



## Commission launches a new pan-European personal pensions label to help consumers save for retirement

Brussels, 29 June 2017

### European consumers will soon benefit from more choice when saving for retirement, thanks to Commission plans to create a new class of pension products.

Today's proposal will provide pension providers with the tools to offer a simple and innovative pan-European personal pension product (PEPP). This new type of voluntary personal pension is designed to give savers more choice when they are putting money aside for old age and provide them with more competitive products.

PEPPs will have the same standard features wherever they are sold in the EU and can be offered by a broad range of providers, such as insurance companies, banks, occupational pension funds, investment firms and asset managers. They will complement existing state-based, occupational and national personal pensions, but not replace or harmonise national personal pension regimes. The Commission is also today recommending that Member States grant the same tax treatment to this product as to similar existing national products to ensure that the PEPP gets off to a flying start. The new products will also ultimately bolster the Commission's plan for a Capital Markets Union by helping to channel more savings to long-term investments in the EU.

Valdis **Dombrovskis**, Commission Vice-President, responsible for Financial Stability, Financial Services and Capital Markets Union, said: *"The pan-European personal pension product is an important milestone towards completing the Capital Markets Union. It has enormous potential as it will offer savers across the EU more choice when putting money aside for retirement. It will drive competition by allowing more providers to offer this product outside their national markets. It will work like a quality label and I am confident that the PEPP will also foster long-term investment in capital markets."*

Vice-President Jyrki **Katainen**, responsible for Jobs, Growth, Investment and Competitiveness said: *"Today's proposal is another example of the benefits that can be derived from delivering the Commission's Capital Markets Union Action Plan and completing the single market for capital in the EU. Pan-European personal pension products will act to promote competition amongst pension providers, granting consumers more choice of where to place their savings. Completing the CMU is also an important element of the Investment Plan for Europe. I am pleased that this proposal will also work to channel savings towards long-term investments, helping to achieve the Investment Plan's objectives of upgrading infrastructure, boosting growth and supporting jobs."*

### Key benefits

Currently, the European market for personal pensions is fragmented and uneven. The offers are concentrated in a few Member States, while in some others they are nearly non-existent. This variation in supply is linked to a patchwork of rules at EU and national levels, which impede development of a large and competitive EU-level market for personal pensions. The PEPP will allow consumers to voluntarily complement their savings for retirement, while benefitting from solid consumer protection:

- PEPP savers will have **more choice** from a wide range of PEPP providers and benefit from greater competition.
- Consumers will benefit from **strong information requirements** and distribution rules, also online. Providers will need to be **authorised** by the European Insurance and Occupational Pensions Authority (EIOPA) to provide the PEPP.
- PEPP will grant savers a high level of consumer protection under a **simple default investment** option.
- Savers will have the right to **switch providers** – both domestically and cross-border – at a capped cost every five years.
- The PEPP will be **portable** between Member States, i.e. PEPP savers will be able to continue contributing to their PEPP when moving to another Member State.

The regulatory framework that the Commission is proposing today will create opportunities for a wide range of providers to be active on the personal pension market:

- Providers will be able to develop PEPPs across several Member States, to pool assets more effectively and to achieve **economies of scale**.
- PEPP providers will be able to reach out to consumers across the whole EU through **electronic distribution channels**.
- PEPP providers and savers will have **different options for payments** at the end of the product's lifetime.
- PEPP providers will benefit from an **EU passport** to facilitate cross-border distribution.

The proposal for the PEPP Regulation is accompanied by a **Commission Recommendation on the tax treatment** of personal pension products, including the PEPP. The Commission encourages Member States to grant the same tax treatment to PEPPs as is currently granted to similar existing national products, even if the PEPP does not fully match the national criteria for tax relief. Member States are also invited to exchange best practices on the taxation of their current personal pension products which should foster convergence of tax regimes.

## Background

The PEPP is one of the key measures announced in last month's Mid-term Review of the Capital Market Union, the Commission's project to create a single market for capital in the EU. The PEPP supports the goal of the CMU, which is to create the right conditions to unlock funding so that it can flow from Europe's savers to Europe's businesses.

Currently, only 27% of Europeans between 25 and 59 years old have enrolled themselves in a pension product. PEPP would contribute to unlocking this vast potential and boost investment in our economy.

Today's proposed Regulation builds on almost 600 contributions to the Commission's public consultation on personal pensions in October 2016. Many respondents said the current supply of personal pension products in the EU was insufficient. It also took into account two reports from EIOPA in 2014 and 2016 and an external study by an external contractor.

The PEPP proposal will now be discussed by the European Parliament and the Council. Once adopted, the Regulation will enter into force 20 days after its publication in the Official Journal of the European Union.

## For More Information

[MEMO](#)

[Factsheet](#)

[DG FISMA website on Personal Pensions Products](#)

[CMU Action Plan Mid-Term Review](#)

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