures and safeguard beneficiaries.

Recognising the long legacy and diversity of pension systems in various Member States, it is expected that national specificities are present. Consistent protection and treatment of supplementary pension plans, while allowing for these specificities, is important.

However, there are counterarguments suggesting any extension should be undertaken only after careful analysis. Some national systems operate on entirely

¹⁵ OECD (2016), [Recommendation of the Council on Core Principles of Private Pension Regulation](#), OECD/LEGAL/0429.

¹⁶ [Regulation \(EU\) 2018/231 of the European Central Bank of 26 January 2018 on statistical reporting requirements for pension funds](#) (OJ L 45, 17.2.2018, p. 3, ELI: <http://data.europa.eu/eli/reg/2018/231/oj>)

different legal, institutional, and financial frameworks; imposing new regulatory burdens risks complexity, unintended overlap with labour law, and potential disruption of established national arrangements.

Minimum standards

Special Report 14/2025 of the European Court of Auditors recommends that, when revising the IORP II Directive, the Commission should address the need to strengthen the supervisory framework, in particular by increasing the minimum standards, as well as introducing explicit safeguards against the risk of regulatory arbitrage.

Stakeholders' views are sought on the following:

- 45 In your view, does the existing framework ensure a level playing field for all providers under the scope of the Directive across the European Union?
- a. Yes
 - b. No
 - c. No opinion

Please elaborate your answer. If no, what are the main sources of imbalance or fragmentation, and how could the review of the IORP II Directive be improved to support regulatory and supervisory consistency across providers and Member States?

The IORP II Directive broadly supports a level playing field across the European Union, while allowing necessary flexibility for Member States to reflect their diverse pension systems.

However, practical implementation across Member States does vary. Differences in supervisory expectations, national gold-plating, and the application of proportionality can sometimes create inconsistencies in how the Directive is applied. These variations can lead to fragmentation in the internal market and may introduce challenges for cross-border activities, particularly for providers operating in more than one jurisdiction.

The AAE recognises that the context in which IORPs operate varies between MS due to national specificities such as tax and labour law, social security systems, and significant differences in the history of IORPs in some countries. However, the fundamental concept of pensions, which is to save and invest money to provide an income in retirement, is universal for all IORPs. As such, regulation and supervision should be based on the common core principles of sound risk management, actuarial methods for valuation and adequate funding requirements, robust governance, and member/beneficiary protection, but taking into consideration and respecting national specificities. Of course, a rigid, uniform approach could undermine well-functioning national frameworks and increase compliance burdens without improving member outcomes. The current approach, supported by strengthened supervisory coordination and exchange of best practices, remains an appropriate path forward.

Additionally, to promote further convergence while respecting national diversity, the Directive could be enhanced through more explicit guidance on the application

of proportionality and the development of consistent supervisory expectations. This would improve regulatory consistency without compromising flexibility or discouraging participation in occupational pension arrangements.

Supervision

Special Report 14/2025 of the European Court of Auditors recommends that, when revising the IORP II Directive, the Commission should address the need to strengthen the supervisory framework, in particular by increasing the quality of supervision.

Stakeholders' views are request on the following:

46 In your view, has a satisfactory degree of supervisory convergence been achieved among national competent authorities in the implementation and application of the IORP II Directive?

a. Yes

b. No

c. No opinion

Please elaborate your answer. If no, what areas of supervision do you consider to be most affected by divergences, and what further steps could be taken at the level of the European Union to promote more consistent supervisory practices across Member States?

We do not express a firm opinion on whether a satisfactory degree of supervisory convergence has been achieved under the IORP II Directive. However, we recognise the importance of this issue and the complexities involved.

The IORP II Directive is designed as a minimum harmonisation framework . While this approach allows Member States to tailor supervision to their specific institutional and legal contexts, it also inevitably leads to some variation in supervisory practices. Such divergence is not inherently problematic, provided that all national frameworks continue to uphold strong prudential standards and member protection. That said, areas such as valuation methodologies, investment restrictions, and governance requirements are often cited as domains where national interpretations differ in practice.

Further steps to foster convergence could include enhanced supervisory coordination through EIOPA, and the development of non-binding supervisory guidelines in areas where the Directive leaves significant room for interpretation. These initiatives would promote a more consistent understanding of key provisions without undermining the principle of proportionality or the flexibility necessary to accommodate national pension traditions.

47 In your view, does the IORP II Directive sufficiently guarantee that national competent authorities in all Member States are equipped with all the necessary powers to effectively carry out their supervisory responsibilities?

a. Yes

b. No

c. No opinion

Please elaborate your answer.

We do not express a firm opinion on whether the IORP II Directive sufficiently guarantees that national competent authorities are equipped with all the necessary powers to effectively carry out their supervisory responsibilities. However, we note that while the Directive provides a legal framework, its effectiveness depends significantly on national implementation and the resources available to competent authorities.

Differences in supervisory capacity, regulatory traditions, and the extent of national legal powers may lead to inconsistencies in enforcement and oversight. In some Member States, further clarification or reinforcement of supervisory mandates—particularly in complex areas such as cross-border supervision and investment governance—may help ensure that authorities can act decisively and consistently.

Therefore, a review of its implementation across Member States might be helpful to identify and address any material gaps in supervisory capabilities.

See also the specific questions in relation to investment policies and cross-border operations.

Transparency, information and pension tracking systems

Transparency, clear disclosure, and effective pension tracking are essential to building trust and supporting informed choices. Disclosure requirements currently vary depending on the type of provider, which can lead to inconsistencies in the information savers receive and impact the overall quality of communication across the supplementary pension sector.

Stakeholders' views are sought on the following:

- 48 In your view, are the current rules in the IORP II Directive sufficient to ensure that all members and beneficiaries receive clear and effective information (e.g. on cost disclosure, performance, risk indicators and benefit projections)?

a. Yes

b. No

c. No opinion

Please elaborate your answer. If no, which aspects of the information requirements are most lacking, and how could the regulatory framework be improved?

We do not believe the current rules under the IORP II Directive are fully sufficient to ensure that all members and beneficiaries consistently receive clear and effective information. While the Directive has significantly advanced transparency across the EU, several important areas would benefit from further clarification or enhancement.

Key areas for improvement include the quality and presentation of information provided to members—particularly under Defined Contribution (DC) arrangements, where members bear most of the investment risk. For example, the inclusion of only an “unfavourable” and “best estimate” scenario in benefit

projections is incomplete. We support the addition of a “favourable” scenario to help members better understand the range of possible outcomes and make more informed decisions about contributions and investment strategies.

We also encourage wider use of layered information, especially through digital formats. This enables concise, accessible communication of key data upfront, with links to more detailed information for those who wish to explore further. Digital tools offer additional advantages, such as the ability to monitor member engagement and update information more frequently. Different levels of layering may be appropriate depending on the pension system / member state – flexibility should be allowed in the design of the PTS.

Clarity on costs and charges is essential, but we caution that increased detail can lead to overly complex and lengthy disclosures, which may discourage member engagement. To avoid information overload, it is important that disclosures remain user-friendly and focused on outcomes. We should note here that information on costs should be considered alongside the service provided and risk taken. If the focus is only on costs this might lead to cheap and inferior retirement solutions/products offered to consumers. The overarching principle should be that of value for money.

While some Member States have already exceeded the minimum requirements of the Directive, others may still provide information that is either too technical or lacks sufficient granularity. Greater consistency across Member States—possibly supported by common assumptions for projections and further EU-level guidance—would help build trust and facilitate comparability, especially where individuals have accrued pension entitlements in multiple jurisdictions.

In conclusion, while the IORP II Directive has laid a solid foundation, we suggest that further refinements—particularly around benefit projections, cost transparency, and digital delivery—could significantly improve the effectiveness of member communications. This would help ensure that all pension savers receive the information they need in a clear, concise, and actionable format.

- 49 Do you consider that all supplementary pension savers should have the right to receive certain general information about their supplementary pension scheme, regardless of the institution providing it?

a. Yes

b. No

c. No opinion

Please elaborate your answer. If yes, should the Commission pursue greater alignment of pension information for supplementary pension savers, irrespective of the provider?

Yes, we agree that all supplementary pension savers should have the right to receive clear and accessible general information about their pension scheme, regardless of the institution providing it.

We also support the objective of pursuing greater alignment in the type and quality of pension information provided to savers. A more consistent information baseline—particularly in areas such as benefit entitlements, costs, and investment principles—could enhance comparability and reduce confusion, especially for individuals with pension entitlements across multiple providers or Member States.

That said, we would caution against overly prescriptive harmonisation at the EU level. Given the diversity of pension systems and legal frameworks across Member States, national competent authorities are best placed to define the detailed format and delivery of this information in a way that reflects local contexts while still meeting core transparency goals. (This also means: what is shown in which layer.) A principle-based approach at the EU level, supported by guidance or best practice examples, could therefore help balance consistency with flexibility.

50 In your view, could the inclusion of institutions under the scope of the Directive in national pension tracking systems improve transparency for savers?

a. Yes

b. No

c. No opinion

Please elaborate your answer. If yes, do you believe the IORP Directive should require Member States to ensure such inclusion?

The inclusion of these institutions could enhance transparency for pension savers. Providing a consolidated view of supplementary pension rights across different providers may help individuals better understand their total retirement entitlements and support more informed decision-making and planning. Considering that few member states have operational PTSs at present, a phased approach -rather than an immediate mandate- would seem more appropriate. The prevalence of pillar 2 and pillar 3 pensions in a specific country is a consideration linked to the importance and cost vs benefit of implementing a PTS.

51 In your view, could pension tracking systems be considered a suitable means to fulfil certain disclosure requirements under the IORP II Directive for members and beneficiaries who interact via digital tools?

a. Yes

b. No

c. No opinion

Please elaborate your answer. If yes, how should the pension tracking system and the Pension Benefit Statement interact or coexist in practice? In particular, how could dual reporting be avoided while ensuring that all relevant information requirements under the Directive are fulfilled?

Yes, pension tracking systems (PTS) can be considered a suitable means to fulfil certain disclosure requirements under the IORP II Directive, especially for members and beneficiaries who interact via digital tools. These systems offer an effective way to present key pension information in a centralised, accessible, and

user-friendly format, supporting greater transparency and engagement. Having said that every existing PTS uses a framework and information standard that is suitable for the country/consumers that are being served.

To avoid duplication and ensure consistency, it is important that the Pension Benefit Statement (PBS) and the PTS are well-coordinated. This would allow members to access the PBS digitally while also benefiting from a consolidated view of all pension entitlements.

Clear regulatory guidance would be needed to define the respective roles of IORPs and PTSs in fulfilling disclosure obligations, if the PTS was to act as a valid mode of disclosing information under the Directive.

Tax treatment

The [2001 Communication on the elimination of tax obstacles to the cross-border provision of occupational pensions](#)¹⁸ identified the elimination of such obstacles as a means of enabling pension institutions to operate with greater efficiency in meeting the needs of workers and employers, while also enhancing their role as more efficient suppliers of capital to business in their capacity as investors in the economy.

Stakeholders' views are sought on the following:

- 52 To your knowledge, do tax obstacles continue to hinder the cross-border provision of occupational pensions?
- a. Yes
 - b. No
 - c. No opinion

Please elaborate your answer. If yes, please indicate which specific tax-related barriers you consider most relevant today, as well as whether, in your view, should further action be taken at the level of the European Union to address these barriers.

Scope of prudential regulation

The IORP II Directive intended to clarify areas that are considered to be part of prudential regulation, in order to ensure legal certainty for the cross-border activities of IORPs.

- 53 In your view, has the IORP II Directive achieved a sufficiently clear and workable definition of prudential regulation?
- a. Yes
 - b. No
 - c. No opinion

Please elaborate your answer. If no, please indicate which aspects of the distinction between prudential regulation and social and labour law continue to give rise to uncertainty or diverging interpretations, and how should these be addressed.

We acknowledge that the IORP II Directive has introduced an improved framework for prudential regulation, e.g. in the areas of governance, risk management, and oversight of key functions. The provisions relating to the “fit and proper” requirements, the Own Risk Assessment, and proportionality have helped establish a good regulatory baseline across Member States, while allowing for national specificities.

However, some uncertainty remains regarding the delineation between prudential regulation and social and labour law. The overlap between these areas can give rise to diverging interpretations, particularly when determining the scope of supervisory authority versus social policy design. This ambiguity may hinder cross-border activities and complicate compliance. While we do not offer a firm opinion on whether further clarification is needed, it may be helpful for the European Commission to consider providing additional guidance or illustrative examples to support consistent application across Member States. This would foster regulatory clarity without limiting national prerogatives in areas of social protection.

Also, we refer to our comments in Q54 below.

Other aspects

Stakeholders’ views are sought on the following:

54 Are there any additional issues that you believe should be considered in the review of the IORP II Directive?

a. Yes

b. No

c. No opinion

Please elaborate your answer. If yes, please describe these issues and explain why and how they should be addressed.

We believe that the review of the IORP II Directive could benefit from a targeted refinement of certain technical elements, particularly in areas where clearer supervisory expectations would support consistent application of prudential principles. This does not necessitate a fundamental overhaul of the Directive or wider harmonisation, but rather a selective streamlining to improve practical implementation and support risk-based supervision.

For instance, it might be helpful to explore more consistent approaches to valuation methods and risk management, without compromising the flexibility needed by Member States to tailor solutions to local conditions.

The review could also consider EIOPA's advice around enhancing sustainability-related disclosures. While any such changes should remain concise and layered, additional transparency on environmental considerations and the impact of costs and charges over time, particularly for DC schemes, could further improve member understanding and trust.

Overall, the AAE acknowledges that the IORP Directive's minimum harmonisation framework allows Member States (MS) flexibility to adapt regulations to their national pension landscapes, which vary significantly across the EU. While supporting this approach, the AAE advocates for guidelines and sharing of knowledge that promote good and consistent practices across MS, balancing the need for alignment with the respect for national specificities.