



#CMU
#PEPP

A PAN-EUROPEAN PERSONAL PENSION PRODUCT

PAN-EUROPEAN PERSONAL PENSION PRODUCT (PEPP) - A NEW OPPORTUNITY TO SAVE FOR RETIREMENT



STATE-BASED
PENSIONS



OCCUPATIONAL
PENSIONS



PERSONAL
PENSIONS

A new, voluntary pan-European personal pension product (PEPP), complementary to existing national products.

WHY DO WE NEED A PEPP?

1 More choice and mobility for citizens when saving for retirement.

2 Cheaper options for pension providers to offer their services across the EU as they tap into a bigger market.

3 More capital becomes available for long-term investments in the real economy as more citizens buy a PEPP.

4 Helps close the pension gap faced by many citizens and improves their retirement income.

"Thanks to the agreement on a Pan-European personal Pension Product, EU citizens will have more choice to save for their retirement, while enjoying strong consumer protection. Personal pension providers will be able to sell the PEPP across the EU with one single registration, thereby channelling savings towards long-term investments. This in turn will lead to boosting jobs and growth in the EU."

Valdis DOMBROVSKIS

Vice-President in charge of Financial Stability, Financial Services and Capital Markets Union



"The agreement achieved by the European Parliament and the Council on PEPP is a major milestone on the road to addressing pension gaps and demographic challenges and a major achievement in completing Capital Markets Union. It will benefit consumers and providers with a strong framework for personal pensions through a new product with strong consumer protection and enhanced cross-border competition."

Jyrki KATAINEN

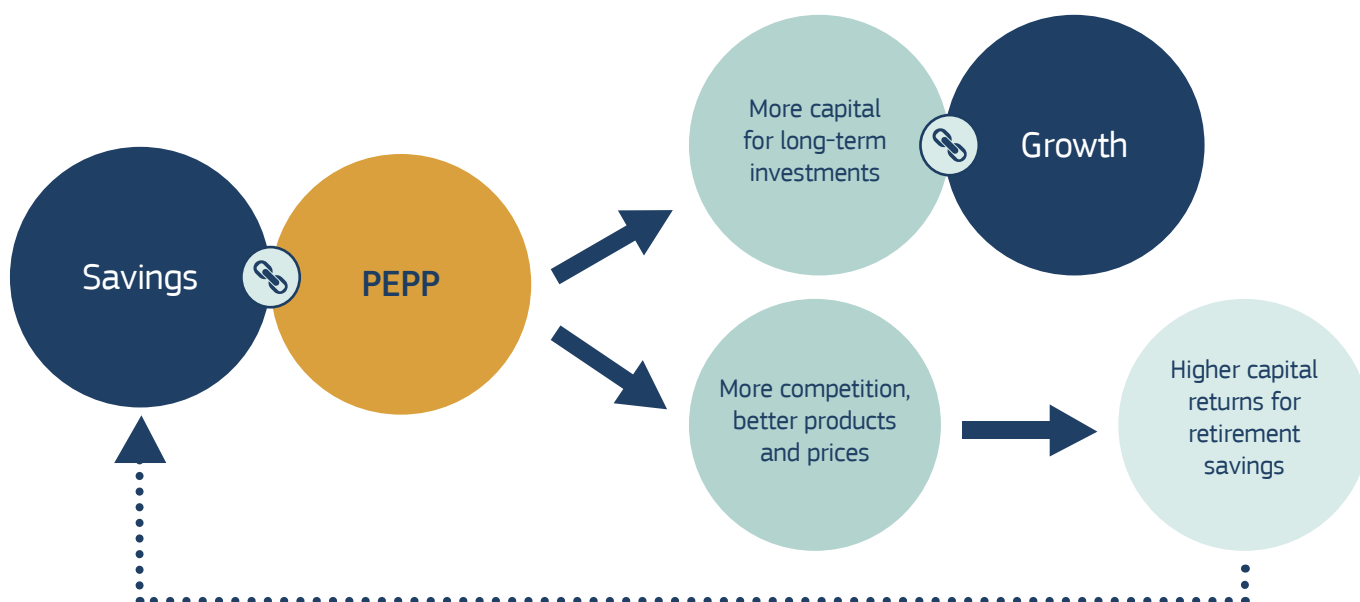
Vice-President responsible for Jobs, Growth, Investment and Competitiveness



MAIN CHARACTERISTICS OF A PEPP

- ✓ PEPPs can be offered by a broad range of financial providers, to foster competition.
- ✓ The European Insurance and Occupational Pensions Authority (EIOPA) registers new PEPPs in a central register, on the basis of a decision taken by National Competent Authorities. Once registered, the product can be distributed throughout the European Union (EU).
- ✓ PEPP savers can choose between up to 6 investment options and may change investment option every 5 years free of charge.
- ✓ PEPP savers benefit of a simple and affordable default investment option (the “Basic PEPP”) at capped costs.
- ✓ PEPP key information document (KID) gives clear information to PEPP savers before concluding the contract.
- ✓ Full transparency on costs and fees.
- ✓ PEPP savers is kept informed annually on accrued savings.
- ✓ PEPP providers invest capital in line with “prudent person” rule.
- ✓ PEPP savers have a right to switch providers every 5 years. Switching costs are capped.
- ✓ PEPP savers can continue to contribute to the same PEPP, when moving residence in the European Union.
- ✓ PEPP providers may offer different forms of out-payments (annuities, lump sum, etc).
- ✓ PEPP savers must be advised on the most adequate solution for out-payments, before starting to enjoy the benefits of the PEPP.
- ✓ PEPP providers benefit from a real single market for the PEPP and from facilitated cross-border distribution.
- ✓ In order to ensure consumer protection across the EU, EIOPA has, under certain conditions, also the power to issue a temporary ban or restriction of the marketing, distribution or sale of specific PEPPs within the whole EU.
- ✓ Member States set conditions for saving phase and pay-out of capital as well as for possible tax incentives.

Capital Markets Union: Linking savings with growth



WHO CAN PROVIDE A PEPP?



INSURERS



OCCUPATIONAL
PENSION FUNDS



INVESTMENT
FIRMS



ASSET
MANAGERS



BANKS

WHO CAN INVEST IN A PEPP?

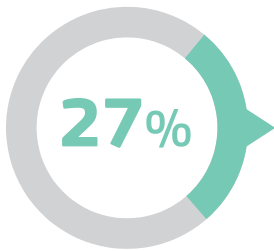


ANYONE EMPLOYED /
SELF-EMPLOYED



ANYONE UNEMPLOYED /
IN EDUCATION

UNLOCKING POTENTIAL



67 million individuals in the EU have a voluntary personal pension plan out of **243 million** EU citizens aged 25 - 59 years.

Source: European Insurance and Occupational Pensions Authority (EIOPA)

WHAT ARE THE ECONOMIC BENEFITS?

Personal pension product assets under management in EU28:

in 2017

EUR 0.7 trillion

in 2030

EUR 1.4 trillion
(without the PEPP)

EUR 2.1 trillion

(with the PEPP, with tax incentives granted)

Source: Ernst & Young study to the Commission

PEPP's TAX TREATMENT

The proposal was accompanied by a Commission Recommendation on the tax treatment of personal pension products, including the PEPP. In many Member States, tax incentives are a key driver for the take-up of personal pension products.

Main purposes of the Recommendation:

01

Encourage Member States to grant the same tax treatment to PEPPs as are currently granted to similar existing national products.

02

Invite Member States to exchange best practices on the taxation of their current personal pension products.

