

IMPLEMENTATION OF PAN-EUROPEAN PERSONAL PENSION PRODUCT

In August 2020, EIOPA delivered to the European Commission the draft Regulatory and Implementing Technical Standards and advice on Delegated Acts for the design and delivery of the Pan-European Personal Pension Product (PEPP).

The objective is to ensure high-quality, safe, transparent and simple personal pension products will be offered to the European consumers.

EIOPA PROPOSED

Draft Regulatory Technical Standards:

Consumer information documents (Key Information Document (KID) and Benefit Statement)

Cost cap of the Basic PEPP

Risk-mitigation techniques

Draft advice on Delegated Act:

Supervisory reporting for PEPP providers

EIOPA's product intervention powers

Draft Implementing Technical Standards setting out the procedures, processes and templates for:

Annual supervisory reporting requirements for PEPP providers

Cooperation and exchange of information between national competent authorities and EIOPA

FEATURES AND OBJECTIVES OF EIOPA'S PROPOSAL

Pre-contractual and annual information documents for consumers

Templates that are standardised and mandatory:

- Key Information Document
- annual Benefit Statement

Information requirements tailored to the individual pension objective

Illustrative content, digital format

Projections of future retirement benefits

Clear presentation of costs

Help consumers to know more about PEPP, identify risks/rewards before signing up and to know how much money is in their pension pot.

Makes it easier for consumers to understand the PEPP

Engages the interest of consumers and facilitates the access to information

Lets consumers to decide if the PEPP meets – or continues to meet their objectives

Provide easy to understand information allowing the comparison with the Basic PEPP.

Cost cap of the Basic PEPP

All costs and fees to be included in the cost cap

Costs of the capital guarantee separated

Costs incurred by providers for the initial advice can be amortised in the cost cap

Ensures cost-efficiency

Ensures a level playing field amongst providers offering different features

Ensures providers can start offering Basic PEPPs in a viable way

Risk-mitigation techniques

Investment strategies are coupled with risk-mitigation techniques

Life cycling techniques and building reserves for a group of savers

Holistic assessment of the pension-specific risks and rewards of a PEPP

To reach good returns and to stabilise the future retirement income

To mitigate the investment risks and the effects of market volatility

To reach high quality, enforceable criteria and coherent designs of the PEPP's investment strategies and risk-mitigation techniques

Supervisory reporting and cooperation between national competent authorities and EIOPA

Effective monitoring of the PEPP markets and product supervision both from a home and host perspective

Supervisory reporting to focus on product specific information: key information on distribution channels, product oversight governance and conduct

For an
efficient
functioning
of the PEPP
market