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Study on the feasibility of a European Personal Pension Framework

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EY

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Introduction

Background and general objectives of the study

On 30 September 2015, the European Commission launched the Capital Markets Union (CMU) Action to help build a true single market for capital across the 28 European Union Member States.

In this communication, the European Commission called for an exploration of multiple ways to support private retirement savings with the appropriate level of consumer protection and build an EU market, a regulatory template for pension providers to offer personal pension products across the European Union (hereafter "EU")[1].

A clear prerequisite to any European legislative initiative was to determine whether EU legislation is required.

At the same time, on 2 February 2016, the EIOPA launched a consultation on "EIOPA's advice on the development of an EU single Market for PPP". Based on the results of this consultation, on 4 July 2016 the EIOPA issued advice with a proposal for a standardised Pan-European Personal Pension Product (hereafter "PEPP") with a defined set of regulated and flexible components.

As part of the CMU action plan, on 27 July 2016 the DG FISMA launched a public consultation on a potential EU personal pension framework. This consultation will be closed on 31 October 2016.

On 14 September 2016, the European Commission issued a communication[2] stating that "The Commission will consider proposals for a simple, efficient and competitive EU personal pension product". Proposals were to include an in-depth overview of tax regimes applied to Personal Pension Products (hereafter "PPP") within the EU and provide a better vision and understanding of the European Personal Pensions Market by identifying types of products with significant identical tax requirements.

The DG FISMA mandated EY to perform a study on the feasibility of a European Personal Pensions Framework.

This study should be supplemented by the following:

- **Tax mapping:** the mapping of the tax, social and labour requirements for the available products (1)
- **The PPP market overview:** a description of the PPP markets in each Member State (2)
- **Products with high market penetration and their key features:** the ranking of the products with high market penetration, their key features with a focus on the successful ones and an understanding of the sensitivity of the products vis-à-vis certain key features, in the context of the identification of certain clusters from a tax perspective (2, 3 and 4)
- **A technical feasibility assessment** (5 and 6)

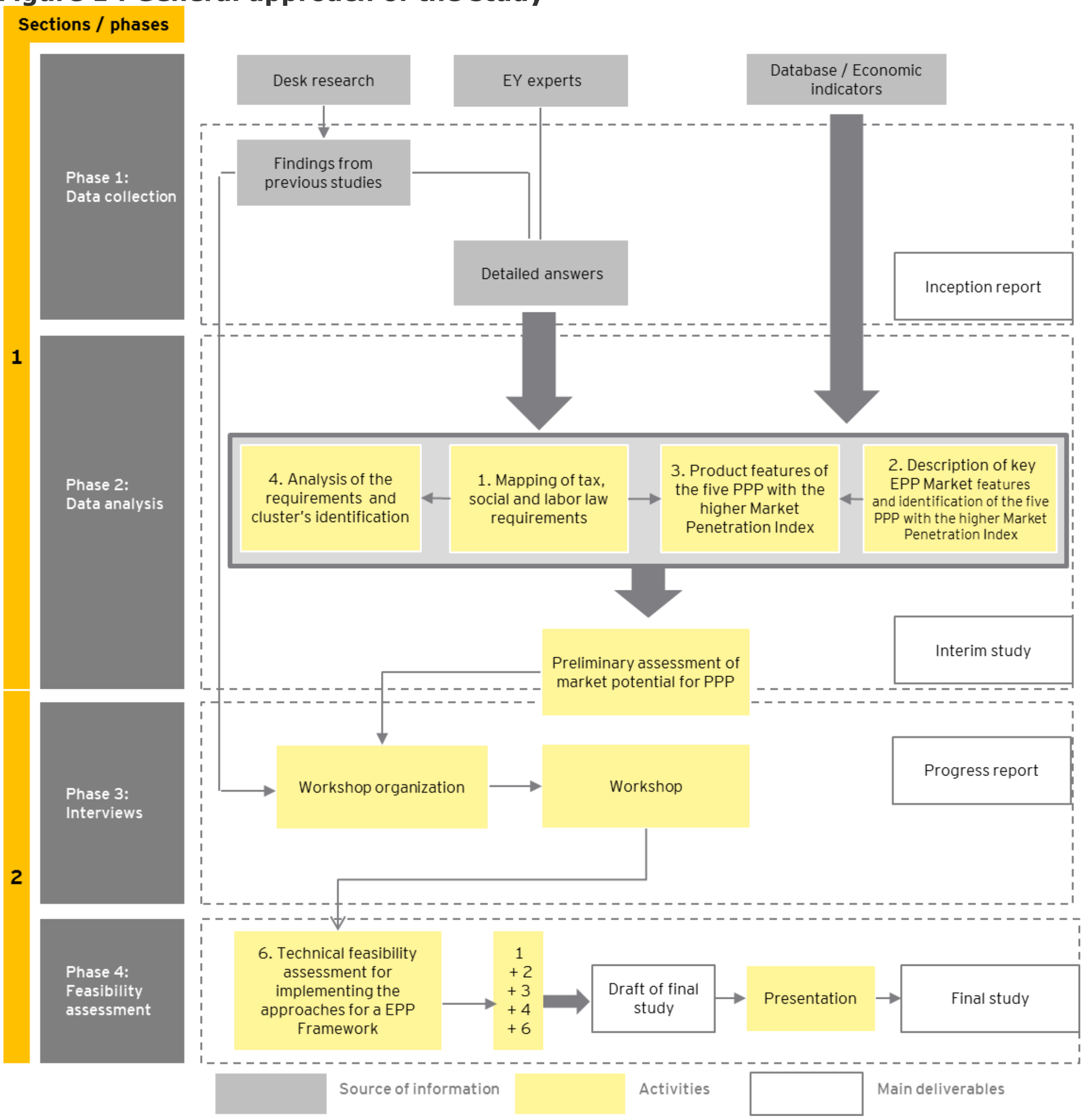
[1] 30 September 2015 - Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions - Action Plan on Building a Capital Markets Union -

[2] Communication from the Commission to the European Parliament, the Council, the European Central Bank, the European economic and social committee and the committee of the regions - Capital Markets Union - Accelerating Reform

This understanding of the European Personal Pensions Market, in the light of the different tax regimes, is a prerequisite in order to analyse the feasibility of a European initiative in the field of personal pension products.

This study was performed following the approach detailed below (section 1).

Figure 1 : General approach of the study



Personal pension products in the scope of the study

Personal pension products (hereafter "PPPs") in the scope of this study are defined in the Tender specifications as "*non-state based (so excluding first and second pillar pensions) retirement financial products which:*

- *are based on a contract between an individual saver and a non state-based entity on a voluntary basis, with an explicit retirement objective;*
- *provide for capital accumulation until retirement, and where the possibilities for early withdrawal are limited;*
- *provide an income to savers after retirement, the form of which can be laid down in national law such as annuitisation or lump sums".*

In the table below, we have listed **49 products** in 28 Member States which correspond to these criteria. Our study is based on this list and is limited to these products.

Nota bene: the original technical offer was based on the 55 products presented below. For a variety of reasons (products merging, products not existing anymore, products not corresponding to the criteria), the current study is based on a list of 49 products.

Table 1: PPPs in the scope of the study

Member State	Personal Pension Products	Main features			
		Public targeted	Tax treatment of contributions	Tax treatment of yields	Tax treatment of withdrawals
Austria	**Pension insurance**	**The Pension Insurance product, so-called "Pensionskassen" does not meet all the criteria of the Personal Pension Product definition as explained below: • This product is employer-arranged (Pillar 2) reserved for firms with at least 1,000 employees.**			
Austria	**State-sponsored retirement provision**	All	Partially exempt	Exempt	Withdrawals are tax exempt subject to conditions. In case of a lump sum, tax applied.
Belgium	**Pension Savings Plan (Pensioensparen)**	All	Personal income tax: Contributions are tax deductible up to specific limits	Exempt	Subject to an anticipative tax when the insured turns 60 years old
Belgium	**Long-term savings plan (Langetermijnsparen)**	All	Personal income tax: Contributions are tax deductible up to specific limits. Insurance premium tax is applicable	Exempt for income tax purposes	Subject to an anticipative tax when the insured turns 60 years old
Belgium	**Building savings plan (Bouwsparen)**	Due to recent changes the Building Savings Plan has become virtually obsolete. The building savings plan is a remnant of an old tax regime. Is likely to disappear in the future. The building savings plan has been abolished in Flanders and Wallonia in 2015 and 2016 respectively. This product is not representative as it is only distributed in Brussels.			
Bulgaria	**Universal voluntary pension plan**	All	Personal income tax: Contributions paid by the employee are deductible up to 10% of the applicable tax base	Exempt	Exempt
Bulgaria	**Professional voluntary pension plan**	All	Personal income tax: Contributions paid by the employee are deductible up to 10% of the applicable tax base	Exempt	Exempt
Croatia	**Open voluntary pension funds**	All	Partially exempt	Exempt	Taxed
Cyprus	**Individual insurance pension plans**	All	Contributions are tax deductible under specific conditions	Exempt	Life annuities are taxed.
Czech Republic	**Supplementary saving plan (doplňkové penzijní spoření)**	All	Personal income tax: Contributions are tax deductible (from a specific value of contributions) up to specific limits	Exempt	Exempt
Denmark	**Alderspension**	All	Contributions are tax exempt under specific conditions	Taxed at a flat rate	Taxed at the individual marginal tax rate
Denmark	**Ratepension/Ophorende livrente**	All	Contributions are tax exempt up to a threshold	Taxed at a flat rate	Taxed at the individual marginal tax rate
Denmark	**Aldersopsparing**	All	Contributions are taxed	Taxed at a flat rate	Exempt

Member State	Personal Pension Products	Main features			
		Public targeted	Tax treatment of contributions	Tax treatment of yields	Tax treatment of withdrawals
Estonia	**Voluntary supplementary funded pension schemes**	All	Contributions are deductible up to a threshold	Exempt	Exempt
Finland	**Individual pension insurance taken out by an individual**	All	Contributions are deductible up to a threshold	Exempt	Taxable
France	**Popular retirement savings plan (PERP)**	All	Personal income tax: Contributions are tax deductible up to specific limits	Exempt	Taxable
	Personal retirement savings plan for self-employed workers (Contrats Madelin TNS)	Liberal professions	Personal income tax: Contributions are tax deductible up to specific limits	Exempt	Taxable
	Personal retirement savings plan for farmers (Contrats Madelin Agricole).	Agricultural professions	Personal income tax: Contributions are tax deductible up to specific limits Social contributions applied	Exempt	Taxable
Germany	**Occupational Pension Schemes ('Berufsständische Versorgungswerke')**	This product does not meet all the criteria of the Personal Pension Product definition as explained below: • 'Berufsständische Versorgungswerke' is not based on an individual contract with the provider but on the provider's bylaws. The pension scheme is mandatory for specific professionals and inaccessible for other professional groups. They are meant to replace the public pension system for the members of the professional group concerned.			
	Government-subsidised pension saving products ('Riester-Rente')	Employees and specific liberal professions obliged to pay into the statutory pension scheme	Contributions plus state-allowances are tax deductible up to specific limits	Exempt during saving phase (deferred taxation)	Taxable under conditions
	Basis Pensions ('Rürup-Rente')	All, but focus on liberal professions	Contributions are tax deductible up to specific limits	Exempt during saving phase (deferred taxation)	Taxable under conditions
	Private Pensions ('Private Altersvorsorge')	All	Contributions are not deductible	Exempt during saving phase if contract meets specific conditions	Taxable under conditions
Greece	**Personal retirement savings plan Individual.**	All	Personal income tax : Contributions are not tax deductible	Taxed	Exempt
	Group retirement savings plan (DB/ DC)	This product does not meet all the criteria of the Personal Pension Product definition as explained below: • This product is not based on an individual contract but is an occupational pension plan (pillar 2).			
Hungary	**Voluntary mutual pension fund**	All	Partially exempt	Any income (return, withdrawals) paid by a pension fund to its members is taxable under certain conditions.	
				Exempt	Exempt
Ireland	**Retirement Annuity Contracts (RACs)**	Self-employed and workers without access to occupational pension schemes	Personal Income Tax: Contributions are tax deductible subject to an annual earnings ceiling of EUR 115,000 and age-related percentage restriction	Exempt	Taxed
	Personal Retirement Savings Accounts (PRSAs)	All	Personal Income Tax: Contributions are tax deductible subject to an annual earnings ceiling of EUR 115,000 and age-related percentage restriction	Exempt	Taxed

Member State	Personal Pension Products	Main features			
		Public targeted	Tax treatment of contributions	Tax treatment of yields	Tax treatment of withdrawals
Italy	**Individual pension plans provided through life insurance contracts (PIPs)** ***(They are offered by insurance companies through traditional life insurance contracts or unit/index-linked contracts).***	All but mainly address self employees	Personal income tax: Contributions are tax-deductible up to an upper limit (on total employee and employer contributions, if any) of EUR 5,164 a year	Taxable	Taxable
	Open pension funds (fondi pensione aperti) ***(serve both occupational and personal plans)***	All but mainly address employees	Personal income tax: Contributions are tax-deductible up to an upper limit (on total employee and employer contributions, if any) of EUR 5,164 a year	Taxable	Taxable
Latvia	**Third pension pillar/Private pension fund**	All	Partially exempt	Exempt	Taxable
Lithuania	**Third pillar - voluntary**	All	Deductible up to specific limits	Exempt	Exempt
Luxembourg	**Individual pension savings contracts**	All	Contributions are deductible up to a limit under specific conditions	Exempt	Taxable with favorable tax treatment under specific conditions
Malta	**Personal Retirement Pension Plans approved by the Commissioner for Revenue in Malta**	All individuals	A percentage of the contribution is provided as credit against income tax chargeable in Malta up to a specific limit	Exempt	Taxed
	Personal Retirement Pension Schemes not approved by the Commissioner for Revenue in Malta	All individuals	Taxed - no tax incentives on in-payments	Exempt	Taxable
Netherlands	**Personal retirement savings plan for self-employed workers**	**There is no specific product for self-employed workers.** Tax legislation however provides some additional rules for deductible in-payments within the PPP's, which are only available for self-employed workers. This point will however be covered by the questionnaires.			
	Retirement bank savings account	All	Partially exempt or taxed	Exempt	Taxable or exempt
	Retirement annuities insurance (to be added to a retirement bank savings account at retirement age at the latest)	All	Partially exempt or taxed	Exempt	Taxable or exempt
	Retirement annuities insurance (insurer pays annuities from retirement until death)	All	Partially exempt or taxed	Exempt	Taxable or exempt
Poland	**Employee retirement plan (PPE)**	Employee	Personal income tax : Contributions are taxable	Exempt	Exempt
	Individual retirement account (IKE)	All	Personal income tax : Contributions are taxable	Exempt if certain conditions are met	Exempt
	Individual retirement precaution account (IKZE)	All	Personal income tax : Contributions are tax deductible up to specific limits	Exempt if certain conditions are met	Taxable

Member State	Personal Pension Products	Main features			
		Public targeted	Tax treatment of contributions	Tax treatment of yields	Tax treatment of withdrawals
Portugal	**Open-ended pension funds - individual contracts**	All	Contributions are tax deductible up to specific limits and conditions	Taxed	Exempt
	Retirement Savings Plan (PPR)	All	Contributions are tax deductible up to specific limits and conditions	Taxed	Taxed
	Life insurance with specific retirement objective	Risk professions (miners, fishermen, and athletes)	Contributions are tax deductible up to specific limits and conditions	Taxed	Taxed
	Life insurance with specific retirement objective	Handicapped persons	Contributions are tax deductible up to specific limits and conditions	Taxed	Exempt
Romania	**Supplementary pension plan**	All	Tax deductible up to a certain annual threshold	Exempt	Taxed
Slovakia	**Supplementary pension plan**	All	Personal income tax: Contributions are tax deductible up to specific limits	Exempt	Exempt
Slovenia	**Voluntary supplementary pension insurance scheme**	All	Personal income tax: Individual contributing to voluntary supplementary pension insurance scheme can claim special tax relief up to certain amount in annual personal income tax return	Exempt	Taxable
Spain	**Individual Personal Pension Plan**	All	Personal income tax: Contributions are tax deductible up to specific limits	Exempt	Taxable
	Mutual pension provident entities	Liberal professions	Personal income tax: Contributions are tax deductible up to specific limits	Exempt	Taxable
	PPA (Planes de Previsión Asegurados)	All	Personal income tax: Premiums/Contributions are tax deductible up to specific limits	Exempt	Taxable
Sweden	**IPS (Individual Pension Savings)**	All	Contributions have not been tax deductible since 2016 and tax is paid twice (income tax and during payout).	Taxable	Taxable
UK	**Stakeholder pensions**	Self-employed and low-income workers	Personal income tax: Contributions are tax deductible up to specific limits	Exempt	Taxable
	Self-invested personal pensions (SIPPs)	DC pensioners who have yet to buy an annuity	Personal income tax: Contributions are tax deductible up to specific limits	Exempt	Taxable
	Individual Saving Accounts (ISAs)	The ISA product does not meet all the criteria of the Personal Pension Product definition as explained below: • This product is not restricted to retirement savings as there are no universal restrictions on accessing funds, and • This product is not closely linked to retirement objectives.			

PPP in the scope	**PPP removed from the initial scope**	**Names changed based on EY Network contribution**

For practical reasons, the following coded names have been adopted for the products:

Table 2 : Coded names of the PPPs for the purpose of the study

Country	English name	Local name	Coded name
Austria	State-sponsored retirement provision	Prämienbegünstigte Zukunftsvorsorge (PZV)	Austria_PZV
Belgium	Long term savings plan	Langetermijnsparen	Belgium_LP
	Pension Savings Plan	Pensioensparen	Belgium_PP
Bulgaria	Universal voluntary pension plan	Yniversalen dobrovolen pensionen plan	Bulgaria_UVPF
	Professional voluntary pension plan	Dobrovolen pensionen plan	Bulgaria_PVPF
Croatia	Open voluntary pension funds	Dobrovoljni mirovinski fondovi	Croatia_OPF
Cyprus	Individual insurance pension plans	Συνταξιοδοτικά Προγράμματα	Cyprus_IIP
Czech Republic	Supplementary saving plan	Doplňkové penzijní spoření	Czech Republic_SSP
Denmark	Retirement pension	Alderspension	Denmark_Alder
	Annuity pension	Ratepension/Ophorende livrente	Denmark_RP
	Age savings	Aldersopsparing	Denmark_Aldersop
Estonia	Voluntary supplementary funded pension schemes	Vabatahtlik täiendav kogumispension	Estonia_VSF
Finland	Individual pension insurance taken out by an individual	Vapaaehtoiseen yksilölliseen eläkevakuutukseen ja pitkäaikaissäästämissopimukseen	Finland_IP
France	Popular retirement savings plan	Plan Epargne retraite Populaire (PERP)	France_PERP
	Personal retirement savings plan for self- employed workers	Contrats Madelin TNS	France_MadelinTNS
	Personal retirement savings plan for farmers	Contrats Madelin Agricole	France_MadelinAgr
Germany	Government-subsidised pension saving products	Riester-Rente	Germany_Riester
	Basis Pensions	Rürup-Rente	Germany_Rürup
	Private Pensions	Private Altersvorsorge	Germany_PP
Greece	Personal retirement savings plan Individual	Συνταξιοδοτικά Προγράμματα	Greece_PRSP
Hungary	Voluntary mutual pension fund	Önkéntes kölcsönös nyugdíjpénztár	Hungary_PRS
Ireland	Retirement Annuity Contracts (RACs)	Retirement Annuity Contracts (RACs)	Ireland_RAC
	Personal Retirement Savings Accounts (PRSAs)	Personal Retirement Savings Accounts (PRSAs)	Ireland_PRSA
Italy	Individual pension plans provided through life insurance contracts	Piani individuali previdenziali (PIPs)	Italy_PIP
	Open pension funds	Fondi Pensione Aperti	Italy_OPF
Latvia	Private pension fund	Privātais pensiju fonds	Latvia_PPF

Country	English name	Local name	Coded name
Lithuania	Third pillar - voluntary	Savanoriško pensijų taupymo	Lithuania_VF
Luxembourg	Individual pension savings contracts	Contrat individuel de prévoyance-vieillesse	Luxembourg_IPS
Malta	Personal Retirement Pension Plans approved by the Commissioner for Revenue in Malta	Personal Retirement Pension Plans approved by the Commissioner for Revenue in Malta	Malta_PPPa
	Personal Retirement Pension Schemes not approved by the Commissioner for Revenue in Malta	Personal Retirement Pension Schemes not approved by the Commissioner for Revenue in Malta	Malta_PPPna
Netherlands	Bank saving account for retirement	Lijfrentespaarrekening	Netherlands_RBSA
	Investment share in an investment institution or UCITS for retirement payments	Lijfrentebeleggingsrecht	Netherlands_RAInsA
	Retirement annuities insurance	Lijfrenteverzekering	Netherlands_RAInsD
Poland	Individual retirement account	Indywidualne konto emerytalne (IKE)	Poland_IKE
	Employee retirement plan	Pracowniczy program emerytalny (PPE)	Poland_PPE
	Individual retirement precaution account	Indywidualne konto zabezpieczenia emerytalnego (IKZE)	Poland_IKZE
Portugal	Life insurance with specific retirement objective	Contrato de aposentadoria de seguro de pensao	Portugal_LifeInsR
	Life insurance with specific retirement objective	Seguro de vida – pessoas com deficiencia	Portugal_LifeInsH
	Pension funds - individual contracts	Fundos de Pensoes Abertos	Portugal_PF
	Retirement Savings Plan (PPR)	Plano Poupança Reforma	Portugal_PPR
Romania	Supplementary pension plan	Schema de pensii facultative	Romania_SPP
Slovakia	Supplementary pension plan	Dôchodkového poistenia	Slovak Republic_PPF
Slovenia	Voluntary supplementary pension insurance scheme	Prostovoljno dodatno pokojninsko zavarovanje	Slovenia_VSP
Spain	Individual Personal Pension Plan	Plan de pensiones individual	Spain_IPP
	Mutual pension provident entities	Mutualidades de prevision social	Spain_MP
	Insured pension plans	Planes de Previsión Asegurados	Spain_PPA
Sweden	Individual Pension Savings IPS	NA	Sweden-IPS
United Kingdom	Self-invested personal pensions (SIPPs)	Self-invested personal pensions (SIPPs)	United Kingdom_SIPP
	Stakeholder pensions	Stakeholder pensions	United Kingdom_Stakeh

As mentioned in “EIOPA's advice on the development of an EU Single Market for personal pension products (PPP)”, EIOPA uses its own definition of personal pension products.

Based on this definition developed in its 2014 preliminary report "Towards an EU-Single Market for personal pensions”, EIOPA’s definition of PPPs includes characteristics that are different to those considered for the purpose of this study.

Of the 49 products in 28 Member States included in the scope of the current study, 29 are included in the EIOPA database. The EIOPA data base contains 67 products.

The main difference is that the **EIOPA definition includes mandatory retirement products which are excluded from the scope of the current study**.

Table 3 : Comparison between EIOPA and current study definitions

PPP definition for the purpose of the study	Similarity	Comparison with the EIOPA definition
Private retirement financial products		Included in the EIOPA definition, with more restrictive conditions.
Based on a contract between an individual saver and a private entity		Included in the EIOPA definition.
On a voluntary basis		The EIOPA definition also includes mandatory pension products.
With an explicit retirement objective		Included in the EIOPA definition.
Provide for capital accumulation until retirement, and where the possibilities for early withdrawal are limited,		Included in the EIOPA definition but with less restrictive conditions, i.e. early out-payments are limited or penalised. For practical reasons the definition for the purpose of the study does not exclude PPPs with non-limited withdrawals.
Provide an income to savers after retirement, the form of which can be laid down in national law such as annuitisation or lump sums".		Included in the EIOPA definition.
EIOPA definition criteria	**Similarity**	**Comparison with the PPP definition for the purpose of this study**
Individual membership – Employers do not play a role in establishing or sponsoring a PPP but may pay contributions to an individual PPP on behalf, or for the benefit, of the employee. Individuals can independently purchase and select material aspects of the arrangements. Self-employed persons are often seen as potential PPP members.		The PPPs in the scope of this study could be offered by an employer.
Payment of contributions to an individual account: PPPs are financed by contributions paid to an individual account by product holders themselves or by third parties on their behalf.		The PPPs in the scope of this study mainly meet this condition. However it is not an applicable criterion.
PPPs have an explicit retirement objective - set out in income tax law or other national legal instruments (usually unrelated to labour law);		This condition is met.
The early withdrawal of accumulated capital is limited or penalised;		This condition is less restrictive, see above.
Providers are private entities		Same as the definition used.
Restrictions may apply as to use of accumulated capital (i.e. type of benefits available for pay-out phase);		This condition was not indicated in the definition used, however it should be noted that it is mainly the case.
Unlike other financial products, the specific aim of PPP is to provide an income to PPP holders after retirement		Same as the definition used.
PPP provide capital accumulation from the mid to long term until the (expected) retirement age and may also cover biometric risks		This condition was not indicated in the definition used.
During the accumulation phase premiums and contributions are deferred to a private entity, the PPP provider		This condition was not indicated in the definition used.
During the accumulation phase the possibility for early withdrawal of the accumulated capital is limited and often sanctioned		This condition was not indicated in the definition used.
Upon retirement the legislation of the Member State often restricts the ways in which the accumulated PPP capital can be used (e.g. (lifelong) annuitisation, programmed withdrawal, (partial) lump sums)		This condition was not indicated in the definition used. It should be noted that various situations were observed.
PPP are funded		This condition was not indicated in the definition used.

Methodological remarks

Clarifications on tax and features questionnaire

The following clarifications were provided during the course of our discussion with the EY Network regarding the following questions:

- Environment of the product (refer to section 0. Preliminary questions in the tax and features questionnaire)
    - *Is the product designed to target a limited population*? (Refer to question 0.I.1) The following coding options were allowed: All / Limited to defined categories excluded from public pension scheme / Others. For coding reasons:
        - Age limits were not taken into account in this part but in the specific question: *What are the age limits for the accumulation phase of the PPP?* (Refer to question 1.VI.1.)
        - The code "Limited categories excluded from public pension scheme" was selected if only the population who could not benefit from a Pillar 1 Scheme is allowed to subscribe to the PPP.
        - The code "Other" was selected if the limitation that applied is not related to age or to an exclusion from the Pillar 1 Scheme, e.g. limited to handicapped persons.
    - *Main manufacturers and main distribution path* (Refer to questions 0.II and 0.III): If the information was available we indicated the main manufacturers / distributors. When such data was not available, all the possibilities were indicated.
- Taxation requirements applicable to personal pension products (Refer to section I)
    - *Give the legal provisions which govern the personal pension product* (Refer to question 1.I)

      This section deals exclusively with the tax provisions governing the taxation regime of the PPP.
    - *What is the overall local tax system applicable to the personal pension products?* (Refer to question 1.II)

      The overall tax regime is indicated based on the following rules:
        - EET system: A form of taxation of pension plans, whereby contributions are Exempt or Partially Exempt from personal income taxation, investment income and capital gains of the pension fund are also Exempt or Partially Exempt, and benefits are Taxed.
        - ETE system: A form of taxation whereby contributions are Exempt or Partially Exempt from personal income taxation, investment income and capital gains of the pension fund are Taxed, and benefits are Exempt or Partially Exempt.

      All further combinations (TEE, TET, EEE, TTT, etc.) follow the same logic, *mutatis mutandis*.

- *What are the age limits for the accumulation phase of the PPP?* (Refer to question 1.VI.1) If the age limit indicated by EY experts was the legal minimum age to be able to subscribe to such a contract (e.g. 18 years old), this limit has not been taken into account. Only maximum limits to subscribe to this particular contract (e.g. a maximum limit of 58 years old) have been taken into account.
- *What is the form of the tax relief on in-payments?* (Refer to question 1.VII.2) If the in-payments are exempt or partially exempt, the form of the tax incentive can be coded as "Tax reduction" or "Reduced tax base" or "Tax credit" or "Other" (e.g. financial incentives).
- *Are there any income limitations?* (Refer to question 1.VII.5) The answer is coded "Yes" in the following situations:
  - People with income over a certain amount do not qualify for a tax incentive
  - The tax incentive is limited to a percentage of the income (e.g. tax deductibility is limited to 30% of the income / tax base).
- *Is the maximum limit updated over time*? (Refer to question 1.VII.7) The answer to the question is coded "Yes" if this limit can be updated, even if it was not updated in previous years.
- *Is the family situation taken into account when determining the maximum amount of in-payments per year?* (Refer to question 1.VII.8) The answer is coded "Yes" if the tax incentive is modulated according to the family situation of the pension saver.
- *What is the tax treatment of the yield on the accumulated capital?* (Refer to question 1.VIII.1) **The answer to this question is given from a pension saver's perspective and limited to the accumulation phase situation**, i.e., the yield could be not taxed during the accumulation phase but taxed when out-payments are made. Such a situation is described in questions 1.IX.1 *et seq*. If the yield is exempt, this issue is not usually governed by any legal provision.
- *What are the options for decumulation?* (Refer to question 1.IX.3) The answers are coded as follows:
  - Lump sum: a one-time payment
  - Annuities: pension payments in annuity form, e.g. life-time payments, payments during a fixed period, etc.
  - Combination of lump sum and annuities
  - Other: programmed withdrawals, etc.
- *Describe the tax implications for savers for each of the decumulation options. How are the out-payments taxed?* (Refer to question 1.IX.5) The answers are coded as follows: "Taxed" if all the decumulation options are taxed (with or without a preferential regime or partial tax exemption), "Exempt" if all the decumulation options are totally exempt, and "Depends on the decumulation options" if at least one of the options is totally exempt and another is subject to taxation.

- *Is it possible to redeem funds before pension age (early out-payments)?* (Refer to question 1.IX.6) This answer is coded "No" if it is not possible to redeem funds before pension age, "Yes" if this possibility is offered without limitation, and "Yes in limited situations" if this possibility is only offered in limited situations.
- *What are the tax consequences if the saver chooses to redeem funds before pension age (early out-payments)?* (Refer to question 1.IX.7) The answer is coded "Taxed" if the out-payment is taxed (even under a preferential regime) and "Exempt" if the out-payment is totally exempt.
- Switching (Refer to question 1.X.II). **The answer is coded "Impossible" only when there is no legal possibility of switching investments to another provider or if the EY network stated that in practice there is no possibility of switching.** The answer is coded "No tax impact" when switching is possible (even in limited cases) and does not trigger tax consequences (however, fees may apply). The answer is coded "Immediate taxation" when switching is possible (even in limited cases) and triggers immediate taxation.

  Please note that:

  - **Switching questions only relate to the transfer of the accumulated amounts from one provider to another within the same Member State or in another Member State;**
  - In many cases, questions have been answered without any legal basis. Thus, the answer 'No tax impact' could result from a legal vacuum and be mainly theoretical.

- Social, labour and contract law requirements applicable to PPPs (Refer to section 2)
  - *Does the legislation guarantee that the retirement age referred to in the contract will be taken as the reference, should the retirement age change under national law?* (Refer to question 2.2) The answer is coded "Yes" if, in the event of modification of the retirement age under national law, the retirement age taken as the reference for the start of the decumulation phase will be the age stated in the contract, "No" if, in such a case, the modification of the legal retirement age will impact the age at which the PPP decumulation phase starts, and "NA" if there is no retirement age under national law.

Clarifications on selected questions and answers for clustering purposes

Table 4: Clarifications on selected questions and answers for clustering purposes

Topic	Questions	Methodological clarification
Population targeted (0.I)	Is the product designed to target a limited population? (0.I.1)	Please refer to the clarification above.
Main conditions for tax incentives 1.III	What are the overall conditions for tax incentives applicable to?	The answer to this question is found in the answers to the other questions selected, unless there are conditions mentioned here that are not covered by the other selected questions.
Age limit 1.VI	What are the age limits for the accumulation phase of the PPP? (1.VI.1)	Please refer to the clarification above.

	Is a minimum number of years to retirement a condition for the purchase of the product? (1.VI.3)	NA
	Are there any other features /conditions/restrictions required to obtain tax relief for the in-payments? (Provide a detailed description) (1.VII.3)	The answers to this question have been coded for clustering purposes. We identified five main categories of features/ conditions/ restrictions required to obtain tax relief : • formal conditions (e.g. official document from the pension fund, contract certified) • minimum holding period (e.g. account held for at least 10 years), • minimum amount of in-payments (minimum contribution threshold must be exceeded), • conditions for out-payments (e.g. savings must be used for periodic payments by an insurer or bank). Please note that this question relates to '**any other** features/ conditions/ restrictions': we have not taken into account any characteristics mentioned in another answer to a question in the questionnaire.
	If the answer to question (1.VII.3) is yes, is it necessary for there to be an insurance element in the product? (1.VII.4)	NA
	Is it possible to change the level of in-payments? (1.VII.11.a)	NA
	Is it possible to take a break? (1.VII.11.b)	NA
Yields taxes 1.VIII	If you answered 'exempt' to question (1.VIII.1): What are the conditions to qualify for exemption? (1.VIII.3)	For clustering purposes, we identified only one type of condition to qualify for exemption: to have only one contract (of the same type).
Decumulation phase 1.IX	Is there an age limit for the start of the decumulation phase? (If so state the age limit). (1.IX.1)	The age limit taken into consideration is that applicable in 2015. If the answer refers to the legal retirement age and this legal retirement age depends on the gender of the individual, we have considered the age applicable to males. If the answer refers to the legal retirement age and this legal retirement age depends on the date of birth of the individual, we have considered the lowest limit.
	Are individuals able to choose the age at which decumulation starts, or is it prescribed by tax or labour law? (1.IX.2)	NA
	What are the options for decumulation? (Possible options for decumulation include: lump sums, partial lump sums, annuities, annuities during a fixed period.) (1.IX.3)	Both questions should be considered together. If products do not include the same options, they cannot be in the same cluster.

	What conditions are attached to those options? (For each option, state whether it is mandatory or a default option and describe it.) (1.IX.4)	
	Is it possible to redeem funds before pension age (early out-payments) (1.IX.6)	NA
2. Social, labour and contract law requirements applicable to PPPs	Are there any social, labour and contract law requirements applicable to PPPs? (If so, describe them.)(2.1)	The answers to this question have been coded for clustering purposes. We have identified three main categories of social, labour and contract law requirements: • Formal requirements (e.g. business name of the fund) • Period of employment (employed for at least 3 months), • No earlier participation.
	Is being a national of the relevant Member State or having a physical address in the Member State a requirement to buy the product? (2.4)	NA
	Does the personal pension product cover disability allowance? (Comment to what extent and if it is mandatory) (2.5)	The answer has been taken into account only if the personal pension product covers disability allowances mandatorily.
3.Other legal requirements applicable to PPPs	Are there any other conditions to benefit from preferential tax treatment, not yet mentioned above? (If so, describe them). (3.1)	The answers to this question have been coded for clustering purposes. We have identified two main categories of other conditions to benefit from preferential tax treatment: • Minimum holding period (e.g. minimum holding period of 10 years), • Capital guarantee.
	What are the specific contract and insurance law requirements applicable to PPPs?(3.2)	The answers to this question have been coded for clustering purposes. We have identified only one main category of specific contract and insurance law requirements applicable to PPPs: • Social security contribution paid. Please note that only **specific** contract and insurance law requirements have been taken into account when analysing the answers.
4.Requirements applicable to the providers of PPPs	Where are they registered and who is the national supervisory authority in charge of their oversight? (4.2)	This question was selected by the DG FISMA in order to determine whether some products were covered by the same European supervisory regime. However, given the questionnaire's wording and the answers obtained, it is not possible to use these answers to that end. Thus, the answers to this question were not considered for clustering purposes.
	Are providers from other Member States/EEA allowed to sell the PPP? (4.3)	If the answer is no, the PPP will not be included in a cluster.
	If you answered yes to question 4.3 : What are the requirements for foreign providers from Member States/EEA to sell the PPP? (4.4)	The answers to this question have been taken into account if additional requirements apply to foreign providers. In that case, answers have been coded and we have identified two main categories of additional requirements applicable to foreign

		providers: • To have a permanent establishment, • Specific information to be disclosed to the foreign supervisory authority.

Information sources and interpretation of the results

The analysis is based upon the information received, and the limitations of the data obtained must be borne in mind when interpreting the study findings. Had more data been available to us, further analysis would have been performed and reported. No attempts were made to verify information apart from cross-checking when relevant.

The study only compiles and analyses information without making any recommendations.

As indicated in the section entitled "Personal pension products in the scope of the study", DG FISMA provided a very specific definition of the PPP to be studied. The study findings apply to this definition of a PPP. It was noted that PPP terminology differs between databases. The comparability of the study findings may be affected as a result.

Even though the study is intended to identify the products with the highest market penetration, there are no official statistics for certain PPPs, which means that they cannot be analysed. While the data gathered provides a balanced view of EU PPP markets, it cannot be ruled out that some successful PPPs may not have been identified.

The analysis of the features was mostly qualitative. Therefore the link between a PPP feature and its success should be considered with caution.

The study attempts to estimate the market potential of a PEPP taking various success scenarios into consideration. This estimation exercise is a theoretical one and should be viewed as indicative only, as is the case for all prospective analysis.

Finally, when estimating the market potential of a PEPP, the study relies on observed trends and average behaviour. Therefore the study findings are more robust at EU level than at Member State level.

Information sources

This study resulted in the compilation of a unique database on PPPs. On the basis of existing databases on personal pension plans (EIOPA, OECD), data collected from the financial authorities of the Member States interviewed (see Appendix 4 - Contacted Financial Authorities), and desk research using national office statistics, insurance/investment association websites and reports, a data set related to the following PPP market information was collected for the period from 2010 to 2014, where possible.

The sources of information below were used to gather data on PPP products:

- Our network of tax and pension experts; while we relied on the EY network to gather data on the tax regime for each PPP, local pension experts also gathered information on PPP features;

- Databases on PPPs, as described below, were collated from the EIOPA PPP database, the OECD database, the Eurostat database and other databases in order to gather as much data as possible;
- Desk research was performed, and reports, websites and commercial brochures were also consulted to complete the information on PPPs;
- Financial authorities were also consulted to identify data sources and obtain feedback on the state of the pension market (see Appendix 4 - Contacted Financial Authorities).

The information collected concerns 36 PPPs covering 24 Member States. Table 5: Data quality assessment below presents the information collected per Member State in more detail. Comments on data quality are provided in the last column of the table.

Table 5: Data quality assessment

NB. AuM means "Assets under Management" – HHI means "Herfindahl-Hirschman Index"

Member state	PPP coded name	AuM	Number of Holders	In-payments	Out-payments	HHI*	Provider share	Comments
Austria	Austria_PZV							Data collected for 2010-2014 – received information relating to product in-payments from financial authorities on 7 Dec. - will be integrated into the database in the next stage
Belgium	Belgium_PP Belgium_LP							For both products, data related to AuM, market share of provider, in-payments were collected for 2010-2014 Data on number of holders were collected for 2010-2013
Bulgaria	Bulgaria_PVPF							Data collected related to 2010-2015
	Bulgaria_UVPF							No data available
Croatia	Croatia_OPF							There are two types of Open voluntary pension funds: Opened and Closed. No data available for the Closed type.
Cyprus	Cyprus_IIP							According to Financial Authority interviews, there are no data matching the definition of a PPP given in the tender
Czech republic	Czech Republic_SSP							Data related to providers' market share and AuM was collected for 2010-2015 Data on number of holders were collected for 2013 to 2015 Data on out-payments were collected for 2010-2014
Denmark	Denmark_Alder							No data available for this PPP
	Denmark_RP & Denmark_Aldersop							Data on AuM collected for 2014 Number of holders and in-payments collected for 2010-2014 Data on AuM collected for 2014 Number of holders and in-payments collected for 2013-2014 and 2013 - 2015 respectively
Estonia	Estonia_VSF							Data on AuM and number of holders were collected for 2012-2015 Data on in-payments and out-payments were approximated using historical data
Finland	Finland_IP							Data were collected for the period 2010-2014
France	France_PERP France_Madelin TNS France_Madelin Agr							Data were collected for 2010 to 2014 except for HHI and providers' market share where information is only available for 2014 for PERP
Germany	Germany_PP							No data available
	Germany_Riester							Data collected related to 2010-2015
	Germany_Rürup							Only information on number of holders is available
Greece	Greece_PRSP							No data available
Hungary	Hungary_PRS							Issue concerning isolation of the share of this product relative to the country's overall market (available in OECD database)
Ireland	Ireland_RAC							No data available
	Ireland_PRSA							Data collected related to 2010-2015
Italy	Italy_OPF Italy_PIP							Data on AuM and in-payments were obtained for 2010 to 2015 Data on number of holders related to 2012-2015
Latvia	Latvia_PPF							Data collected related to 2010-2015
Lithuania	Lithuania_VF							Data on AuM, HHI and number of holders related to 2010-2015

Member state	PPP coded name	AuM	Number of Holders	In-payments	Out-payments	HHI*	Provider share	Comments
								Data on number of holders were collected for 2010-2013
Luxembourg	Luxembourg_IPS							No data available
Malta	Malta_PPPa							No data available for this PPP since it was set up in 2015
	Malta_PPPna							Data on AuM, out-payments and in-payments were collected for 2011-2015 Data on number of holders were collected for 2013-2015
Netherlands	Netherlands_RBSA							Data collected related to 2010-2012
	Netherlands_RAInsA							No data available
	Natherlands_RAInsD							No data available
Poland	Poland_PPE Poland_IKE Poland_IKZE							Data were collected for 2010-2015
Portugal	Portugal_PPR							Data on AuM were collected for 2010 to 2015 Data on number of holders were collected for 2012 to 2015
	Portugal_LifeInsH							No data available
	Portugal_LifeInsHR Portugal _PF							No data available
Romania	Romania_SSP							Data collected related to 2010 to 2015
Slovakia	Slovak Republic_PPF							Data collected on AuM related to 2010 to 2015 Data on number of holders were collected for 2010 to 2013
Slovenia	Slovenia_VSP							Data on AuM and providers' share were collected for 2012 to 2015 Data on number of holders were collected for 2010 to 2015
Spain	Spain_MP Spain_PPA Spain_IPP							All data collected related to 2010 to 2015
Sweden	Sweden_IPS							Data on AuM was collected for 2010 to 2014 and corresponds to overall Swedish personal pension market
United Kingdom	United Kingdom_Stakeh							Data collected related to 2012-2015
	United kingdom_SIPP							No data available

Color	Data quality
	High
	Medium
	None

As mentioned in the section "Personal pension products in the scope of the study**"**, **the data collected in this study has more depth and breadth than that of the EIOPA database.** A set of 29 products are common to this study and the EIOPA database. In addition, information was collected on a further eight PPPs, completing the existing information on 18 of the EIOPA PPPs.

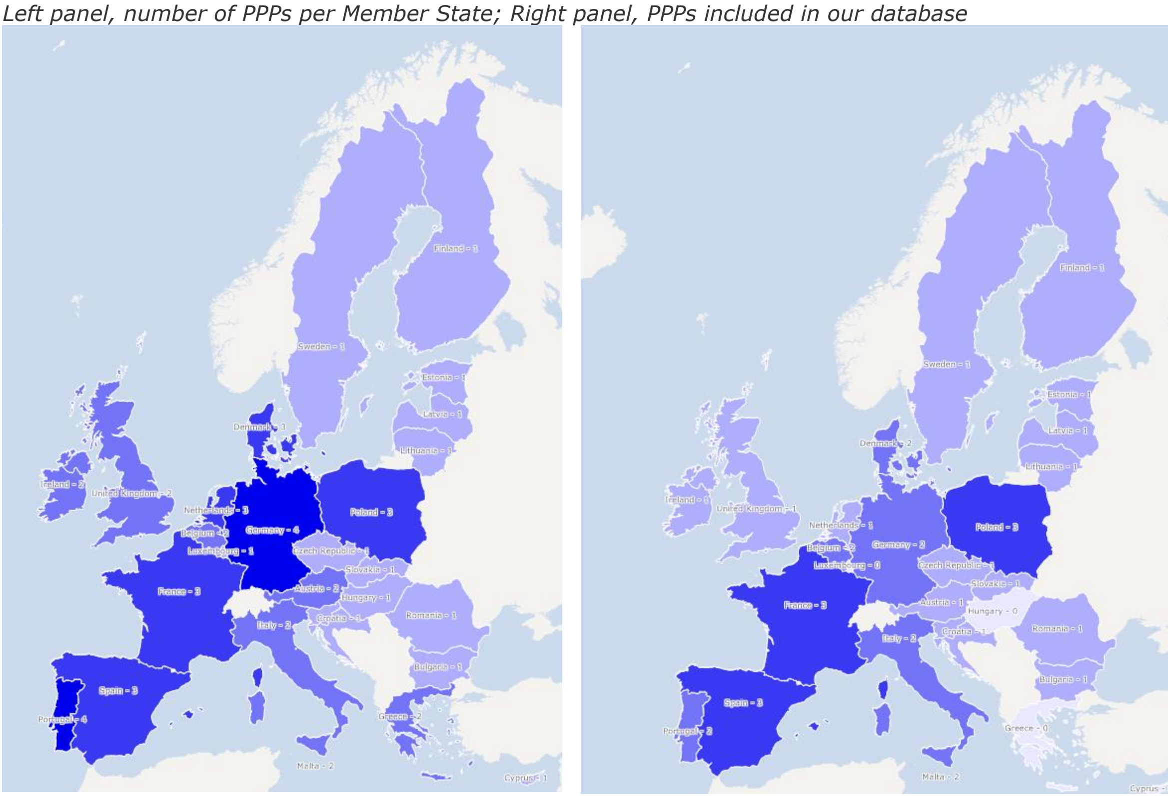
The information available on Assets under Management (hereafter "AuM") **represents a large proportion of total AuM across the EU PPP market.** The information collected covers 34 PPPs distributed across 24 Member States and amounts to EUR 0.6 trillion in 2014. Except for the UK market which includes about 5 million holders, the proportion of AuM relating to PPPs for which information was not identified should be relatively small.

For variables other than AuM, PPP holders and in-payments, little information was available. For instance, information on out-payments was not always available, as many PPPs are recent and out-payments are scarce for these products. Likewise, there are no official statistics on the Herfindahl-Hirschman Index (hereafter "HHI"), since not all financial authorities compile this information.

The market information collated can be seen as representative of the EU. According to Figure 2, except for southern Europe where no data was collected, market data was collected on most markets where a PPP is present. The information collected is representative of both large and small EU Member States. It captures the diversity of the EU markets and economics very well.

Figure 2: Number of PPPs per Member State

Left panel, number of PPPs per Member State; Right panel, PPPs included in our database



There is a relatively low risk of missing the PPPs with the highest market penetration, using the data collected. For the UK, Netherlands and Germany the information collected is incomplete. As these Member States represent major markets, it is possible that they may offer successful PPPs for which no information is available.

- In Germany, the information was collected from the Riester-Rente plan only and does not include the value of the Rürup-Rente assets. However, according to *OECD Private Pensions Outlook 2008*, the Rürup-Rente plan has not been as popular as the Riester-Rente plan.
- In the Netherlands, the relatively small size of the Dutch third pillar pension is also discussed in *Working Paper Number WP202*[3]. Therefore, it can be expected that any missing information about all the PPPs available in the Netherlands should have a low impact on the identification of the products with the highest market penetration.
- For countries such as Cyprus, Greece and Luxembourg where data was not available, PPP asset sizes were expected to be small, considering their respective pension systems.

Interpretation of logarithmic scales

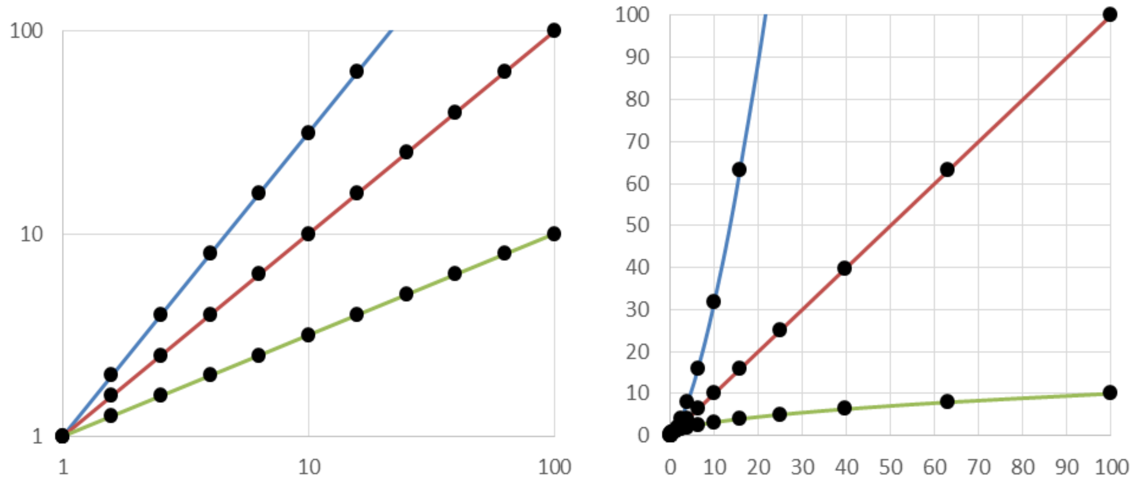
A logarithmic scale was used to analyse PPPs. This scale makes it possible to level discrepancies between Member States that arise because of their size differences.

While most of the relationships presented in this study appear linear, they should not be interpreted as such. What appears to be a positive, linear relationship between two

[3]See https://dev.ageing.ox.ac.uk/files/workingpaper_202.pdf

variables in a logarithmic scale does not reveal a proportional relationship but rather a power relationship.

Figure 3 – Comparison of three curves plotted with different scales
Left: logarithmic scale, Right: linear scale



Blue curve: $\log(y) = 1.5 \times \log(x)$
Red curve: $\log(y) = 1.0 \times \log(x)$
Grey curve: $\log(y) = 0.5 \times \log(x)$

While a logarithmic scale allows for better spacing between points (small differences are stretched, bigger differences are shrunk) and therefore makes for a better viewing perspective, it is important to differentiate the two scales when a trend line is added. The points situated above (respectively under) the curve in logarithmic scale remain above (respectively under) the curve in linear scale.

Interpretation of results

Qualification with regard to PPP features: Features that convey a certain idea of success are to be interpreted with caution. They are based on the comparison of the five products with the highest Market Penetration Index (hereafter 'MPI'), and they may be difficult to extrapolate to other PPPs. Furthermore, often PPP features hinge on the providers. In such cases, we considered that the features were available.

Estimation results should be viewed as indicative: The study estimates the market potential of a PEPP in various success scenarios. This estimation exercise is a theoretical one and should only be viewed as indicative, as is the case for all prospective analyses. While a number of events which could potentially affect the success of a PPP have been considered, events that were unforeseen at the time of this study could alter the estimation.

The estimation findings are more robust at EU level: When estimating the market potential of a PEPP, we relied on observed trends and average behaviour. Therefore the study findings are more robust at EU level than at Member State level.

Purpose of the study

The present study contains:

- **A tax mapping, presentation and analysis of the taxation regimes, and clustering according to the product's key features (1 and 4)**
- **A PPP market overview (2) including a presentation of the products with the highest market penetration and their key features (3)**
- **A technical feasibility assessment (6)**, including an analysis of the practical implementation aspects and an assessment of the market potential for a PEPP in the EU

Tax mapping, presentation and analysis of the taxation regimes, clustering according to the products' key features (1)

Tax mapping: tax categorization trees and Tax ID Card for each personal pension product

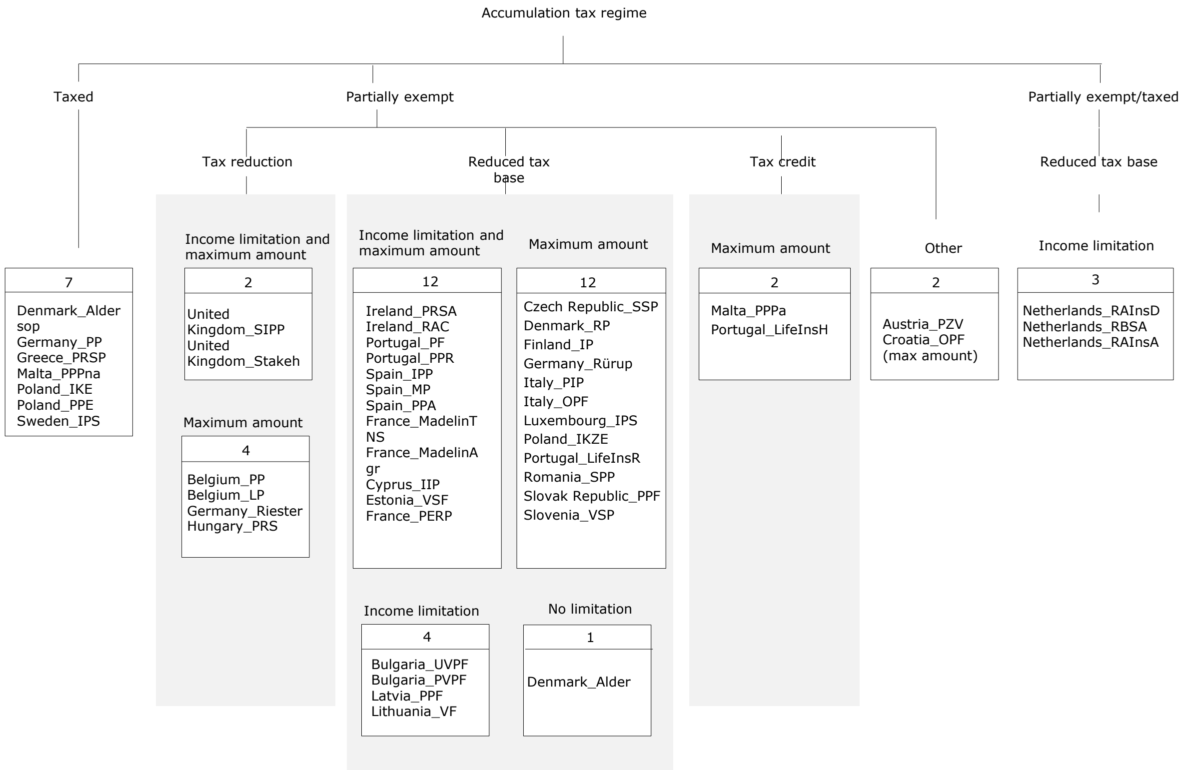
Tax categorization trees

The description of PPP is mainly based on the following classification trees:

- Tax treatment of in-payments;
- Tax treatment of yield during the accumulation phase;
- Options and tax treatment of the decumulation phase at the time of retirement;
- The possibility of early out-payments and their tax treatment;
- Domestic and cross-border switching.

Tax treatment of in-payments

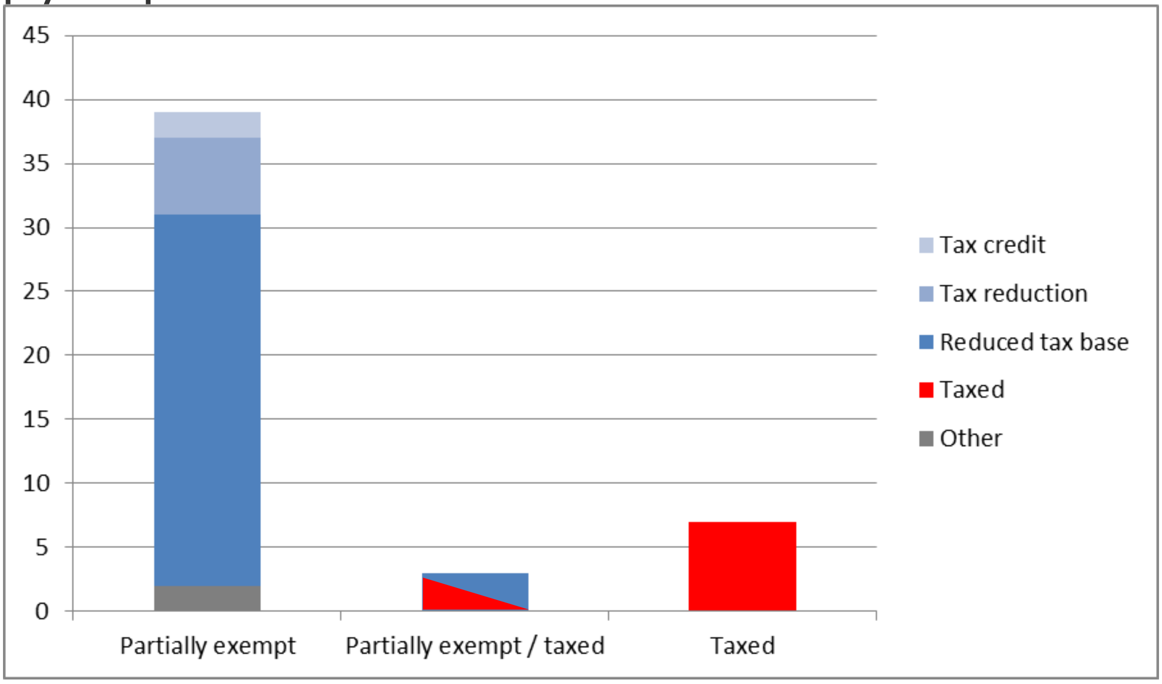
Figure 4: Categorisation of PPPs in light of the tax regime for in-payment



The tree (**Figure 4**) is divided into three sub-categories:

- Taxed, corresponding to the absence of tax incentive applicable on the in-payments;
- Partially exempt;
- Partially exempt/taxed depending on the level of the pension saver's income.

Figure 5: Categorisation of PPP on the basis of the tax regime of the in-payment phase



Seven products are classified in the 'Taxed' category and represent six Member States. Basically, contributions made into these seven types of products will trigger no tax incentive, either for the pension saver (or the employer if applicable). Contributions are made on net income.

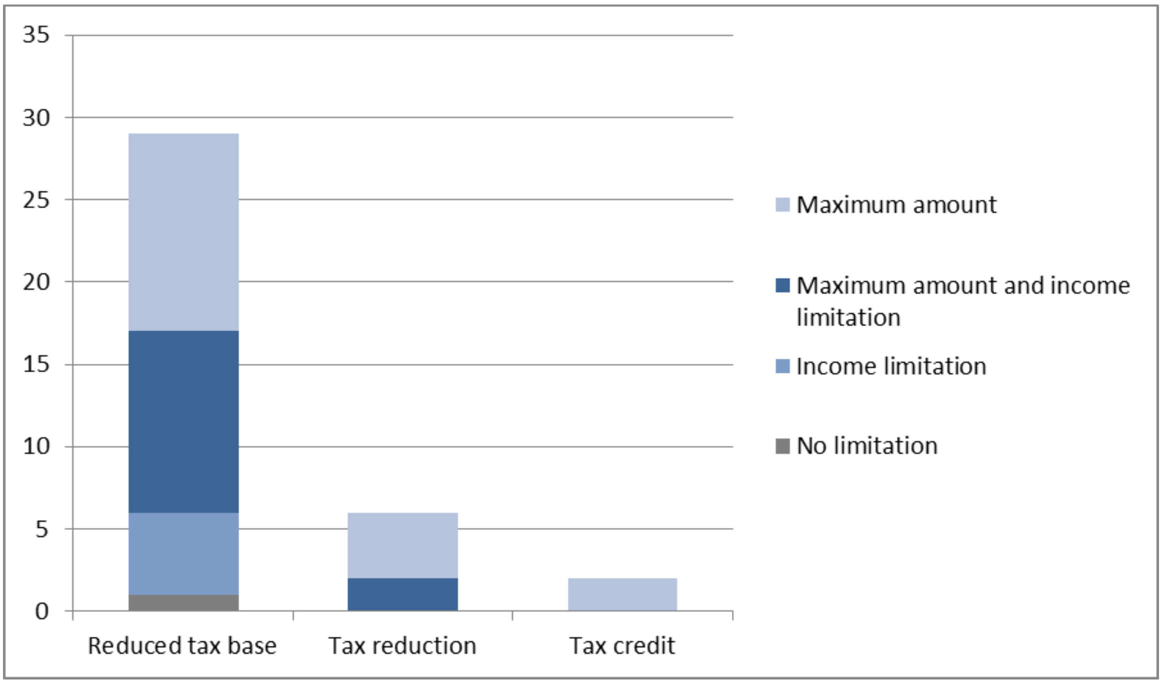
Thirty nine products are classified as 'Partially exempt' and represent twenty four Member States.

Tax incentives may take the form of a tax reduction, reduced tax base, tax credit or other (e.g. financial incentives). Please refer to **figure 6** for a breakdown of partially-exempt PPPs based on a review of tax incentive type.

The main form of tax incentive available is a **tax base reduction** (29 PPPs in 19 Member States). This tax incentive **corresponds to a reduction of the taxable base** subject to personal income tax. Thus, it may only apply to a pension saver with a taxable income calculated in accordance with the rules of the relevant Member State.
This reduction is generally limited in different ways:

- Deduction of a limited amount of in-payments;
- Deduction limited to a percentage of income;
- Deduction of a limited amount of in-payments, limited to a percentage of income;
- No limitation on either the amount of in-payments or on income.

Figure 6: Proportion of each tax incentive limitation in the 'Partially exempt' category



Furthermore, local tax regulations may provide for additional general limitations (e.g., overall amount of tax deductions). Such a situation would have been described in the questionnaire.

The second form of tax incentive available is a **tax reduction** (6 PPPs in four Member States), **i.e., a decrease of the amount of income tax due**. This type of tax incentive only applies after all potential reductions of the taxable base. Thus, it may only apply to a pension saver with a taxable income subject to income tax after offsetting of each tax reduction incentive.

The third form of tax incentive available is a **tax credit** (2 PPPs in two Member States), **i.e., a tax amount deductible from the personal income tax due**. Such tax credits can be carried forward. Thus, individuals who are not subject to income tax during a given year may benefit from this tax incentive in subsequent fiscal years.

The regime governing some products does not allow the pension saver's in-payments to benefit from tax incentives but other types of incentives may apply: financial contributions paid either by the State or the employer. In such a case the product is categorized as being partially exempt if the incentive benefits from a tax exemption regime. In such situations, the incentive will be classified in 'Other'.

The table below shows all the products which benefit from State subsidies and allow for employer subsidies.

Table 6: State and employer subsidies

Country	Coded name	State subsidy	Employer subsidy	Country	Coded name	State subsidy	Employer subsidy
Austria	Austria_PZV	yes	no	Latvia	Latvia_PPF	no	yes
Belgium	Belgium_LP	no	no	Lithuania	Lithuania_VF	no	yes
	Belgium_PP	no	no	Luxembourg	Luxembourg_IPS	no	no
Bulgaria	Bulgaria_UVPF	no	yes	Malta	Malta_PPPa	no	no
	Bulgaria_PVPF	no	yes		Malta_PPPna	no	no
Croatia	Croatia_OPF	yes	yes	Netherlands	Netherlands_RBSA	no	no
Cyprus	Cyprus_IIP	no	yes		Netherlands_RAInsA	no	no
Czech Republic	Czech Republic_SSP	yes	yes		Netherlands_RAInsD	no	no
Denmark	Denmark_Alder	no	yes	Poland	Poland_IKE	no	no
	Denmark_RP	no	yes		Poland_PPE	no	yes
	Denmark_Aldersop	no	yes		Poland_IKZE	no	no
Estonia	Estonia_VSF	no	yes	Portugal	Portugal_LifeInsR	no	yes
Finland	Finland_IP	no	yes		Portugal_LifeInsH	no	yes
France	France_PERP	no	no		Portugal_PF	no	yes
	France_MadelinTNS	no	no		Portugal_PPR	no	yes
	France_MadelinAgr	no	no	Romania	Romania_SPP	no	yes
Germany	Germany_Riester	yes	no	Slovakia	Slovak Republic_PPF	no	yes
	Germany_Rürup	no	yes	Slovenia	Slovenia_VSP	no	yes
	Germany_PP	no	yes	Spain	Spain_IPP	no	yes
Greece	Greece_PRSP	no	yes		Spain_MP	no	yes
Hungary	Hungary_PRS	no	yes		Spain_PPA	no	yes
Ireland	Ireland_RAC	no	no	Sweden	Sweden-IPS	no	no
	Ireland_PRSA	no	no	United Kingdom	United Kingdom_SIPP	no	yes
Italy	Italy_PIP	no	yes		United Kingdom_Stakeh	no	yes
	Italy_OPF	no	yes				

If a product benefits from a specific tax exemption and a financial incentive, it is classified in the category 'Partially exempt' with tax reduction, reduced tax base or tax credit incentive, and not in the 'Other' category.

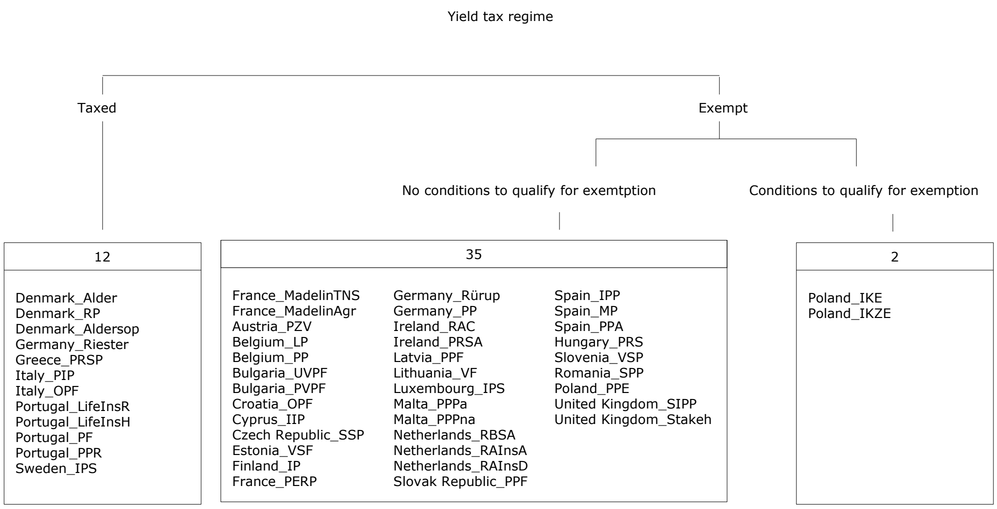
Three products from the same Member State are classified as 'Partially exempt/taxed'. These products benefit from a tax reduction if pension savers' income is below a specific ceiling. Otherwise, no incentive applies to in-payments. Thus, high incomes do not benefit from the tax incentive.

The products classified in 'tax reduction', 'reduced tax base' or 'tax credit', are classified into sub-categories:

- There is a maximum amount of in-payments that qualifies for tax incentive;
- The tax incentive is limited to:
    - People with an income below a certain amount ;
    - A percentage of income (e.g. the tax deductibility is limited to 30% of income / tax base).
- There is a maximum amount of in-payments that qualify for the tax incentive and an income limitation as described above;
- There is no limitation.

Tax treatment of the yield during the accumulation phase

Figure 7: Categorisation of PPPs with regard to the taxation applicable to the yield



The tree is divided into two sub-categories:

- Taxed
- Exempt

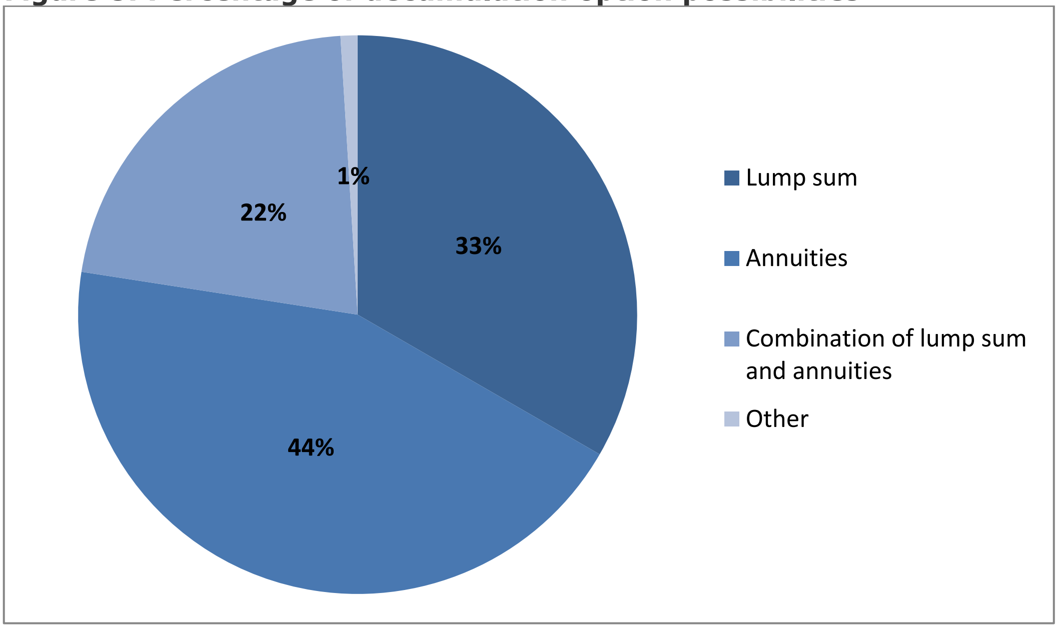
Twelve products in six Member States are classified in the 'Taxed' category. Thirty-seven products in twenty three Member States are classified in the 'exempt' category.

This sub-section is divided into two exemption categories:

- Exemption with no conditions (thirty-five products in twenty-three Member States);
- Exemption with conditions (two products from the same Member State).

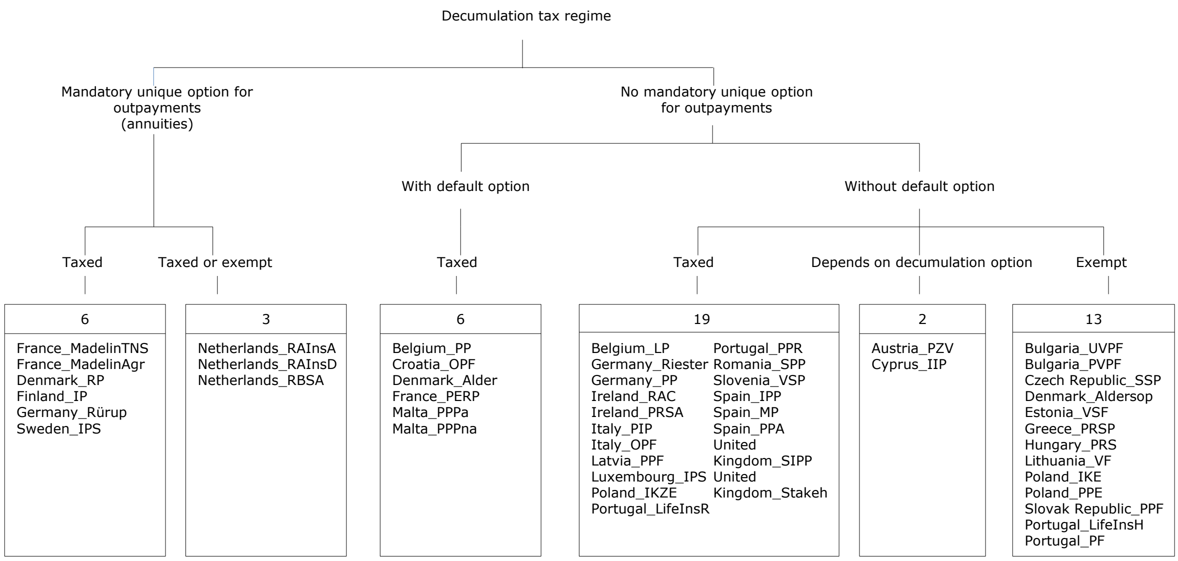
Options and tax treatment of the decumulation phase at the time of retirement

Figure 8: Percentage of decumulation option possibilities



The most widely-offered decumulation option is annuities. The option for pay-out by lump sum is also well represented.

Figure 9: Categorisation of PPPs with regard to the tax regime during the decumulation phase



The tree is divided into two sub-categories:

- Mandatory option, if there is only one applicable decumulation option;
- No mandatory option, if there are at least two possible decumulation options to choose from. This sub-category is divided into:
  - Default option, if there is an option which applies automatically when the pension saver does not choose another option;
  - No default option, if the pension saver has to choose out-payments.

Nine products in six Member States are classified in the 'Mandatory option' category. In this category six products are 'Taxed' i.e., the mandatory decumulation option is subject to taxation in any event.

Three products from the same Member State are classified 'Taxed or exempt'. These products benefit from an exemption if a pension saver's income is above a specific ceiling. Otherwise, no incentive applies to out-payments. Thus, high incomes benefit from the tax incentive.

Forty products in twenty-six Member States are classified in the 'No mandatory option' category.

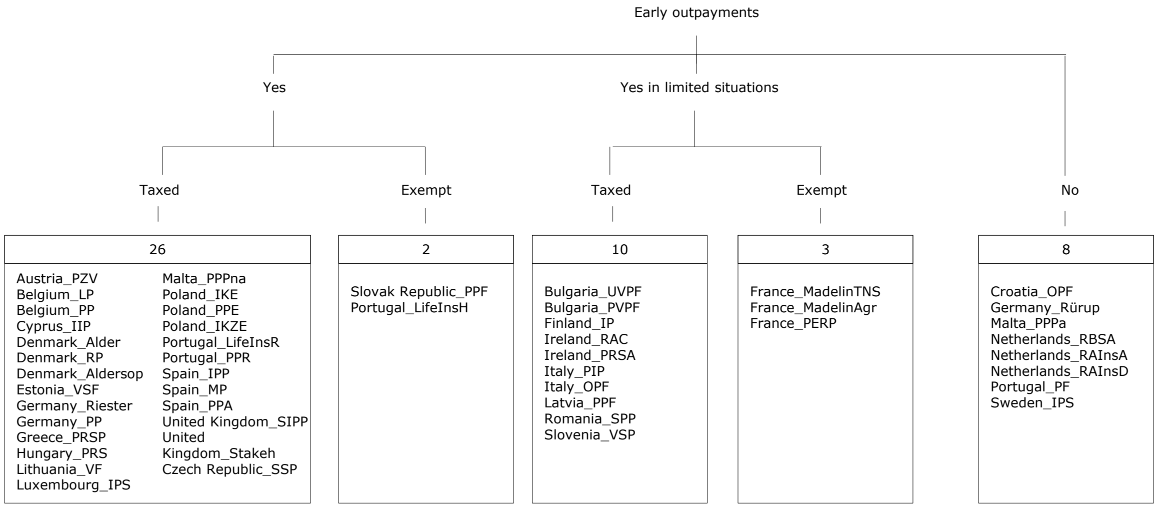
In this category, six products in five Member States are in the 'Default option' sub-category. For all these products, out-payments are taxed in any event.
The other thirty-four products, in twenty-three Member States, are classified in the 'No default option' sub-category.

The applicable regime for nineteen of these products provides for out-payment taxation at the time of decumulation.

Two of these products are included in the 'Depends on decumulation option' category, i.e., at least one of the options is totally exempt and another one is taxed. The applicable regime for thirteen of these products allows the pension saver to benefit from a tax exemption applying to out-payments once decumulation begins.

Early out-payments: option and tax treatment

Figure 10: Categorisation of PPPs with regard to the option to benefit from early out-payment, and corresponding tax regimes



This tree is divided into three sub-categories:

- Out-payments are allowed;
- Out-payments are allowed in limited situations;
- Out-payments are not allowed.

Twenty-eight products in seventeen Member States are classified in the sub-category 'Out-payments are allowed'. Two of the regimes applicable to these products applicable allow the pension saver to benefit from an exemption in the event of early out-payments. Pension savers who use the twenty-six other products are subject to taxation in the event of early out-payments.

Thirteen products in eight Member States are classified in the sub-category 'Out-payments are allowed in limited situations'. Three of the regimes applicable to these products allow the pension saver to benefit from a tax exemption applying to early out-payments. Pension savers using the ten others are subject to taxation in the event of early out-payments.

Eight products in six Member States are classified in the sub-category 'Out-payments are not allowed'.

We have verified whether early out-payments would be detrimental from a tax standpoint. Please refer to the figure below.

Figure 11: Comparison of the early out-payment situations and decumulation tax regimes

Member State	Product code	Early-out-payments with no limitation	Tax treatment of early-out-payments	Tax treatment of decumulation	Early-out-payments less favourable than decumulation
Austria	**Austria_PZV**	YES	T	T	DETRIMENTAL
Belgium	**Belgium_LP**	YES	T	T	DETRIMENTAL
	Belgium_PP	YES	T	T	DETRIMENTAL
Cyprus	**Cyprus_IIP**	YES	T	T	DETRIMENTAL
Czech Republic	**Czech Repuplic_SSP**	YES	E	E	UNCHANGED
Denmark	**Denmark_Alder**	YES	T	T	DETRIMENTAL
	Denmark_RP	YES	T	T	DETRIMENTAL
	Denmark_Aldersqp	YES	T	E	DETRIMENTAL
Estonia	**Estonia_VSF**	YES	T	E	DETRIMENTAL
Germany	**Germany_Riester**	YES	T	T	DETRIMENTAL
	Germany_PP	YES	T	T	DETRIMENTAL
Greece	**Greece_PRSP**	YES	T	E	DETRIMENTAL
Hungary	**Hungary_PRS**	YES	T	E	DETRIMENTAL
Lithuania	**Lithuania_VF**	YES	T	E	DETRIMENTAL
Luxembourg	**Luxembourg_IPS**	YES	T	T	DETRIMENTAL
Malta	**Malta_PPPna**	YES	T	T	UNCHANGED
Poland	**Poland_IKE**	YES	T	E	DETRIMENTAL
	Poland_PPE	YES	T	E	DETRIMENTAL
	Poland_IKZE	YES	T	T	DETRIMENTAL
Portugal	**Portugal_LifeInsR**	YES	T	T	DETRIMENTAL
	Portugal_LifeInsH	YES	T	T	DETRIMENTAL
	Portugal_PPR	YES	T	T	DETRIMENTAL
Slovakia	**Slovak Republic_PPF**	YES	E	E	UNCHANGED
Spain	**Spain_IPP**	YES	T	T	UNCHANGED
	Spain_MP	YES	T	T	UNCHANGED
	Spain_PPA	YES	T	T	UNCHANGED
United Kingdom	**United Kingdom_SIPP**	YES	T	T	DETRIMENTAL
	United Kingdom_Stakeh	YES	T	T	DETRIMENTAL

The table above lists the twenty-eight products (out of forty-nine in the scope of the study) in seventeen Member States for which an early out-payment is always possible. Products offering the possibility of early out-payments with limitations are not included in this analysis.

For twenty-two of the products analysed, an early out-payment triggers an applicable tax regime that is less favourable than an out-payment at retirement age or similar.

When products are coded 'Unchanged', this means that the tax regime in the event of early out-payments is the same as that applicable without early exit.

Domestic and cross-border switching

Figure 12: Categorisation of PPPs in light of the possibility of domestic switching

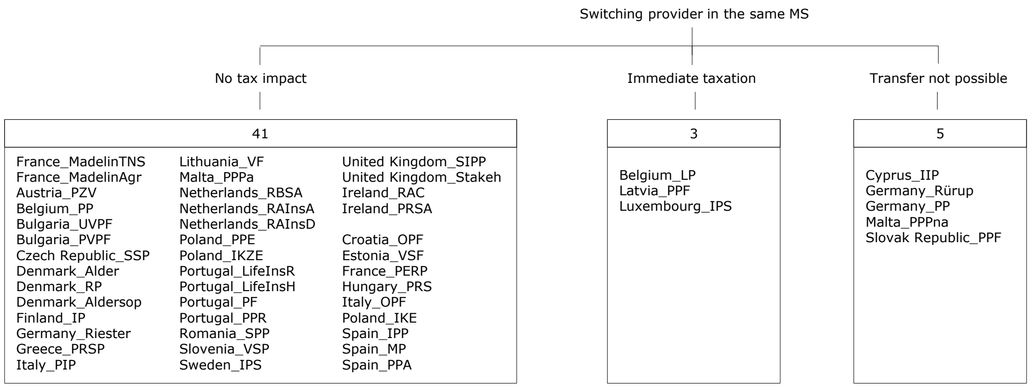
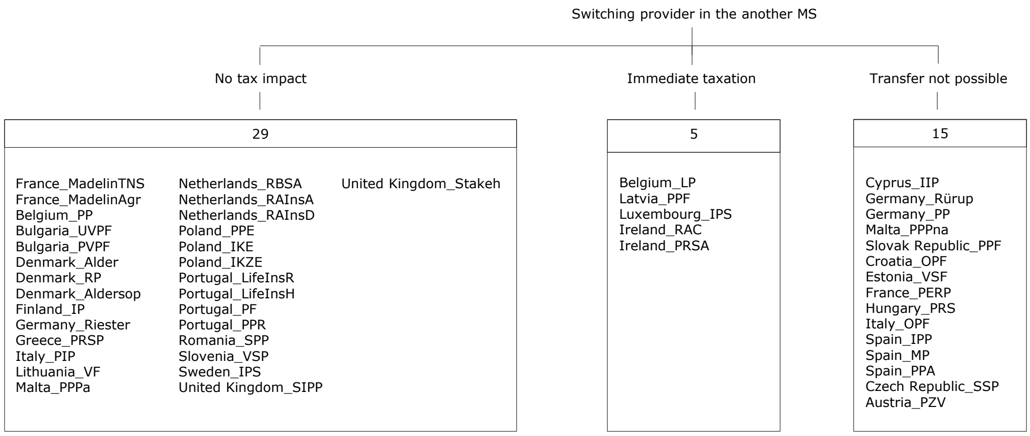


Figure 13: Categorisation of PPPs in light of the possibility of cross-border switching



The two trees above present the pension saver's option to transfer the capital accumulated in a given PPP from the initial provider to a new one, whether within the same Member State or not.

Three sub-categories are defined, depending on the tax consequences of such transfers:

- Switching is possible and does not trigger any tax impact, i.e., no immediate taxation occurs at the time of the switch. However, fees may apply.
- Switching is possible (even in limited cases, e.g. to similar PPPs) and triggers immediate taxation;
- No switching is possible if there is no option to switch investments to another provider or if the EY network stated that in practice there is no option to switch.

Domestic switching is possible without tax impact for forty-one products in twenty four Member States; cross-border switching is also allowed without tax impact for twenty-nine products in fifteen Member States. Two of the forty-one trigger immediate taxation in the event of a switch to a non-domestic provider. For eight of the forty-one products in four Member States, cross-border switching is not possible.

Three products in three Member States are subject to immediate taxation in the event the saver switches providers within a Member State or to another Member State.
The regime applicable to five products in four Member States does not allow for any type of switching (domestic or cross-border).

If switching is possible but triggers immediate taxation and potential additional fees, the operation could be deemed, in some Member States, to be a redemption followed by an investment in a new product.

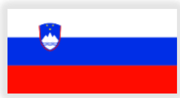
Tax ID Card for personal pension products

For the purpose of the study, a Tax ID Card was formalized for each personal pension product. Indeed, as the amount of information gathered is very large, we have established a summary overview of the various analyses carried out. This section aims to describe the Tax ID card framework.

How to read a Tax ID Card

Summary cards have been created based on the questionnaires (appendix 5), following the model below.

Figure 14: PPP ID Card grid



1

Country: Slovenia

Product: Voluntary supplementary pension insurance scheme

2

Local name: Prostovoljno dodatno pokojninsko zavarovanje

Overall tax regime: EET

Upcoming Changes: None foreseen

3

Complimentary in-payments from employer: Yes

4

Comments: Foreign providers are allowed to sell the product

In-payments

Tax treatment: *Partially Exempt (reduced tax base)*

The annual tax base of a resident may be reduced by the amount of premiums for voluntary supplementary pension insurance paid by the person himself up to a maximum amount equal to 24%of mandatory contributions for pension and disability insurance for the insured, or 5.844% of the pension of the insured and not more than 2.819,09 euros annually. This maximum also includes premiums paid by the employee to individual pension schemes, with the employer having first priority to the scope of tax relief.

5

In payments made by legal entities qualify as income. However, the payments are exempt from taxation.

Maximum amount that qualifies for tax relief: *Yes, EUR 2.819,09 per year.*

6

Yields

Tax treatment: *Exempt*

Conditions to qualify for exemption: NO.

7

Decumulation

Decumulation options: *Lump-sum, annuities*

No mandatory or default option

Tax treatment: *Taxed*

Lump sum is taxed at progressive tax rate ranging from 16% to 50%

Annuities are taxed at progressive tax rate ranging from 16%to 50% However, only 50 %of income is included in tax base.

Early out-payments: *Yes, in limited situations (lump-sum)*

Tax treatment: *Taxed (same taxation)*

8

The following information is included:

1. Identification of the PPP: Country name, product name in English and in the local language

2. Overall tax regime and upcoming changes: the overall tax regime is given based on the following rules:
   - EET system: A form of taxation of pension plans, whereby contributions are Exempt or Partially Exempt from personal income taxation. Investment income and pension-fund capital gains are also Exempt or Partially Exempt and benefits are Taxed.
   - ETE system: A form of taxation whereby contributions are Exempt or Partially Exempt from personal income taxation, investment income and pension-fund capital gains are Taxed and benefits are Exempt or Partially Exempt.
   - All further combinations (TEE, TET, EEE, TTT, etc.) follow the same logic mutatis mutandis.

   Upcoming changes regarding the tax incentive legislation are also given here.

3. Different types of information may be given depending on the relevant characteristics of the product:
   - If the PPP is offered only to a limited target population (person that could not benefit from a Pillar 1 Scheme or is part of a limited population, e.g. self-employed)
   - If in-payments to the PPP may be supplemented by the employer

4. Comments: Whether or not non-domestic providers from the EU/EEA are allowed to offer this product.

5. In-payments: This section focuses on the taxation regime for in-payments or contributions paid by the pension saver (and supplemented by the employer or the State if applicable). The following information is provided:
   - Tax treatment: Exempt, Partially Exempt or Taxed.
   - Tax incentive: If in-payments are exempt or partially exempt, the form of the tax incentive is given: Tax reduction/Reduced tax base/tax credit/other (e.g. financial incentives)
   - Maximum amount that qualifies for tax relief: If such conditions exist, the maximum amount is given in local currency and euros (approx. amount).

6. Yields: This section focuses on the taxation regime of the yield during the capitalisation phase, from a pension saver's perspective:
   - Tax treatment: E for Exempt or T for Taxed.
   - If any, specific conditions to qualify for the exemption

7. Decumulation: This section focuses on the taxation regime applicable to out-payments
   - Type of out-payments: Whether out-payments can be made in the form of annuities/a lump sum/a combination of annuities and lump sum.
   - Tax treatment: Taxed is shown if all the decumulation options offered / or the sole option are/is taxed. Exempt is shown if all the decumulation options offered / or the sole option are/is Exempt or Partially Exempt. Decumulation options are shown if at least one of the options offered is Taxed while the other(s) is/are Exempt or Partially Exempt.

- Early out-payments: it is stated whether the pension saver may redeem funds before the pension age and the tax treatment of those out-payments, whether Taxed or Exempt (for exempt or partially exempt).

8. Switching: This section focuses on the possibility for a pension saver to switch investments to another PPP provider during the accumulation phase, and describes both Domestic and Cross-border switching:
    - Impossible: when there is no legal option for any type of switching or if the EY network has told us that such switching is impossible in practice, mainly for legal reasons.
    - No tax impact: when switching is possible from a legal standpoint and will not trigger any taxation upon the switch.
    - Immediate taxation: when switching is possible from a legal standpoint and will trigger immediate taxation upon switching.

Austria – State-sponsored retirement provision

Country: Austria

Product: State-sponsored retirement provision

Local name: Prämienbegünstigte Zukunftsvorsorge (PZV)

Overall tax regime: EEE (or EET)

Upcoming changes: None planned

Comments: Foreign providers are allowed to sell the product.

In-payments

Tax treatment: *Partially exempt (other)*

Financial incentives: Top-up by the government with a certain percentage relating to stock market development, up to a rising threshold (1.53% of the social security contribution ceiling multiplied by 36);
These state contributions are tax exempt.

Yields

Tax treatment: *Exempt*

Yields are exempt for the individual as long as no distribution takes place
Conditions to qualify for exemption: No

Decumulation

Decumulation options: *Lump-sum and annuity*
No mandatory or default option

Tax treatment: *Depends on the decumulation option*

Lump sum: individual has to pay back 50% of the state subsidies and a 25% tax on capital gain
Annuities: tax-exempted (if paid out as a monthly annuity after retirement age)

Early out-payments: *Yes*

Tax treatment: *Taxed*

Tax advantages are lost in the event of withdrawal before retirement.

Switching

Domestic: *No tax impact*

Withdrawals are tax-exempt if the entitlements are transferred to an occupational or personal pension plan.

Cross-border: *No information/not possible*

General features

Assets under management: *€8098m*

Main distribution path: *Information not available*

Accumulation phase

Timeframe for the accumulation of funds

Age limit for start of decumulation:	*No*
Possibility of choosing age at decumulation:	*Yes*

In-payments

Possibility of changing level of in-payments:	*Yes*

Investment options

Limitations on investment options:	*Different for different providers. Three main options are observed: 15% shares, 30% shares and 45% shares for policyholder <50 and 5% shares, 10% shares and 15% shares for policyholder >50*
Default option:	*No*

Mitigation of investment risk

Strategy choice:	*Asset allocation: There is a minimum of 40% fixed for shares. The shares must be traded on a stock exchange in the EEA and market capitalization may not exceed 30% of gross domestic product (hereafter "GDP"). This means that only shares on the exchange in Austria, Slovenia, Slovakia, Czech Republic, Hungary, Poland, Lithuania and Latvia are possible.* *There has been a change in ratio for new business starting as from 1-1-2010 change* *For new businesses starting as from 1-8-2013: For policyholders under 50 years, the proportion of shares is fixed between15% and 60%. 60% of the shares must be traded on a stock exchange in the EEA and market capitalization may not exceed30% of GDP. This means that only shares on the exchange in Austria, Slovenia, Slovakia, Czech Republic, Hungary, Poland and Lithuania and Latvia are possible.* *For policyholders over the age of 50 years, the proportion of shares is fixed between 5% and 50%. 60% of the shares must be traded on a stock exchange in the EEA and market capitalization may not exceed 30% of GDP. This means that only shares on the exchange in Austria, Slovenia, Slovakia, Czech Republic, Hungary, Poland and Lithuania and Latvia are possible.* *Market example: Policyholders can choose the percentage of shares fixed by insurers. Defensive and balanced investment strategies can be observed.*
Guarantee on minimum return:	*No*

Advice

Mandatory advice from distributors:	*Yes*

Belgium

Pension savings plan

Country:	Belgium
Product:	Pension savings plan
Local name:	Pensioensparen
Overall tax regime:	EET
Upcoming changes:	None planned
Comments:	Foreign providers are allowed to sell the product.

In-payments

Tax treatment:	*Partially Exempt (tax reduction)*
Maximum amount that qualifies for tax relief:	*Contributions to a pension savings account are eligible for tax relief of 30% of the amount contributed.* *There is a maximum annual limit of EUR 940 (for 2016) on individual contributions paid into a pension saving account.* *Extra contributions are not possible.*

Yields

Tax treatment:	*Exempt* *Condition to qualify for exemption: No*

Decumulation

Decumulation options:	*Lump sum or annuity* *Default option: lump sum*
Tax treatment:	*Taxed* *Plans are subject to an anticipated tax of 8% on the accumulated amount.* *If a plan was opened before the policyholder was 55, the tax is levied on the theoretical surrender value of the policy at the age of 60.* *If a plan is opened when the policyholder was 55 or older: the tax is due on the capital accumulated when the contract reaches 10 years.*
Early out-payments:	*Yes*
Tax treatment:	*Taxed* *Taxed at 33%*

Switching

Domestic:	*No tax impact* *Capital may be transferred in full to a similar pension plan product without incurring taxation*
Cross-border:	*No tax impact* *Same as switching within a Member State*

General features

Assets under management	*€27,726m*

Main distribution path:	*Banks*

Accumulation phase

	Timeframe for the accumulation of funds
Age limit for start of decumulation:	*In principle decumulation must start after the age of 60*
Possibility of choosing age at decumulation:	*Yes*
	In-payments
Possibility of changing level of in-payments:	*Yes. In-payments are not mandatory*

Investment options

Limitations on investment options:	*Depends on the provider*
Default option:	*Information not available*

Mitigation of investment risk

Strategy choice:	*There are two main types of product in Belgium:* *- Savings funds (mainly banks): affiliates can select a specific asset allocation: aggressive, defensive, balanced. Changes in investment strategy are allowed* *- Guaranteed-interest products (mainly insurers): affiliates cannot change the guarantee. The rate is discretionary and is fixed by the insurance company.*
Guarantee on minimum return:	*Yes (depends on the provider). Granted on built-up reserves, not on future premiums. Subject to the BNB regulation on maximum interest rate for life operations (2% in 2016)*

Advice

Mandatory advice from distributors:	*No*

Long-term savings plan

Country: Belgium

Product: Long-term savings plan
Local name: Langetermijnsparen

Overall tax regime: EET

Upcoming changes: None planned

Comments: Foreign providers allowed to sell the product

In-payments

Tax treatment:	*Partially Exempt (tax reduction)*
Maximum amount that qualifies for tax relief:	*Contributions to a pension savings account are eligible for tax relief of 30% of the amount contributed.* *There is a maximum annual limit of EUR 2,260 (for 2016) on individual contributions paid into a pension saving account.* *Additional contributions do not benefit from tax relief.* *In-payments are subject to an insurance premium tax at 2%*

Yields

Tax treatment:	*Exempt.* *Condition to qualify for exemption: No*

Decumulation

Decumulation options:	*Annuity or lump sum* *No mandatory or default option*
Tax treatment:	*Taxed* *Plans are subject to an anticipated tax of 10% on the accumulated amount.* *If a plan was opened before the policyholder was 55, the tax is levied on the theoretical surrender value of the policy at the age of 60.* *If a plan was opened when the policyholder was 55 or older, the tax on the capital accumulated is due when the contract reaches 10 years.*
Early out-payments:	*Yes*
Tax treatment	*Taxed* *Taxed at 33%*

Switching

Domestic:	*Immediate taxation* *Redemption fees may be charged*
Cross-border:	*Immediate taxation* *Redemption fees may be charged*

General features

Assets under management	*€15,721m*

Main distribution path: *Banks*

Accumulation phase

Timeframe for the accumulation of funds

Age limit for start of decumulation: *No*

Possibility of choosing age at decumulation: *Yes*

In-payments

Possibility of changing level of in-payments: *Yes, in-payments are not mandatory. No legal requirements.*

Investment options

Limitations on investment options: *Depending on the product*

Default option: *Information not available*

Mitigation of investment risk

Strategy choice: *Products are usually provided by insurance companies, therefore these are usually interest-guaranteed products. However they can be investment fund products as well (profile depending on the product)*

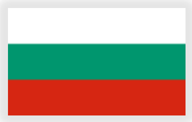
Guarantee on minimum return: *Yes (depends on the provider). Granted on built up reserves, not on future premiums. Subject to the BNB regulation on maximum interest rate for life operations (2% in 2016)*

Advice

Mandatory advice from distributors: *No*

Bulgaria

Professional voluntary pension plan



Country: Bulgaria

Product: Professional voluntary pension plan

Local name: Dobrovolen pensionen plan

Overall tax regime: EEE

Upcoming changes: None planned

Supplementary in-payments by employer: Yes

Comments: Foreign providers are allowed to sell the product

In-payments

Tax treatment: *Partially Exempt (reduced tax base)*

Maximum amount that qualifies for tax relief: *Employee contributions into UVPF (Universal Voluntary Pension Plans) and PVPP (Professional Voluntary Pension Plans) are tax deductible, up to 10% of the individual's tax base.*

- *The individual is taxed for excess contributions (flat income tax rate of 10%).*
- *Employer contributions are not included in the employee's taxable income, up to BGN 60 per month (excess contributions are taxed as benefits-in-kind).*
- *Social security contributions: Neither employee nor employer contributions are subject to obligatory social security contributions.*

Yields

Tax treatment: *Exempt*

Condition to qualify for exemption: No

Decumulation

Decumulation options: *Lump sum (or other periodic payments)*
No mandatory or default options

Tax treatment: *Exempt*

Early out-payments: *Yes, in limited situations*

Tax treatment: *Taxed*

Switching

Domestic: *No tax impact*

Cross-border: *No tax impact*

General features

Assets under management	*€218.81m*
Main distribution path:	*Insurance networks*

Accumulation phase

Timeframe for the accumulation of funds

Age limit for start of decumulation:	*60*
Possibility of choosing age at decumulation:	*Yes*

In-payments

Possibility of changing level of in-payments:	*No legal provision. The option could be governed by the terms and conditions of the contract.*

Investment options

Limitations on investment options:	*Left to the discretion of the voluntary pension fund, as long as it complies with the requirements set out in local law.*
Default option:	*Left to the discretion of the voluntary pension fund, as long as it complies with the requirements set out in local law.*

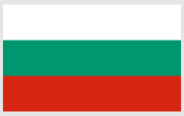
Mitigation of investment risk

Strategy choice:	*Defensive – most of the rules applicable to Pillar 2 pension funds are applicable. Investment requirements are set in local law.*
Guarantee on minimum return:	*No*

Advice

Mandatory advice from distributors:	*No*

Universal voluntary pension plan



Country: Bulgaria

Product: Universal voluntary pension plan

Local name: Yniversalen dobrovolen pensionen plan

Overall tax regime: EEE

Upcoming changes: None planned

Supplementary in-payments by employer: Yes

Comments: Foreign providers are allowed to sell the product

In-payments

Tax treatment: *Partially exempt (reduced tax base)*

Maximum amount that qualifies for tax relief: *Employee contributions into UVPF (Universal Voluntary Pension Plans) and PVPP (Professional Voluntary Pension Plans) are tax deductible, up to 10% of the individual's tax base.*

- *The individual is taxed for excess contributions (flat income tax rate of 10%).*
- *Employer contributions are not included in the employee's taxable income, up to BGN 60 per month (excess contributions are taxed as benefits-in-kind).*

Social security contributions: Neither employee nor employer contributions are subject to obligatory social security contributions.

Yields

Tax treatment: *Exempt*

Conditions to qualify for exemption: No

Decumulation

Decumulation options: *Lump sum, annuity*
No mandatory or default options

Tax treatment: *Exempt*

Early out-payments: *Yes, in limited situations*

Tax treatment: *Taxed*

Yes, in limited situations (acquisition or maintenance of the family home, unemployment exceeding a certain length, medical care, etc.)

Switching

Domestic: *No tax impact*

Cross-border: *No tax impact*

General features

Main distribution path:	*Insurance networks*

Accumulation phase

Timeframe for the accumulation of funds

Age limit for start of decumulation:	*Either the age limit applicable for the State-based pension, or up to 5 years before the applicable age.*
Possibility of choosing age at decumulation:	*Yes*

In-payments

Possibility of changing level of in-payments:	*Yes, however the terms and conditions of the contract may provide some specifications.*

Investment options

Limitations on investment options:	*Left to the discretion of the voluntary pension fund, as long as it complies with the requirements set out in local law.*
Default option:	*Left to the discretion of the voluntary pension fund, as long as it complies with the requirements set out in local law.*

Mitigation of investment risk

Strategy choice:	*Defensive – most of the rules applicable to Pillar 2 pension funds are applicable. Investment requirements are set out in local law.*
Guarantee on minimum return:	*No*

Advice

Mandatory advice from distributors:	*No*

Croatia – Open voluntary pension funds

Country: Croatia

Product: Open voluntary pension funds

Local name: Dobrovoljni mirovinski fondovi

Overall tax regime: EET

Upcoming changes: None planned

Supplementary in-payments by employer: Yes

Comments: Foreign providers are allowed to sell the product

In-payments

Tax treatment: *Partially Exempt (Other).*

Payments to voluntary pension funds made by the employee do not benefit from a tax exemption.
However, payments to voluntary pension funds made by the employer benefit from a tax exemption up to a specified limit (see above), i.e. contributions paid by the employer up to a specified limit are not included in the taxable income of the employee.
Payments to voluntary pension funds made by the employer that do not qualify for tax exemption (as described above) are considered taxable benefits-in-kind (for tax and social security purposes) and subject to the progressive tax brackets/rates in Croatia (12%, 25% and 40% plus city tax).
In addition, contributions paid by the State are not taxable.
Supplements are limited to a maximum annual amount of HRK 750/ EUR 100.

Maximum amount that qualifies for tax relief: *HRK 500/EUR 70 monthly (HRK 6,000/EUR 800 annually)*

Yields

Tax treatment: *Exempt*

Conditions to qualify for exemption: No

Decumulation

Decumulation options: *Lump-sum, annuity, combination of lump-sum and annuity*
Default option Annuity

Tax treatment: *Taxed*

The tax rate applied is 12%, plus the city tax rate. The city tax rate can differ based on the place where the individual resides (e.g. the highest city tax rate is 18% for Zagreb).

Early out-payments: *No*

Switching

Domestic: *No tax impact*
Fees may apply

Cross-border: *Transfer not possible*

General features

Assets under management *€398.80m*

Main distribution path: *Banks*

Accumulation phase

	Timeframe for the accumulation of funds
Age limit for start of decumulation:	*50*
Possibility of choosing age at decumulation:	*Yes. Assuming the individual is older than 50, decumulation may start any time after that age.*
	In-payments
Possibility of changing level of in-payments:	*Yes*

Investment options

Limitations on investment options:	*There are six open voluntary pension funds in total.* *Four funds provide a defensive investment strategy and two funds provide a balanced investment strategy.*
Default option:	*Investment options vary with the provider. Holders can choose to invest in funds with different investment strategies:* • *Defensive - >70% debt securities (mostly government); 0%-30% equity instruments depending on the fund; other investments usually related to UCITS funds, etc.* • *Balanced - 40%-50% equity instruments; remaining investments mostly related to debt securities, UCITS funds etc.*

Mitigation of investment risk

Strategy choice:	*Depending on the provider and the terms of the policy, holders can choose to invest in funds with different investment strategies.* *No aggressive strategy.*
Guarantee on minimum return:	*No*

Advice

Mandatory advice from distributors:	*Information not available*

Cyprus – Individual insurance pension plan

Country: Cyprus

Product: Individual insurance pension plan

Local name: Συνταξιοδοτικά Προγράμματα

Overall tax regime: EEE (or EET)

Upcoming changes: None planned

Supplementary in-payments by employer: Yes

Comments: Foreign providers are allowed to sell the product.

In-payments

Tax treatment: *Partially exempt (reduced tax base)*

Maximum amount that qualifies for tax relief: *Life insurance premiums are restricted to 7% of the insured amount. In addition, all contributions (medical fund, social security insurance, pension/provident funds, life insurance contributions) are restricted to 1/6 of taxable income.*

Yields

Tax treatment: *Exempt*

Conditions to qualify for exemption: No

Decumulation

Decumulation options: *Lump sum, annuity*
No mandatory or default

Tax treatment: *Depends on the decumulation option*

Lump sum: exempt
Annuity: taxed
The tax rate is changing, depending on the amount of the net annual taxable income earned per tax year (0 to 35%).

Early out-payments: *Yes*

Tax treatment: *Taxed*

In the event of cancellation of a life insurance policy within six years from the day of its issue, a percentage of the premiums is taxable as follows:

- *Cancellation within three years -30%*
- *Cancellation from four to six years -20%*

Switching

Domestic: *Transfer not possible*

Cross-border: *Transfer not possible*

General features

Main distribution path:	*Insurance networks*

Accumulation phase

Timeframe for the accumulation of funds

Age limit for start of decumulation:	*There are no special legislation and/or regulations and/or guidelines currently in force with regard to PPPs in Cyprus. However, such rules could be provided for by the terms and conditions of different contracts.*
Possibility of choosing age at decumulation:	*There is no special legislation and/or regulation and/or guidelines currently in-force with regard to PPPs in Cyprus. However, such rules could be provided by the terms and conditions of different contract.*

In-payments

Possibility of changing level of in-payments:	*There are no special legislation and/or regulations and/or guidelines currently in force with regard to PPPs in Cyprus. However, such limitations could be provided for by the terms and conditions of different contract.*

Investment options

Information not available

Mitigation of investment risk

Information not available

Advice

Information not available

Czech Republic – Supplementary saving plan

Country: Czech Republic

Product: Supplementary saving plan

Local name: Doplňkové Penzijní Spoření

Overall tax regime: EEE

Upcoming changes: There is a pending amendment (likely to be approved in the course of 2017) to the law whereby the exemption of employers' contributions will be lost (both in the future and retroactively) in the event of a partial settlement payment

Supplementary in-payments by employer: Yes

In-payments

Tax treatment:	*Partially Exempt (reduced tax base)* *In-payments may be deductible (if paid by the employee) or exempt (if paid by the employer), subject to certain limits.*
Maximum amount that qualifies for tax relief:	*Contributions exceeding CZK 12,000 per year may be deducted. The deduction cannot exceed CZK 12,000 per year, i.e. approximately EUR 444. [15-5-c ITA] Since 2017, the sum of the amounts by which the monthly contributions exceed the monthly threshold for maximum state contribution (currently CZK 1,000) have been able to be deducted. The deduction may not exceed CZK 24,000, i.e. being approx. EUR 888. The difference between the amount paid and the maximum amount may not be utilized in the following years. Employer contributions are exempt from personal income taxation up to the limit of CZK 30,000 per year (CZK 50,000 since 2017).*

Yields

Tax treatment:	*Exempt* *The income of the pension fund is subject to 0% corporate tax rate. All payments made to the pension funds are exempt from Czech withholding tax.*

Decumulation

Decumulation options:	*Lump sum and annuity* *No mandatory or default option*
Tax treatment:	*Exempt*
Early out-payments:	*Yes* *As of 2016 it is possible to withdraw a partial lump sum (one third of the funds) at the age of 18 provided the individual has contributed for at least 120 months before the withdrawal. In such a case the withdrawal does not result in termination of the insurance contract. Other early withdrawals are is possible only in the event of the termination of the insurance contract (without a transfer to another insurance provider).*
Tax treatment	*Taxed*

Switching

Domestic:	*No tax impact.* *No specific rules exist - case by case review required. The transfer of funds from the abolished Pillar 2 to the individual's bank account or to Pillar 3 is tax exempt.*
Cross-border:	*Transfer not possible*

General features

Assets under management	*€12 ,932m*
Main distribution path:	*Banks, insurance networks, broker agents, banks, insurance companies and their tied agents, independent agents networks*

Accumulation phase

Timeframe for the accumulation of funds

Age limit for start of decumulation:	*60, with at least a 60-month contribution period. Old-age pensions may also begin to be paid out to an individual a maximum of five years before he/she reaches the age for entitlement to an old-age pension from the mandatory pension insurance scheme.*
Possibility of choosing age at decumulation:	*No*

In-payments

Possibility of changing level of in-payments:	*Yes, based on an agreement between the individual and the insurance company.*

Investment options

Limitations on investment options:	*3-4 options, depending on the company* *The Mandatory Conservative Fund is always included*
Default option:	*The Mandatory Conservative Fund is the default option if the client does not choose a fund*

Mitigation of investment risk

Strategy choice:	*Depends on the pension company. Generally the holder can choose between aggressive (dynamic), defensive (conservative) and balanced strategy.*
Guarantee on minimum return:	*No*

Advice

Mandatory advice from distributors:	*Yes, providers have to inform and advise their clients as required by the law.*

Denmark

Annuity pension

Country: Denmark

Product: Annuity pension
Local name: Ratepension

Overall tax regime: ETT

Upcoming changes: None planned

Supplementary in-payments by employer: Yes

Comments: Foreign providers are allowed to sell the product

In-payments

Tax treatment: *Partially Exempt (reduced tax base)*

Maximum amount that qualifies for tax relief: *Contributions are exempt, i.e. deductible for the determination of the personal income tax, up to DKK 52,400 (EUR 7,050) for 2016 and up to DKK 53,500 (EUR 7,200) for 2017.*
An individual who is liable for tax in Denmark must pay the labour market contribution (Arbejdsmarkeds-bidrag – AM) of 8% of gross salary, including contributions to pension schemes. There is no cap on the labour market contribution.

Yields

Tax treatment: *Taxed*
In Denmark, individuals are taxed on the growth of their pension schemes. The tax rate is fixed at 15.3%. PAL (tax regarding growth of a pension scheme) is collected by the insurance company or pension fund, etc., which is obligated to withhold and pay the tax on behalf of the owner of the plan.

Decumulation

Decumulation options: *Annuities*
Annuity duration: 10 years minimum, 25 years maximum,
Mandatory option

Tax treatment: *Taxed*
Benefits are taxed as personal income at a tax rate between 42% and 46% (progressive taxation) (plus "topskat"). In 2016 the marginal tax rate could not exceed 51.95%.

Early out-payments: *Yes*

Tax treatment: *Taxed*
The same tax treatment applies in cases of death or early retirement. Otherwise, if the person chooses to redeem funds before the retirement age instead of receiving the benefits as annuities (over min. 10 years and max. 25 years) 60% of the distributed amount of the early benefits will generally be taxed.

Switching

Domestic: *No tax impact*
Possible as long as the product type is the same

Cross-border: *No tax impact*
In the same conditions as domestic switching

General features

Assets under management *€52,461m*

Main distribution path: *Banks, pension funds, insurance companies, brokers*

Accumulation phase

Timeframe for the accumulation of funds

Age limit for start of decumulation: *The age limit for the start of decumulation is five years before the State pension age at the earliest. The State pension age is indexed to expected lifetime.*

Possibility of choosing age at decumulation: *Yes, but only up until 15 years after the retirement age, as the duration of the annuity period is minimum 10 years, and the last out-payment can be disbursed no later than 25 years after the retirement age.*

In-payments

Possibility of changing level of in-payments: *Yes*

Investment options

Information not available

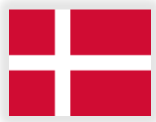
Mitigation of investment risk

Information not available

Advice

Information not available

Retirement pension



Country: Denmark

Product: Retirement pension

Local name: Alderspension

Overall tax regime: ETT

Upcoming changes: None planned

Supplementary in-payments by employer: Yes

Comments Foreign providers are allowed to sell the product

In-payments

Tax treatment: *Partially Exempt (reduced tax base)*

Maximum amount that qualifies for tax relief: *Contributions are deductible for the determination of the personal income tax and there is no limitation to the contribution amount per year provided that the PPP is not "interrupted" (meaning that it is not life-long). Exception: If the PPP is interrupted (and has an out-payment period of at least 10 years) a limitation of DKK 52,400 (€ 7,050) applies. An individual who is liable for tax in Denmark must pay the labour market contribution (Arbejdsmarkeds-bidrag – AM) of 8% of gross salary, including contributions to pension schemes.*

Yields

Tax treatment: *Taxed*
In Denmark, individuals are taxed on the growth of their pension schemes. The tax rate is fixed at 15.3%. PAL (tax regarding growth of a pension scheme) is collected by the insurance company or pension fund, etc., which is obligated to withhold and pay the tax on behalf of the owner of the plan.

Decumulation

Decumulation options: *Annuity, lump sum*
Default option: annuity

Tax treatment: *Taxed*
Benefits are taxed as personal income at a tax rate between 42% and 46% (progressive taxation) (plus "topskat"). In 2016 the marginal tax rate could not exceed 51.95%.

Early out-payments: *Yes*

Tax treatment: *Taxed*

Generally taxed at a 60% flat rate. If the person chooses to redeem funds before the retirement age instead of receiving the out-payments as (non-interrupted) annuities, the 60% of the distributed amount of early benefits will generally be taxed.

Switching

Domestic: *No tax impact*
Possible as long as the product type is the same.

Cross-border: *No tax impact*
In the same conditions as domestic switching.

General features

Main distribution path: *Banks, pension funds, insurance companies, brokers*

Accumulation phase

Timeframe for the accumulation of funds

Age limit for start of decumulation:	*The age limit for the start of decumulation is five years before the State pension age at the earliest. The State pension age is indexed to expected lifetime.*
Possibility of choosing age at decumulation:	*Yes*

In-payments

Possibility of changing level of in-payments:	*Yes*

Investment options

Information not available

Mitigation of investment risk

Information not available

Advice

Information not available

Age saving

Country: Denmark

Product: Age savings

Local name: Aldersopsparing

Overall tax regime: TTE

Upcoming changes: None planned

Supplementary in-payments from employer: Yes

Comments: Foreign providers are allowed to sell the product

In-payments

Tax treatment: *Taxed*

Contributions are non-deductible

Yields

Tax treatment: *Taxed*

In Denmark, individuals are taxed on the growth of their pension schemes. The tax rate is fixed at 15.3%.

PAL (tax regarding growth of a pension scheme) is collected by the insurance company or pension fund, etc., which is obligated to withhold and pay the tax on behalf of the owner of the plan.

Decumulation

Decumulation options: *Lump sum or annuity*
No mandatory or default option

Tax treatment: *Exempt*

Early out-payments: *Yes*

Tax treatment *Taxed*

Taxed at a 20% flat rate.

If a person chooses to redeem funds from the PPP before the retirement age instead of receiving the benefits as a tax-exempt lump sum, the early benefits will be taxed for 20% of the distributed amount.

Switching

Domestic: *No tax impact*

In general Aldersopsparing are transferable to similar aldersopsparing.

Cross-border: *No tax impact*

There are no particular cross-border provisions for transfers of Aldersopsparing.

General features

Main distribution path: *Banks, pension funds, insurance companies, brokers*

Accumulation phase

Timeframe for the accumulation of funds

Age limit for start of decumulation: *The age limit of the start of the decumulation is five years before the State pension age at the earliest. The State pension age is indexed to expected lifetime.*

Possibility of choosing age at decumulation: *Yes*

In-payments

Possibility of changing level of in-payments: *Yes*

Investment options

Information not available

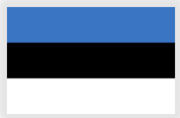
Mitigation of investment risk

Information not available

Advice

Information not available

Estonia – Voluntary supplementary funded pension schemes



Country: Estonia

Product: Voluntary supplementary funded pension schemes

Local name: Vabatahtlik täiendav kogumispension

Overall tax regime: EEE

Upcoming changes: None planned

Supplementary in-payments by employer: Yes

Comments: Foreign providers are allowed to sell the product

In-payments

Tax treatment: *Partially Exempt (reduced tax base)*

Maximum amount that qualifies for tax relief: *The deduction is limited to 15% of the taxpayer's income taxable in Estonia for the same tax period, but no more than EUR 6000 for the period of taxation (which is one calendar year).*

Yields

Tax treatment: *Exempt*

Conditions to qualify for exemption: No

Decumulation

Decumulation options: *Lump sum, annuity, combination of lump sum and annuity*
No mandatory or default options

Tax treatment: *Exempt*

Early out-payments: *Yes*

Tax treatment: *Taxed*

Switching

Domestic: *No tax impact*

Cross-border: *Transfer not possible*

General features

Assets under management	*€349.5m*
Main distribution path:	*Banks*

Accumulation phase

Timeframe for the accumulation of funds

Age limit for start of decumulation:	*No*
Possibility of choosing age at decumulation:	*Yes. Savers are able to choose the age at which the decumulation phase starts, after the age of 62 years is reached.*

In-payments

Possibility of changing level of in-payments:	*Yes*

Investment options

Information not available

Mitigation of investment risk

Information not available

Advice

Information not available

Finland – Pension insurance taken out by out an individual

Country: Finland

Product: Pension insurance taken out by an individual

Local name: Vapaaehtoiseen yksilölliseen eläkevakuutukseen ja pitkäaikaissäästämissopimukseen

Overall tax regime: EET

Upcoming changes: Yes

Supplementary in-payments by employer: Yes

Comments: Foreign providers are allowed to sell the product.

In-payments

Tax treatment: *Partially Exempt (reduced tax base)*

Maximum amount that qualifies for tax relief: *Individual contributions are deductible up to EUR 5,000 per year. If the employer provides a voluntary personal plan for its employees, the tax-deductible amount of contributions to a voluntary personal plan taken out by the employee decreases to EUR 2,500.*

Yields

Tax treatment: *Exempt*

Conditions to qualify for exemption: No

Decumulation

Decumulation options: *Annuities, mandatory option*

Tax treatment: *Taxed*

Pension benefits received from voluntary personal plans taken out by individuals are taxed as capital income at a flat rate of 30%, up to EUR 30,000. The excess amount is taxed at 34 % (2016).

Early out-payments: *Yes, in limited situations (unemployment, disability, divorce and death of a spouse).*

Tax treatment: *Taxed*

Switching

Domestic: *No tax impact*

Cross-border: *No tax impact*

General features

Assets under management	*€12,249m*
Main distribution path:	*Banks and insurance companies*

Accumulation phase

Timeframe for the accumulation of funds

Age limit for start of decumulation:	*Age at decumulation cannot be lower than the maximum statutory pensionable age (currently 68) to be eligible for tax relief.*
Possibility of choosing age at decumulation:	*Yes*

In-payments

Possibility of changing level of in-payments:	*Yes*

Investment options

Limitations on investment options:	*Two options:* - *with profit (guaranteed return) and* - *unit-linked (return based on a stock market portfolio)*
Default option:	*No*

Mitigation of investment risk

Strategy choice:	*Yes, customers can choose a combination of guaranteed return and return based on a stock market portfolio*
Guarantee on minimum return:	*Yes, customers can choose the option of having a with-profit portfolio with a guaranteed minimum return of 1.5%*

Advice

Mandatory advice from distributors:	*No*

France

Popular retirement saving plan

Country:	France
Product:	Popular retirement saving plan
Local Name:	Plan Epargne Retraite Populaire
Overall tax regime:	EET
Upcoming changes:	None planned
Comments:	Foreign providers are able to sell the product

In-payments

Tax treatment:	*Partially Exempt (reduced tax base)*
Maximum amount that qualifies for tax relief:	*10% of gross professional earnings of the previous year. This ceiling cannot be lower than 10% of the annual social security ceiling (PASS) of the previous year or greater than eight times the PASS of the previous year (EUR 38,040 in 2015).*

Yields

Tax treatment:	*Exempt* *Conditions to qualify for exemption: No*

Decumulation

Decumulation options:	*Annuity, combination of lump sum and annuity, (lump sum)* *Default option (annuity)*
Tax treatment:	*Taxed* *Annuities are subject to the same social security and income taxes as public pensions. These pensions are taxed at the individual's marginal rate of income tax after a 10% deduction. These pensions are also subject to* Contribution sociale généralisée *(CSG) (6.6%),* Contribution pour le remboursement de la dette sociale *(CRDS) (0.5%), health contributions (1%) and the* Contribution de solidarité pour l'autonomie *(CASA)- (0.3%). Part of the CSG is deductible from income tax (4.2%).* *Pensioners can withdraw up to 20% of their PERP as a lump sum. In this case, pensioners can choose between three fiscal options:* *- The lump sum is taxed at the individual's marginal rate of income tax after a deduction of 10%. The lump sum is also subject to social security contributions.* *- The income tax due for the lump sum is equal to four times the additional tax that would be generated by a quarter of the lump sum being taxed at the marginal rate of income tax. The lump sum is also subject to social security contributions.* *- The lump sum is taxed in full at the rate of 7.5% and subject to CSG (6.6%) and CRDS (0.5%). CSG is not deductible under this option. ,. This option is only available if it is not possible to withdraw another lump sum from the same contract in the future.*
Early out-payments:	*Yes, in limited situations*
Tax treatment:	*Exempt*

Switching

Domestic:	*No tax impact*
Cross-border:	*Transfer not possible*

General features

Assets under management	*€12,380m*
Main distribution path:	*Banks*

Accumulation phase

	Timeframe for the accumulation of funds
Age limit for start of decumulation:	*Yes*
Possibility of choosing age at decumulation:	*There is no age limit for the start of decumulation phase but it may start at the earliest either at the minimum age provided for by law (currently 62 years old for persons born since 1 January 1955) or, if earlier, the date on which the participant actually liquidates his pension rights in a mandatory pension scheme.*
	In-payments
Possibility of changing level of in-payments:	*Yes*

Investment options

Limitations on investment options:	*Investment options vary with provider and depend on holder choice. However, four types of investment options can be identified::* *(1) allocation to euro-funds (defensive investment)* *(2) allocation to unit-linked products (aggressive investment)* *(3) allocation of a high percentage of assets to unit-linked products at the time of subscription with a gradual conversion to a euro-fund as the holder gets close to the retirement age.* *(4) the percentage of allocation of assets between euro funds and unit-linked products is left to the discretion of the holder.*
Default option:	*No*

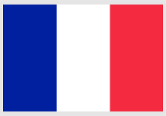
Mitigation of investment risk

Strategy choice:	*Depends on the provider and the terms of the policy.*
Guarantee on minimum return:	*No, but providers may offer a minimum guaranteed return for euro funds.* *There is no guarantee on return from unit-linked products.*

Advice

Mandatory advice from distributors:	*Yes, providers have to inform and advise their clients as required by the law.*

Personal pension plan for self-employed workers performing a non-agricultural activity



Country: France

Product: Personal pension plan for self-employed workers performing a non-agricultural activity

Local name: Madelin

Overall tax regime: EET

Upcoming changes: None planned

Limited population: Limited to self-employed people performing a non-agricultural activity

Comments: Foreign providers are able to sell the product

In-payments

Tax treatment: *Partially Exempt (reduced tax base)*

Maximum amount that qualifies for tax relief: *The tax deduction limit for contributions depends on the taxable profit. If the taxable profit is lower than the annual social security ceiling (PASS) (EUR 38,616 in 2016) then the tax deduction is capped at 10% of the PASS. If the taxable profit is between 1 and 8 times the PASS, the cap is equal to 10% of the taxable profit plus 15% of the taxable profit above 1 PASS. If the taxable profit is greater than 8 times the PASS, the cap is equal to 10% of 8 times the PASS plus 15% of 7 times the PASS.*

Yields

Tax treatment: *Exempt*

Conditions to qualify for exemption: No

Decumulation

Decumulation options: *Annuity, mandatory option*

Tax treatment: *Taxed*

Annuities are subject to the same social security and income taxes as public pensions. These pensions are taxed at the individual's marginal rate of income tax after a 10% deduction. This deduction cannot be lower than EUR 379 per pensioner or greater than EUR 3,711 per household. If the individual's pension is lower than EUR 379, then the tax deduction is equal to the pension. These pensions are also subject to Contribution sociale généralisée *(CSG) (6.6%),* Contribution pour le remboursement de la dette sociale *(CRDS) (0.5%), health contributions (1%) and the* Contribution de solidarité pour l'autonomie *(CASA) - (0.3%). Part of the CSG is deductible from income tax (4.2%).*

Early out-payments: *Yes, in limited situations*

Tax treatment *Exempt*

Switching

Domestic: *No tax impact*

Cross-border: *No tax impact*

General features

Assets under management *€32,738m*

Main distribution path: *Insurance networks, banks*

Accumulation phase

Timeframe for the accumulation of funds

Age limit for start of decumulation:	*Yes*
Possibility of choosing age at decumulation:	*There is no age limit for the start of decumulation phase but it may start at the earliest either at the minimum age provided for by law (currently 62 years old for persons born since 1 January 1955) or, if earlier, the date on which the participant actually liquidates his pension rights in a mandatory pension scheme.*

In-payments

Possibility of changing level of in-payments:	*It is only possible to increase the level of in-payments.*

Investment options

Limitations on investment options:	*Investment options vary with provider and depend on holder choice. However, four types of investment options can be identified:* *(1) allocation to euro-funds (defensive investment)* *(2) allocation to unit-linked products (aggressive investment)* *(3) allocation of a high percentage of assets to unit-linked products at the time of subscription with a gradual conversion to a euro-fund as the holder gets close to the retirement age.* *(4) the percentage of allocation of assets between euro funds and unit-linked products is left to the discretion of the holder.*
Default option:	*No*

Mitigation of investment risk

Strategy choice:	*Depends on the provider and the terms of the policy.*
Guarantee on minimum return:	*Yes, there is 0% minimum guaranteed return for euro funds.* *There is no guarantee on return from unit-linked products.*

Advice

Mandatory advice from distributors:	*Yes, providers have to inform and advise their clients as required by the law.*

Personal plan for self-employed workers performing an agricultural activity

Country:	France
Product:	Personal pension plan for self-employed workers performing an agricultural activity
Local name:	Madelin agricole
Overall tax regime:	EET
Upcoming changes:	None planned
Limited population:	Limited to self-employed people performing an agricultural activity
Comments:	Foreign providers are allowed to sell the product.

In-payments

Tax treatment:	*Partially Exempt (reduced tax base)*
Maximum amount that qualifies for tax relief:	*The tax deduction limit for contributions depends on the taxable profit. If the taxable profit is lower than the PASS (EUR 38,616 in 2016) then the tax deduction is capped at 10% of the PASS. If the taxable profit is between 1 and 8 times the PASS, the cap is equal to 10% of the taxable profit plus 15% of the taxable profit above 1 PASS. If the taxable profit is greater than 8 times the PASS, the cap is equal to 10% of 8 times the PASS plus 15% of 7 times the PASS.*

Yields

Tax treatment:	*Exempt* *Conditions to qualify for exemption: No*

Decumulation

Decumulation options:	*Annuities, mandatory option*
Tax treatment:	*Taxed* *Annuities are subject to the same social security and income taxes as public pensions. These pensions are taxed at the individual's marginal rate of income tax after a 10% deduction. This deduction cannot be lower than EUR 379 per pensioner or greater than EUR 3,711 per household. If the individual's pension is lower than EUR 379, then the tax deduction is equal to the pension. These pensions are also subject to the* Contribution sociale généralisée *(CSG) (6.6%),* Contribution pour le remboursement de la dette sociale *(CRDS) (0.5%), health contributions (1%) and the* Contribution de solidarité pour l'autonomie *- CASA - (0.3%). Part of the CSG is deductible from income tax (4.2%).*
Early out-payments:	*Yes, in limited situations*
Tax treatment	*Exempt*

Switching

Domestic:	*No tax impact*
Cross-border:	*No tax impact*

General features

Assets under management	*€4,794m*
Main distribution path:	*Insurance networks, banks*

Accumulation phase

Timeframe for the accumulation of funds

Age limit for start of decumulation:	*Yes*
Possibility of choosing age at decumulation:	*There is no age limit for the start of decumulation phase but it may start at the earliest either at the minimum age provided for by law (currently 62 years old for persons born since 1 January 1955) or, if earlier, the date on which the participant actually liquidates his pension rights in a mandatory pension scheme.*

In-payments

Possibility of changing level of in-payments:	*It is only possible to increase the level of in-payments.*

Investment options

Information not available

Mitigation of investment risk

Information not available

Advice

Information not available

Germany

Rürup-Rente

Country: Germany

Product: Basis pensions
Local name: Rürup-Rente

Overall tax regime: EET

Upcoming changes: Yes

Supplementary in-payments byemployer: Yes

Comments: Foreign providers are allowed to sell the product

In-payments

Tax treatment: *Partially Exempt (reduced tax base)*

Policyholders are allowed to deduct a set amount of their contributions from their taxes as special expenses.

Maximum amount that qualifies for tax relief: *In 2016, 82% of a maximum EUR 22,767 for single individuals (EUR 45,543 for married couples) of contributions could be deducted from taxable income.*

Yields

Tax treatment: *Exempt*

No additional conditions required.

Decumulation

Decumulation options: *Annuities*

Mandatory option

Tax treatment: *Taxed - Germany is currently in a transition period (moving towards a retroactive taxation with full deductibility of contributions and full taxation of payments in the retirement phase). By 2040 pensioner income will be fully taxed. Until this date, pensioners benefit from a tax-free part of their pension. The tax-free part is calculated based on the pension received in the first year after the retirement. For the individual pensioner, this tax-free part is nominally fixed at the beginning of retirement. Overall, the tax free portion decreases on a sliding scale until 2040 (where 100% of the pension payment will be taxed), meaning that each new generation of pensioners is taxed on a larger proportion of their income. For pensioners there is a lump-sum allowance of EUR 102. No tax has to be paid if the total income of the pensioner does not exceed EUR 8,652 in total.*

Early out-payments: *No*

Switching

Domestic: *Transfer not possible*

Cross-border: *Transfer not possible*

General features

Main distribution path: *Insurance networks, brokers/agents*

Accumulation phase

Timeframe for the accumulation of funds

Age limit for start of decumulation:	*The start of the decumulation phase is not possible before the age of 62.*
Possibility of choosing age at decumulation:	*Individuals may choose an age higher than 62 years old.*

In-payments

Possibility of changing level of in-payments:	*It is possible to make extra contributions; it may be possible to suspend payments depending on the contract.*

Investment options

Information not available

Mitigation of investment risk

Information not available

Advice

Information not available

Riester-Rente

Country: Germany

Product: Government-subsidized pension saving products

Local name: Riester-Rente

Overall tax regime: EET

Upcoming changes: None planned

Limited population: Other: employees obliged to pay into the state based pension scheme (or into the pension scheme for farmers) and state officers and equivalent persons (such as judges, soldiers, etc.) and their spouses (and equivalents)

Comments: Foreign providers are allowed to sell the product

In-payments

Tax treatment: *Partially Exempt (tax reduction)*

Maximum amount that qualifies for tax relief: *Yes, EUR 2,100*

Yields

Tax treatment: *Exempt*
No look-through at beneficiary level.

Decumulation

Decumulation options: *Annuity, lump sum, combination of lump sum and annuity*
No mandatory or default option

Tax treatment: *Taxed*

Early out-payments: *Yes*

Tax treatment *Taxed*

Switching

Domestic: *No tax impact*

Cross-border: *Transfer not possible*

General features

Assets under management	*€223,588m*
Main distribution path:	*Banks, insurance brokers, insurance networks and online*

Accumulation phase

	Timeframe for the accumulation of funds
Age limit for start of decumulation:	*The start of the decumulation phase is not possible before the age of 62*
Possibility of choosing age at decumulation:	*Individuals are able to choose an age higher than 62 years old.*
	In-payments
Possibility of changing level of in-payments:	*It is possible to change the amount of payments and it is mandatory for contracts to include the right of the taxpayer to suspend the contract.*

Investment options

Limitations on investment options:	*The following products are available: bank savings plans, fund saving plans, fund-linked pension insurance, private pension insurance, occupational pension vehicles and private homes.*

Mitigation of investment risk

Strategy choice:	*There are different investment options, e.g. fund-linked pension insurance, bank savings plans, insurance products, etc. The policyholder can choose an investment options which pursues a more aggressive strategy (e.g. fund-linked pension insurance) or a more defensive strategy (bank savings plans or private homes).*
Guarantee on minimum return:	*The pay-out is at least as high as the invested capital.*

Advice

Mandatory advice from distributors:	*Yes, there are common disclosure obligations for providers.*

Private pensions

Country: Germany

Product: Private pensions

Local name: Private Altersvorsorge

Overall tax regime: TET

Upcoming changes: None planned

Supplementary in-payments by employer: Yes

Comments: Foreign providers are allowed to sell the product

In-payments

Tax treatment: *Taxed*
No deduction available for the beneficiary/taxpayer

Maximum amount that qualifies for tax relief: *N/A*

Yields

Tax treatment: *Exempt*

Decumulation

Decumulation options: *Lump sum, annuity*
No mandatory or default option
Taxpayers can generally choose freely between these options. Details depend on contractual terms and conditions.

Tax treatment: *Taxed*

Early out-payments: *Yes,*
Tax treatment: *Taxed*

Switching

Domestic: *Transfer not possible*
Cross-border: *Transfer not possible*

General features

Main distribution path:	*Insurance networks, broker agents, online*

Accumulation phase

Timeframe for the accumulation of funds

Age limit for start of decumulation:	*No*
Possibility of choosing age at decumulation:	*Yes*

In-payments

Possibility of changing level of in-payments:	*Contributions can be reduced or put on hold according to contractual terms and conditions*

Investment options

Information not available

Mitigation of investment risk

Information not available

Advice

Information not available

Greece – Personal retirement savings plan

Country: Greece

Product: Personal retirement savings plan

Local name: Συνταξιοδοτικά Προγράμματα

Overall tax regime: TTE

Upcoming changes: None planned

Comments: Foreign providers are allowed to sell the product

In-payments

Tax treatment: *Taxed*

Maximum amount that qualifies for tax relief: *N/A*

Yields

Tax treatment: *Taxed*

In cases where yields are paid by a foreign insurance company, the relevant amount will be added to the income tax return of the beneficiary, who will pay the relevant tax. To clarify, no withholding takes place at provider level. The beneficiary will pay the tax that corresponds to the yield along with any other tax liability from another source of income.

Decumulation

Decumulation options: *Annuity, lump sum, combination of lump sum and annuity*
No mandatory or default options

Tax treatment: *Exempt*

Early out-payments: *Yes*

Tax treatment: *Taxed*

Switching

Domestic: *No tax impact*

Cross-border: *No tax impact*

General features

Main distribution path: *Insurance companies*

Accumulation phase

Timeframe for the accumulation of funds

Age limit for start of decumulation: *The decumulation phase may not start before the age of 67*

Possibility of choosing age at decumulation: *No*

In-payments

Possibility of changing level of in-payments: *No*

Investment options

Information not available

Mitigation of investment risk

Information not available

Advice

Information not available

Hungary – Voluntary mutual pension fund

Country: Hungary

Product: Voluntary mutual pension fund

Local name: Önkéntes kölcsönös nyugdíjpénztár

Overall tax regime: EEE

Upcoming changes: None planned

Complimentary in-payments from employer: Yes

In-payments

Tax treatment: *Partially Exempt (tax reduction)*

Tax relief can be claimed on up to 20% of the individual in-payments, but the maximum amount is HUF 150 000 / tax year. Therefore to reach the maximum tax refund option of HU 750 000, individual cash in-payments are needed.

Maximum amount that qualifies for tax relief: *HUF 750,000, approx EUR 2,421.*

Yields

Tax treatment: *Exempt*

Decumulation

Decumulation options: *Lump sum, annuity or combination of lump sum and annuity*
No mandatory or default options

Tax treatment: *Exempt*

Early out-payments: *Yes, if funds are redeemed before reaching the retirement age, pay-outs from the pension funds may be taxable.*

Tax treatment: *Taxed*

Switching

Domestic: *No tax impact*

Cross-border: *No transfer possible*

General features

Main distribution path: *Insurance networks, banks*

Accumulation phase

Timeframe for the accumulation of funds

Age limit for start of decumulation: *No*

Possibility of choosing age at decumulation: *Yes*

In-payments

Possibility of changing level of in-payments: *Yes, it is possible to change the amount of in-payments or take a break. However, if there is a minimum amount defined by the Fund to maintain the individual's membership, it must be paid every month/year and will be automatically withheld by the Fund even for the period of the break.*

Investment options

Information not available

Mitigation of investment risk

Information not available

Advice

Information not available

Ireland

Personal retirement savings accounts

Country: Ireland

Product: Personal retirement savings accounts

Local name: PRSAs

Overall tax regime: EET

Upcoming changes: None planned

Supplementary in-payments by employer: yes

In-payments

Tax treatment: *Partially Exempt (reduced tax base)*

Maximum amount that qualifies for tax relief: *The maximum amount of pension contributions in respect of which an individual may claim tax relief may not exceed the relevant age-related percentage of the individual's net relevant earnings in any year of assessment. The age-related percentage limits are:*
Under 30 years: 15%
30-39: 20%
40-49: 25%
50 or over: 30%
55 or over: 35%
60 or over: 40%
The 30% limit applies, irrespective of the lower age-based limits, to certain categories of professional sportspersons.

The amount of employee contributions that can be tax-relieved is limited to an age-related percentage amount of the employee's earnings. There is also an overall upper limit on the amount of earnings that are taken into account for the purposes of giving tax relief. Since 2011, this limit has been set at EUR 115,000.

Yields

Tax treatment: *Exempt*

Decumulation

Decumulation options: *Combination of lump sum and annuity, annuity, lump sum, other*
No mandatory option or default options

Tax treatment: *Taxed*

Early out-payments: *Yes, in limited situations*

Tax treatment: *Taxed*

Switching

Domestic: *No tax impact*

Cross-border: *Immediate taxation*

General features

Assets under management *€5,220m*

Main distribution path: *Life assurance companies and financial advisers.*

Accumulation phase

Timeframe for the accumulation of funds

Age limit for start of decumulation:	*From age 60, benefits can be drawn down at any time without condition. Benefits from a PRSA must be drawn down before age 75.*
Possibility of choosing age at decumulation:	*Yes - within the limits set out above.*

In-payments

Possibility of changing level of in-payments:	*Yes*

Investment options

Information not available

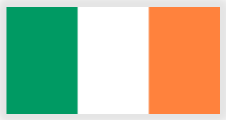
Mitigation of investment risk

Information not available

Advice

Information not available

Retirement Annuity Contracts



Country: Ireland

Product: Retirement annuity contracts

Local name: RACs

Overall tax regime: EET

Upcoming changes: None planned

Limited population: Self-employed and workers without access to occupational pension schemes

Comments: Foreign providers are allowed to sell the product

In-payments

Tax treatment: *Partially Exempt (reduced tax base)*

Maximum amount that qualifies for tax relief:

The maximum amount of pension contributions in respect of which an individual may claim tax relief may not exceed the relevant age-related percentage of the individual's net relevant earnings in any year of assessment.
The age-related percentage limits are:
Under 30 years: 15%
30-39: 20%
40-49: 25%
50 or over: 30%
55 or over: 35%
60 or over: 40%
The amount of employee contributions that can be tax-relieved is limited to an age-related percentage amount of the employee's earnings. There is also an overall upper limit on the amount of earnings that are taken into account for the purposes of giving tax relief. Since 2011, this limit has been set at EUR 115,000.

Yields

Tax treatment: *Exempt*

Decumulation

Decumulation options: *Combination of lump sum and annuity*
No mandatory option or default options

Tax treatment: *Taxed*

Early out-payments: *Yes, in limited situations*
Additional Voluntary Contributions (AVCs)

Tax treatment: *Taxed*

Funds accessed through the early access to AVCs option were subject to income tax at the higher rate but not subject to the Universal Social Charge.

Switching

Domestic: *No tax impact*

Cross-border: *Immediate taxation*

General features

Main distribution path: *Investment managers, insurance companies and credit institutions.*

Accumulation phase

Timeframe for the accumulation of funds

Age limit for start of decumulation:	*From age 60, benefits can be drawn down at any time without condition. Benefits from a RAC must be drawn down before age 75.*
Possibility of choosing age at decumulation:	*Yes – within the limits set out above.*

In-payments

Possibility of changing level of in-payments:	*Yes*

Investment options

Information not available

Mitigation of investment risk

Information not available

Advice

Information not available

Italy

Open pension fund

Country:	Italy
Product:	Open pension funds
Local name:	Fondi pensione aperti
Overall tax regime:	ETT
Upcoming changes:	None planned
Supplementary in-payments by employer:	Yes
Comments:	Foreign providers are allowed to sell the product

In-payments

Tax treatment:	*Partially Exempt (reduced tax base)*
Maximum amount that qualifies for tax relief:	*The contributions paid into open pension funds are deductible up to about EUR 5,164 per year.*

Yields

Tax treatment:	*Taxed*

Decumulation

Decumulation options:	*Annuity, combination of lump sum and annuity.* *No mandatory or default options.*
Tax treatment:	*Taxed*
Early out-payments:	*Yes, in limited situations*
Tax treatment:	*Taxed*

Switching

Domestic:	*No tax impact*
Cross-border:	*Not possible*

General features

Assets under management	*€15,430m*
Main distribution path:	*Insurance networks and banks*

Accumulation phase

Timeframe for the accumulation of funds

Age limit for start of decumulation:	*No*
Possibility of choosing age at decumulation:	*Yes, contributions to supplementary pension schemes may voluntarily go beyond the retirement age required under the compulsory system of membership, provided that the member can claim at least one year of contributions at the date of retirement.*

In-payments

Possibility of changing level of in-payments:	*Yes*

Investment options

Limitations on investment options:	*There are four options:* *- equity based (mostly equity assets)* *-Balanced (same amount of equities and bonds)* *-Bond based (mostly bond assets)* *-Guaranteed (offers a minimum guaranteed return or capital)*
Default option:	*No, there is no default option. Pension savers have to choose one of the four investment types*

Mitigation of investment risk

Strategy choice:	*Yes*
Guarantee on minimum return:	*Yes, if the pension saver chooses the "Guaranteed" option*

Advice

Mandatory advice from distributors:	*Yes*

Individual pension plans provided through life insurance contracts

Country: Italy

Product: Individual pension plans provided through life insurance contracts

Local name: Piani individuali previdenziali (PIPs)

Overall tax regime: ETT

Upcoming changes: None planned

Supplementary in-payments by employer: Yes

Comments: Foreign providers are allowed to sell the product

In-payments

Tax treatment: *Partially Exempt (reduced tax base)*

Maximum amount that qualifies for tax relief: *Contributions paid into open pension funds are deductible up to about EUR 5,164 per year.*

Yields

Tax treatment: *Taxed*

Decumulation

Decumulation options: *Annuity, combination of lump sum and annuity*
No mandatory or default options

Tax treatment: *Taxed*

Early out-payments: *Yes, in limited situations*

Tax treatment: *Taxed*

Switching

Domestic: *No tax impact*

Cross-border: *Transfer not possible*

General features

Assets under management	*€26,835m*
Main distribution path:	*Insurance networks and banks*

Accumulation phase

Timeframe for the accumulation of funds

Age limit for start of decumulation:	*No*
Possibility of choosing age at decumulation:	*Yes, contributions to supplementary pension schemes may voluntarily go beyond the retirement age required under the compulsory system of membership, provided that at the date of retirement the member can claim at least one year of contributions.*

In-payments

Possibility of changing level of in-payments:	*Yes*

Investment options

Limitations on investment options:	*There are three options:* *-Switch* *-Lapse* *-Paid up*

Mitigation of investment risk

Strategy choice:	*This depends on the underlying assets of the PIP. The pension saver can choose:* *-Segregated funds –defensive strategy* *-Unit-linked – aggressive strategy* *-Mixed*
Guarantee on minimum return:	*Yes as the pension saver can choose the "Guaranteed" option*

Advice

Mandatory advice from distributors:	*Yes*

Latvia – Private pension funds

Country: Latvia

Product: Private pension fund
Local name: Privātais pensiju fonds

Overall tax regime: EET

Upcoming changes: None planned

Supplementary in-payments by employer: Yes

Comments: Foreign providers are allowed to sell the product.

In-payments

Tax treatment: *Partially Exempt (reduced tax base)*

Maximum amount that qualifies for tax relief: *No*
However, there is an income limitation: voluntary contributions to private pension funds are tax deductible up to 10% of the individual's annual taxable income. The total of donations and gifts, payments into private pension funds, insurance premium payments and purchase costs of investment certificates of investment funds may not exceed 20% of the amount of the payer's taxable income.

Yields

Tax treatment: *Exempt*
Conditions to qualify for exemption: No

Decumulation

Decumulation options: *Lump sum, annuity*
No mandatory or default option

Tax treatment: *Taxed*
Income from investment of contributions to private pension funds is subject to a preferential tax regime. A 10% a tax rate applies.

Early out-payments: *Yes, in limited situations*
When person has been recognized as a first-group invalid for life, or if a person works in a profession that has set an earlier retirement age

Tax treatment: *Taxed*
Taxed at the same rate (10%)

Switching

Domestic: *Immediate taxation*
Cross-border: *Immediate taxation*

General features

Assets under management	*€331,46m*
Main distribution path:	*Banks*

Accumulation phase

Timeframe for the accumulation of funds

Age limit for start of decumulation:	*The pensionable age specified in the pension scheme may not be less than 55 years, except for persons employed ins special professions specified in the regulations.*
Possibility of choosing age at decumulation:	*Yes*

In-payments

Possibility of changing level of in-payments:	*Yes, depending on the terms and conditions of the contract.*

Investment options

Information not available

Mitigation of investment risk

Information not available

Advice

Information not available

Lithuania – Third pillar voluntary

Country: Lithuania

Product: Third pillar - voluntary

Local name: Savanoriško pensijų taupymo

Overall tax regime: EEE

Upcoming Changes: None planned

Supplementary in-payments by employer: Yes

Comments: Foreign providers are allowed to sell the product

In-payments

Tax treatment: *Partially Exempt (reduced tax base)*

- *Employee contributions to third-pillar pension funds are considered as expenses and can be deducted as part of the annual deduction for expenses.*
- *The total amount of deducted expenses (pension contributions, life insurance premiums, interest on mortgage, educational expenses, etc.) may not exceed 25% of taxable income.*
- *Employer contributions are not considered to be employee taxable income if the amount of contributions does not exceed 25% of the employee's employment-related income.*

Maximum amount that qualifies for tax relief: *25% of taxable income*

Yields

Tax treatment: *Exempt*

Decumulation

Decumulation options: *Lump sum or annuity or combination of lump sum and annuity*
No mandatory or default options

Tax treatment: *Exempt*
The tax treatment of pension income from third pillar pension funds depends on the decumulation age, the length of the contract and whether the individual has deducted third pillar contributions from the income tax base. For contracts opened since 1 January 2013, the following rules apply: If the duration of the contract is at least five years and the individual withdraws no more than five years before the statutory retirement age (for contracts before 2013, the age of 55 is set) or limited working capabilities are determined, pension benefits are tax-free. For pension income that does not qualify under these conditions, the income amount is equal to in-payments made provided the in-payments were not paid by employer or the individual did not reduce his/her taxable base with such in-payments. Otherwise, pension benefits are taxed at the flat income tax rate of 15%.

Early out-payments: *Yes*

Tax treatment: *Taxed*

Switching

Domestic: *No tax impact*

Cross-border: *No tax impact*

General features

Assets under management: *€61.55m*

Main distribution path: *Banks, insurance networks, broker agents*

Accumulation phase

Timeframe for the accumulation of funds

Age limit for start of decumulation:	*This cannot be more than five years before the pension age established for state pensions (i.e.55 years).*
Possibility of choosing age at decumulation:	*Yes*

In-payments

Possibility of changing level of in-payments:	*Yes*

Investment options

Information not available

Mitigation of investment risk

Information not available

Advice

Information not available

Luxembourg – Individual pension savings contract

Country: Luxembourg

Product: Individual pension savings contracts

Local name: Contrat individuel de prévoyance-vieillesse

Overall tax regime: EET

Upcoming changes: A tax reform is planned for 2017 and could impact the ceilings for deductible contributions

Comments: Foreign providers are allowed to sell the product.

In-payments

Tax treatment:	*Partially exempt (reduced tax base)* *Participants may not contribute to the PPP above the ceiling set for tax deductibility. Therefore, the maximum annual deductible amount is to be equal to the maximum annual investment made in the PPP.*
Maximum amount that qualifies for tax relief:	*The payment of premiums may benefit from a tax base reduction ranging from EUR 1,500 to 3,200 per year depending on the age of the taxpayer.*

Yields

Tax treatment:	*Exempt* *Conditions to qualify for exemption: No*

Decumulation

Decumulation options:	*Annuity, combination of lump sum (max 50% to benefit from tax incentives) and annuity* *No mandatory or default options*
Tax treatment:	*Annuities: only 50% taxed at the participant's average tax rate, 50% exempted.* *Lump sums (representing a maximum of 50% of accrued benefits): treated as "extraordinary income", taxed at half the overall effective tax rate.*
Early out-payments:	*Yes*
Tax treatment	*Taxed* *Taxed without preferential regime*

Switching

Domestic:	*Immediate taxation, without application of the advantageous tax treatment*
Cross-border:	*Immediate taxation, without application of the advantageous tax treatment*

General features

Main distribution path:	*Insurers and credit institutions*

Accumulation phase

Timeframe for the accumulation of funds

Age limit for start of decumulation:	*Between the age of 60 and the day before the individual reaches 75 years old.*
Possibility of choosing age at decumulation:	*Yes, with the limits described above*

In-payments

Possibility of changing level of in-payments:	*Yes, the level of in payments is freely determined between zero and the maximum ceiling.*

Investment options

Limitations on investment options:	*There are three main options:* *- market money funds* *- investment funds (unit-linked)* *- capitalization units of Collective Investment Undertakings (income units of CIUs are not allowed)* *There is a wide range of possible investment.*
Default option:	*Mandatory according to the law.*

Mitigation of investment risk

Strategy choice:	*Depending on the kind of product selected:* *Insurance companies (regulated by the CAA).* *Life insurance contracts with a capital guarantee: Capitalization of the premiums paid with a guaranteed rate of interest.* *Unit-linked life insurance contracts: No guaranteed capital.* *Credit institutions (regulated by the CSSF).* *For both insurance companies and credit institutions who provide products without a capital guarantee, the following restrictions must be applied:* *- Each service provider (insurance company or credit institution) must offer a product investing exclusively in the euro money market (money market funds).* *- The investment policy of these products (investment funds or CIUs) is subject to certain absolute caps on investment in shares, defined according to the age of the subscriber contract at the beginning of the tax year. There are two possible options:* • *A "stock" formula OR* • *A "flux" formula*
Guarantee on minimum return:	*Only for life insurance contracts with guaranteed return: capitalization of premiums at the legal interest rate in the insurance industry as a minimum return*

Advice

Mandatory advice from distributors:	*Yes*

Malta

Personal retirement plan

Country: Malta

Product: Personal retirement plans are not approved by Malta's Commissioner for Revenue

Local name: No specific local name

Overall tax regime: TET

Upcoming changes: Based on the 2017 budget speech, pensioners who are older than 61 years of age will not pay income tax on their pension income (even if they receive pensions from different sources) provided that their pension does not exceed a certain income.

However, so far, nothing has been published in this regard.

Comments: Foreign providers are allowed to sell the product.

In-payments

Tax treatment: *Taxed*

There are no tax incentives on in-payments to this product.

Yields

Tax treatment: *Exempt*

Conditions to qualify for exemption: No.

Decumulation

Decumulation options: *Lump sum, annuity or combination of lump sum and annuity*

Default option: annuity

Tax treatment: *Taxed*

Lump sums received are: exempted up to 30% of the total pension (value of assets accumulated), the remaining lump sum/income are taxed at the individual's marginal income tax rate.

Other options are taxed at the individual's marginal income tax rate (maximum 35%).

Early out-payments: *Yes*

No specific provision on this topic. Depends on terms and conditions of the contract.

Tax treatment *Taxed*

Switching

Domestic: *Transfer not possible*

Cross-border: *Transfer not possible*

General features

Assets under management	*€3144.31m*
Main distribution path:	*Information not available*

Accumulation phase

Timeframe for the accumulation of funds

Age limit for start of decumulation:	*The principle applicable is that the decumulation phase should begin at an age not earlier than fifty and not later than the date when the individual attains the age of seventy-five.*
Possibility of choosing age at decumulation:	*Yes, within the limits provided by law (50 to 75)*

In-payments

Possibility of changing level of in-payments:	*Yes, however the terms and conditions of the contract may provide some specifications.*

Investment options

Limitations on investment options:	*Information not available*
Default option:	*Information not available*

Mitigation of investment risk

Strategy choice:	*Information not available*
Guarantee on minimum return:	*Information not available*

Advice

Mandatory advice from distributors:	*Not mandatory - the provider/distributor will analyse the individual's situation and give (informal) advice to the individual on the most suitable PPP.*

Retirement pension plan

Country: Malta

Product: Retirement pension plan approved by Malta's Commissioner for Revenue

Local name: No specific local name

Overall tax regime: EET

Upcoming changes: Based on the 2017 budget speech, our understanding is that pensioners who are older than 61 years of age will not pay income tax on their pension income (even if they receive pensions from different sources) provided that their pension does not exceed a certain income.
However, so far, nothing has been published in this regard.

Comments: Foreign providers are allowed to sell the product.

In-payments

Tax treatment: *Partially Exempt (tax credit)*

Individuals who contribute to personal retirement schemes receive a non-refundable tax credit equal to 15% of the member's contribution, up to EUR 1,000 a year. The tax credit is consequently capped at EUR 150 a year.

Maximum amount that qualifies for tax relief: *EUR 1,000 per year*

Yields

Tax treatment: *Exempt*

Conditions to qualify for exemption: No

Decumulation

Decumulation options: *Lump sum, annuity or combinations of lump sum and annuity*
Default option: annuity

Tax treatment: *Taxed*

Lump sums received are: exempted up to 30% of the total pension (value of assets accumulated), the remaining lump sum/income are taxed at the individual's marginal income tax rate.
Other options are taxed at the individual's marginal income tax rate (maximum 35%)

Early out-payments: *No*

Switching

Domestic: *No tax impact*

If the funds are not considered as income in the hands of the individual our understanding is that the funds will be taxed once they are redeemed / received by the individual.

Cross-border: *No tax impact*

If the funds are not considered as income in the hands of the individual our understanding is that the funds will be taxed once they are redeemed by the individual.

General features

Main distribution path: *Banks and Insurance networks*

Accumulation phase

Timeframe for the accumulation of funds

Age limit for start of decumulation:	*The principle applicable is that the decumulation phase should begin at an age not earlier than fifty and not later than the date when the individual attains the age of seventy-five.*
Possibility of choosing age at decumulation:	*Yes*

In-payments

Possibility of changing level of in-payments:	*Yes, however the terms and conditions of the contract may provide some specifications.*

Investment options

Information not available

Mitigation of investment risk

Information not available

Advice

Information not available

Netherlands

Retirement annuities

Country: Netherlands

Product: Retirement annuities insurance
Local name: Lijfrenteverzekering

Overall tax regime: EET or TEE

Upcoming changes: There is an ongoing discussion with respect to further limitation of facilitated pension accrual with TEE incentives, for instance by lowering the maximum yearly income for which TEE tax incentives may apply for pensions in the second pillar and PPPs in the third pillar.

Comments: Foreign providers are allowed to sell the product.

In-payments

Tax treatment: *Partially exempt (reduced tax base) or Taxed*
EET up to an income of EUR 101,519.
TEE for in-payments from income above EUR 101.519

Maximum amount that qualifies for tax relief: *The limitation is based on the policyholder's annual income. Contributions to private personal old-age provisions are tax-deductible up to a maximum amount. Contributions are limited to 13.8% of annual income (with a ceiling of EUR 101,519) minus a threshold for the first pillar (general state pension), and taking into account accrued pension rights in the occupational pension plan.*

Yields

Tax treatment: *Exempt*
Conditions to qualify for exemption: No

Decumulation

Decumulation options: *Annuity*
Mandatory option
Annuities starting before pensionable age must have a lifelong duration.
Annuities starting at pensionable age are allowed if they do not exceed a yearly amount of EUR 21,248, , provided that they have a minimum duration of five years. If the yearly amount does exceed EUR 21,248, the duration must be lifelong.

Tax treatment: *EET system: Taxed*
Basically, the taxable income will be taxed based on marginal tax rates (maximum 52%).
TEE system: Exempt

Early out-payments: *No*

Switching

Domestic: *No tax impact*

Cross-border: *No tax impact*

General features

Main distribution path: *Insurers, broker agents, online*

Accumulation phase

Timeframe for the accumulation of funds

Age limit for start of decumulation:	*Annuities must start five years after pensionable age (state pension) at the latest.*
Possibility of choosing age at decumulation:	*Yes*

In-payments

Possibility of changing level of in-payments:	*Yes, although the provider's conditions may contain commercial restrictions.*

Investment options

Limitations on investment options:	*Depends on the provider. 50% stocks / 50% bonds, or 40% stocks / 60% bonds. When the saver approaches pension age, the provider automatically changes to a more defensive strategy.*
Default option:	*Depends on the provider. 50% stocks / 50% bonds, or 40% stocks / 60% bonds. When the saver approaches pension age, the provider automatically changes to a more defensive strategy.*

Mitigation of investment risk

Strategy choice:	*Yes, depending on the provider. A strategy is considered defensive if <30% is invested in stocks, and offensive if >70% is invested in stocks.*
Guarantee on minimum return:	*No*

Advice

Mandatory advice from distributors:	*No*

Bank saving account for retirement

Country: Netherlands

Product: Bank saving account for retirement
Local name: Lijfrentespaarrekening

Overall tax regime: EET or TEE

Upcoming Changes: There is an ongoing discussion concerning further limitation of facilitated pension accrual with TEE incentives, for instance by lowering the maximum yearly income for which TEE tax incentives may apply for pensions in the second pillar and PPP's in the third pillar.

Comments: Foreign providers are allowed to sell the product.

In-payments

Tax treatment: *Partially exempt (reduced tax base) or Taxed*
EET up to an income of EUR 101,519.
TEE for in-payments from income above EUR 101,519.

Maximum amount that qualifies for tax relief: *The limitation is based on the policyholder's annual income. Contributions to private personal old-age provisions are tax-deductible up to a maximum amount. Contributions are limited to 13.8% of annual income (with a ceiling of EUR 101,519) minus a threshold for the first pillar (general state pension) and taking into account accrued pension rights in the occupational pension plan.*

Yields

Tax treatment: *Exempt*
Conditions to qualify for exemption: No

Decumulation

Decumulation options: *Annuity*
Mandatory option
Annuities starting before pensionable age must have a minimum duration of 20 years, plus the number of years between the first payment and the pensionable age. Annuities starting at pensionable age are allowed if they do not exceed a yearly amount of EUR 21,248, provided that they have a minimum duration of five years. If the yearly amount does exceed EUR 21,248, the duration must be at least 20 years.

Tax treatment: *EET system: Taxed*
Basically, the taxable income will be taxed on the basis of marginal tax rates (maximum 52%).
TEE system: Exempt

Early out-payments: *No*

Switching

Domestic: *No tax impact*
Cross border: *No tax impact*

General features

Assets under management *€9,659m*

Main distribution path:	*Banks, broker agents, online*

Accumulation phase

	Timeframe for the accumulation of funds
Age limit for start of decumulation:	*Annuities must start five years after pensionable age (State pension) at the latest.*
Possibility to choose the age of decumulation:	*Yes*
	In-payments
Possibility to change level of in-payments:	*Yes, although the provider's conditions may contain commercial restrictions.*

Investment options

Limitations of investment options:	*Fixed or variable interest rates*
Default option:	*Information not available*

Mitigation of investment risk

Strategy choice:	*The product does not allow selection of a more aggressive or defensive investment strategy (it is a bank savings product, not an investment product)*
Guarantee on minimum return:	*Yes (when a fixed interest rate is chosen, the return is between 0.55% and 1.65%).*

Advice

Mandatory advice from distributors:	*No*

Investment share in an investment institution or UCITS for retirement payment

Country: Netherlands

Product: Investment share in an investment institution or UCITS for retirement payments

Local name: Lijfrentebeleggingsrecht

Overall tax regime: EET or TEE

Upcoming changes: There is an ongoing discussion concerning further limitation of facilitated pension accrual with TEE incentives, for instance by lowering the maximum yearly income for which TEE tax incentives may apply for pensions in the second pillar and PPPs in the third pillar.

Comments: Foreign providers are allowed to sell the product.

In-payments

Tax treatment: *Partially exempt (reduced tax base) or Taxed*
EET up to an income of EUR 101,519.
TEE for in-payments related to income above EUR 101,519.

Maximum amount that qualifies for tax relief: *The limitation is based on the annual income of the policyholder. Contributions to private personal old-age provisions are tax-deductible up to a maximum amount. Contributions are limited to 13.8% of annual income (with a ceiling of EUR 101,519) minus a threshold for the first pillar (general state pension) and taking into account accrued pension rights in the occupational pension plan.*

Yields

Tax treatment: *Exempt*
Conditions to qualify for exemption: No

Decumulation

Decumulation options: *Annuity*
Mandatory option
Annuities starting before pensionable age must have a minimum duration of 20 years, plus the number of years between the first payment and the pensionable age. Annuities starting at pensionable age, which do not exceed a yearly amount of EUR 21,248, are allowed provided that they have a minimum duration of five years. If the yearly amount does exceed EUR 21,248, the duration must be at least 20 years.

Tax treatment: *EET system: Taxed*
Basically, the taxable income will be taxed on the basis of marginal tax rates (maximum 52%).
TEE system: Exempt

Early out-payments: *No*

Switching

Domestic: *No tax impact*

Cross-border: *No tax impact*

General features

Main distribution path: *Broker agents, investment institutions, undertakings for the collective investment of transferable securities (UCITS), online*

Accumulation phase

	Timeframe for the accumulation of funds
Age limit for start of decumulation:	*Annuities must start five years after pensionable age (State pension) at the latest.*
Possibility of choosing age at decumulation:	*Yes*
	In-payments
Possibility of changing level of in-payments:	*Yes, although the provider's conditions may contain commercial restrictions.*

Investment options

Limitations on investment options:	*Fixed or variable interest rates*
Default option:	*Information not available*

Mitigation of investment risk

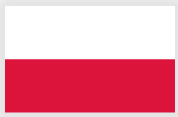
Strategy choice:	*The product does not allow selection of a more aggressive or defensive investment strategy (it is a savings product, not an investment product).*
Guarantee on minimum return:	*Yes (when a fixed interest rate is chosen, the return is between 0.95% and 1.50%).*

Advice

Mandatory advice from distributors:	*No*

Poland

"IKE"



Country: Poland

Product: Individual retirement account

Local name: Indywidualne konto emerytalne (IKE)

Overall tax regime: TEE

Upcoming changes: None planned

Comments: Foreign providers are allowed to sell the product.

In-payments

Tax treatment: *Taxed*

Contributions to IKEs are taxed at the marginal income tax rate in the sense that contributions are made from after-tax earnings and do not benefit from tax relief.

Yields

Tax treatment: *Exempt*

Conditions to qualify from exemption: Income from savings for individual retirement accounts obtained in connection with the collection and payment of funds by the saver is tax exempt. The exemption does not apply if the saver accumulates savings to more than one individual retirement account, unless the terms and conditions of the contract provide for such a possibility.

Decumulation

Decumulation options: *Annuity or lump sum*
No mandatory or default option

Tax treatment: *Exempt*

Out-payments are not taxed regardless of decumulation option.

Early out-payments: *Yes*

Tax treatment *Taxed*

Early withdrawal from IKE is possible but in that case capital gains are taxed at 19%.

Switching

Domestic: *No tax impact*

Transfers are only allowed: from IKE to IKE; IKE to PPE; PPE to IKE

Cross-border: *No tax impact*

General features

Assets under management	*€312,56m*
Main distribution path:	*Banks, insurance networks, broker agents, online, others.*

Accumulation phase

Timeframe for the accumulation of funds

Age limit for start of decumulation:	*The age limit to benefit from the preferential tax regime is the legal retirement age (currently 60 years old)*
Possibility of choosing age at decumulation:	*No, individuals cannot start decumulation before the age of 60 or 55 and reaching the age at which retirement rights begin.*

In-payments

Possibility of changing level of in-payments:	*Yes*

Investment options

Information not available

Mitigation of investment risk

Information not available

Advice

Information not available

"IKZE"

Country:	Poland
Product:	Individual retirement precaution account
Local name:	Indywidualne konto zabezpieczenia emerytalnego - IKZE
Overall tax regime:	EET
Upcoming changes:	None planned
Comments:	Foreign providers are allowed to sell the product.

In-payments

Tax treatment: *Partially Exempt (reduced tax base)*

Maximum amount that qualifies for tax relief: *Contributions to IKZEs are tax deductible up to a limit. Annual contributions into IKZEs are capped at 1.2 times the national projected average monthly salary (PLN 4,866/ EUR 1132 in 2016).*

Yields

Tax treatment: *Exempt*

Conditions to qualify for exemption: Income from savings for individual retirement account obtained in connection with the collection and payment of funds by saver is tax exempt. The exemption does not apply if the saver accumulates savings to more than one individual retirement account, unless the terms and conditions of the contract provide for such a possibility.

Decumulation

Decumulation options: *Lump sum or annuity*
No mandatory or default option

Tax treatment: *Taxed*

IKZE benefits can be paid at the age of 65 or older as a lump sum or as regular payments (instalments). Both are taxed at 10%.

Early out-payments: *Yes*

Tax treatment: *Taxed*

Early withdrawal from an IKZE is possible, but the amount of withdrawal must be added to revenue (other sources).

Switching

Domestic: *No tax impact*
Transfers are only allowed from an IKZE to another IKZE

Cross-border: *No tax impact*
Transfers are only allowed from an IKZE to another IKZE. Transfers to other products are impossible.

General features

Assets under management *€34.2m*

Main distribution path:	*Banks, insurance networks, broker agents, online, others.*

Accumulation phase

Timeframe for the accumulation of funds

Age limit for start of decumulation:	*At the age of 65 years or older*
Possibility of choosing age at decumulation:	*No, individuals cannot start decumulation before the age of 65.*

In-payments

Possibility of changing level of in-payments:	*Yes*

Investment options

Information not available

Mitigation of investment risk

Information not available

Advice

Information not available

"PPE"

Country: Poland

Product: Employee pension plan

Local name: Pracowniczy program emerytalny – PPE

Overall tax regime: TEE

Upcoming changes: None planned

Limited population: Employees

Complimentary in-payments from employer: Yes

Comments: Foreign providers are allowed to sell the product.

In-payments

Tax treatment: *Taxed*

Contributions to PPEs are subject to taxation according to Polish PIT Act. Employers' part of contributions is excluded from the social security basis.

Maximum amount that qualifies for tax relief: *No*

Yields

Tax treatment: *Exempt*

Conditions to qualify for exemption: No

Decumulation

Decumulation options: *Annuity or lump sum, no mandatory or default option*

Tax treatment: *Exempt*

Out-payments are not taxed regardless of decumulation option.

Early out-payments: *Yes*

Tax treatment *Taxed*

Earlier withdrawal from PPE is possible but in that case capital gains are taxed at 19%.

Switching

Domestic: *No tax impact*

Transfers are only allowed from: PPE to PPE; PPE to IKE; IKE to PPE.

Cross-border: *No tax impact*

The law does not distinguish transfer payments between participating entities.

General features

Assets under management	*€584.3m*
Main distribution path:	*Banks, insurance networks, online, others*

Accumulation phase

	Timeframe for the accumulation of funds
Age limit for start of decumulation:	*The age limit to benefit from the tax preferential regime is the legal retirement age (currently 60 years old)*
Possibility of choosing age at decumulation:	*No, individuals cannot start decumulation before the age of 60 or 55 and reaching the age at which retirement rights begin.*
	In-payments
Possibility of changing level of in-payments:	*Yes*

Investment options

Information not available

Mitigation of investment risk

Information not available

Advice

Information not available

Portugal

Open-ended pension funds

Country: Portugal

Product: Open-ended pension funds
Local name: Fundos de Pensões Abertos

Overall tax regime: ETE

Upcoming changes: None planned

Supplementary in-payments by employer: Yes

Comments: Foreign providers are allowed to sell the product.

In-payments

Tax treatment: *Partially Exempt (reduced tax base)*

Maximum amount that qualifies for tax relief: *Individuals may deduct from their taxable income 20% of their contributions to a private pension scheme up to an annual ceiling of EUR 400 per year for persons aged less than 35 years, EUR 350 per year for persons aged between 35 and 50 years, and EUR 300 per year for persons aged over 50 years.*

Yields

Tax treatment: *Taxed*

Decumulation

Decumulation options: *Lump-sum, partial lump sum, annuity, annuity over a fixed period.*
No mandatory or default options

Tax treatment: *Exempt*

- *Annuities: The capital component is not subject to tax. Pension income derived from pension funds is subject to taxation at the marginal income tax rate. If it is not possible to distinguish between contributions and returns, then only 15% of the annuities are subject to taxation at the marginal income tax rate.*
- *Lump sum: The capital component is not subject to tax. Reimbursement under legal conditions.*

Early out-payments: *No early out-payments except payments under specific, permitted conditions.*

Tax treatment: *NA*

Switching

Domestic: *No tax impact*

Cross-border: *No tax impact*

General features

Assets under management: *No information available*

Main distribution path: *Banks, insurance networks, broker agents, online*

Accumulation phase

Timeframe for the accumulation of funds

Age limit for start of decumulation:	*The decumulation phase may start at the age of 60 or, for example, as soon as the individual is in a retirement situation.*
Possibility of choosing age at decumulation:	*Yes*

In-payments

Possibility of changing level of in-payments:	*Yes*

Investment options

No information available

Mitigation of investment risk

No information available

Advice

No information available

"PPR"

Country: Portugal

Product: PPR
Local name: Plano Poupança Reforma

Overall tax regime: ETT

Upcoming changes: None planned

Supplementary in-payments by employer: Yes

In-payments

Tax treatment: *Partially Exempt (reduced tax base)*

Maximum amount that qualifies for tax relief: *Individuals may deduct from their taxable income 20% of their contributions to a private pension scheme up to an annual ceiling of EUR 400 per year for persons aged less than 35 years, EUR 350 per year for persons aged between 35 and 50 years, and EUR 300 per year for persons aged over 50 years)*

Yields

Tax treatment: *Taxed*

Decumulation

Decumulation options: *Lump-sum or annuity or combination of lump sum and annuity.*
No mandatory or default option

Tax treatment: *Taxed*

Early out-payments: *Yes*
Tax treatment: *Taxed*

Switching

Domestic: *No tax impact*
Cross-border: *No tax impact*

General features

Assets under management	*€1690m*
Main distribution path:	*Bancassurance, insurance companies networks, broker agents and homebanking*

Accumulation phase

Timeframe for the accumulation of funds

Age limit for start of decumulation:	*From a tax standpoint, the decumulation phase may start at the age of 60 or, for example, as soon as the individual is in a retirement situation.*
Possibility of choosing age at decumulation:	*Yes, individuals can choose the age at which the decumulation phase starts, provided this occurs after the age of 60 or after being in a retirement situation.*

In-payments

Possibility of changing level of in-payments:	*Yes*

Investment options

Limitations on investment options:	*Usually the conditions do not prescribe any investment options besides the investment policy of the product. In general there are no options in terms of profile (aggressive, defensive or other investment options).*
Default option:	*There is no default investment option but there are applicable legal limits, established in law. There are investment policies with central values and the funds are invested according to them. Two examples are:* *Montepio PPR5: 75% to 100% bonds, 0% to 5% equities, 0% to 15% property, 0% to 10% liquid assets;* *Liberty PPR Mais Jovem: 80% bonds, 10% equities, 10% other.*

Mitigation of investment risk

Strategy choice:	*Yes, depends on the structure of the product.*
Guarantee on minimum return:	*Depends on the product and the insurer.*

Advice

Mandatory advice from distributors:	*Yes*

Life insurance with specific retirement objective

Country: Portugal

Product: Life insurance with specific retirement objective

Local name: Contrato de aposentadoria de seguro de pensão

Overall tax regime: ETT

Upcoming changes: None planned

Supplementary in-payments by employer: Yes

Comments: Foreign providers are allowed to sell the product.

In-payments

Tax treatment: *Partially Exempt (reduced tax base)*

Exclusively regarding "risk professions" – miners, fishermen and athletes – life insurance premiums paid on contracts that solely provide guarantees upon death, disability or retirement; provided benefits are paid after the age of 55 years and no benefits are paid within the first five years of duration of the contract, are deductible from income, up to EUR 2,096.10.

Maximum amount that qualifies for tax relief: *The cap for the deduction from income is EUR 2,096.10.*

Yields

Tax treatment: *Taxed*

Decumulation

Decumulation options: *Lump sum, annuity, combination of lump sum and annuity*

No mandatory or default options

Tax treatment: *Taxed*

Early out-payments: *Yes*

Tax treatment: *Taxed*

Switching

Domestic: *No tax impact*

Cross-border: *No tax impact*

General features

Main distribution path: *Bancassurance and broker agents are the most representative channels in Portugal*

Accumulation phase

Timeframe for the accumulation of funds

Age limit for start of decumulation: *Normal retirement age is 66 years and 2 months old (in 2017, the normal retirement age will be 66 years and 3 months old). Benefits have to be paid after the age of 55.*

Possibility of choosing age at decumulation: *Yes, individuals are able to choose the decumulation start provided it occurs after the age of 55 and provided five years of contract duration have elapsed.*

In-payments

Possibility of changing level of in-payments: *Yes*

Investment options

Information not available

Mitigation of investment risk

Information not available

Advice

Information not available

Life insurance with specific retirement objective – Handicapped persons

Country: Portugal

Product: Life insurance with specific retirement objective for Handicapped persons

Local name: Seguro de vida - pessoas com deficiência

Overall tax regime: ETE

Upcoming changes: None planned

Complimentary in-payments from employer: Yes

Comments: Foreign providers are allowed to sell the product.

In-payments

Tax treatment: *Partially Exempt (tax credit)*

Maximum amount that qualifies for tax relief: *Conditions for the 25% tax credit to apply:*

- ✓ *The life insurance contract must exclusively guarantee the risks of death, disability or old-age retirement*
- ✓ *In case of old age retirement, benefits must be paid after the age of 55 and provided five years of contract duration have elapsed*
- ✓ *In order for the tax credit to apply, if insurance premiums were paid by third parties, they must have been considered to be income of the handicapped person*
- ✓ *Only a 60% or more handicapped status qualifies for tax purposes.*

Yields

Tax treatment: *Taxed*

Decumulation

Decumulation options: *Lump-sum or annuity, or combination of lump sum and annuity*
No mandatory or default options

Tax treatment: *Exempt*

Early out-payments: *Yes*

Tax treatment: *Exempt*

Switching

Domestic: *No tax impact*

Cross-border: *No tax impact*

General features

Main distribution path: *Bancassurance and broker agents are the most representative channels in Portugal*

Accumulation phase

Timeframe for the accumulation of funds

Age limit for start of decumulation: *No*

Possibility of choosing age at decumulation: *Yes*

In-payments

Possibility of changing level of in-payments: *Yes*

Investment options

Information not available

Mitigation of investment risk

Information not available

Advice

Information not available

Romania – Supplementary pension plan

Country: Romania

Product: Supplementary Pension Plan

Local name: Schema de pensii facultative – Pilon 3

Overall tax regime: EET

Upcoming changes: None planned

Supplementary in-payments by employer: Yes

Comments: Foreign providers are allowed to sell the product

In-payments

Tax treatment: *Partially Exempt (reduced tax base)*

Excess contributions are subject to both social security contributions and income tax.

Maximum amount that qualifies for tax relief: *EUR 400, approximately RON 1,800 per employee per year.*

Yields

Tax treatment: *Exempt*

.

Decumulation

Decumulation options: *Lump sum, annuity*

No mandatory or default option

Tax treatment: *Taxed*

Pension income below RON 1,050 is tax-free. Pension income above this threshold is taxed at the flat income tax rate of 16%. Health fund contributions (5.5%) are levied on pension income, but not on pension income which is less than RON 871.1. Furthermore, investment assets of supplementary pension funds are tax exempt until the actual payment to participants of the pension right.

Early out-payments: *Yes, in limited situations*

Tax treatment: *Taxed*

Switching

Domestic: *No tax impact*

Cross-border: *No tax impact*

General features

Assets under management	*€277.3m*
Main distribution path:	*Marketing agents/broker agents*

Accumulation phase

Timeframe for the accumulation of funds

Age limit for start of decumulation:	*The right to receive supplementary pension benefits becomes effective starting on the participant's 60th birthday.*
Possibility of choosing age at decumulation:	*No, decumulation age is provided for by the law. The right to receive supplementary pension benefits becomes effective starting on the participant's 60th birthday, and participants may not request the payment of supplementary pension before that age, unless he/she retires for disability reasons.*

In-payments

Possibility of changing level of in-payments:	*Yes*

Investment options

Information not available

Mitigation of investment risk

Information not available

Advice

Information not available

Slovak Republic – Supplementary pension plan

Country: Slovak Republic

Product: Supplementary pension plan

Local name: Dôchodkového poistenia

Overall tax regime: EEE

Upcoming changes: None planned

Supplementary in-payments by employer: Yes

In-payments

Tax treatment: *Partially Exempt (reduced tax base)*

Maximum amount that qualifies for tax relief: *The maximum tax allowance represents the amount of provably paid contributions to the supplementary pension scheme, up to a total of EUR 180.*

Yields

Tax treatment: *Exempt*

Conditions to qualify for exemption: No

Decumulation

Decumulation options: *Lump sum or annuity or combination of lump sum and annuity or other (programmed withdrawals)*

Tax treatment: *Exempt*

Early out-payments: *Yes*

Tax treatment: *Exempt*

Switching

Domestic: *Transfer not possible*

Cross-border: *Transfer not possible*

General features

Assets under management	*€1545.3m*
Main distribution path:	*Banks*

Accumulation phase

Timeframe for the accumulation of funds

Age limit for start of decumulation:	*Generally 62 years old*
Possibility of choosing age at decumulation:	*No*

In-payments

Possibility of changing level of in-payments:	*Yes*

Investment options

Information not available

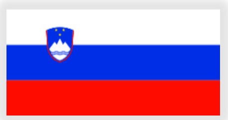
Mitigation of investment risk

Information not available

Advice

Information not available

Slovenia – Voluntary supplementary pension insurance scheme



Country: Slovenia

Product: Voluntary supplementary pension insurance scheme

Local name: Prostovoljno dodatno pokojninsko zavarovanje

Overall tax regime: EET

Upcoming changes: None planned

Supplementary in-payments by employer: Yes

Comments: Foreign providers are allowed to sell the product.

In-payments

Tax treatment: *Partially Exempt (reduced tax base)*

The annual tax base of a resident may be reduced by the amount of premiums for voluntary supplementary pension insurance paid by the person him- or herself, up to a maximum amount equal to 24% of mandatory contributions for pension and disability insurance for the insured, or 5.844% of the pension of the insured, and not more than EUR 2,819.09 annually. This maximum also includes premiums paid by the employee to individual pension schemes, with the employer having priority for tax relief.
In-payments made by legal entities qualify as income. However, the payments are exempt from taxation.

Maximum amount that qualifies for tax relief: *Yes, EUR 2,819.09 per year.*

Yields

Tax treatment: *Exempt*
Conditions to qualify for exemption: No

Decumulation

Decumulation options: *Lump-sum, annuity*
No mandatory or default option

Tax treatment: *Taxed*
Lump sums are taxed at a progressive rate ranging from 16% to 50%.
Annuities are taxed at progressive rate ranging from 16% to 50%. However, only 50 % of income is included in the tax base.

Early out-payments: *Yes, in limited situations (lump sum)*

Tax treatment *Taxed (same taxation)*

Switching

Domestic: No tax impact

Cross-border: No tax impact

General features

Assets under management	*€2,008m*
Main distribution path:	*Online*

Accumulation phase

Timeframe for the accumulation of funds

Age limit for start of decumulation:	*58 years old*
Possibility of choosing age at decumulation:	*Yes. However, the minimal requirements to be entitled to tax incentives (including age) are prescribed by the law.*

In-payments

Possibility of changing level of in-payments:	*Yes*

Investment options

Limitations on investment options:	*Individuals usually have three investment options (defensive, aggressive and balanced).*
Default option:	*Default investment options vary between providers (e.g. 70% bonds, 30% equity; 85% equity, 10% bonds, 5% money market; 90% bonds, 5% equity, 5% money market).*

Mitigation of investment risk

Strategy choice:	*Individuals can choose between a defensive, aggressive and balanced investment strategy.*
Guarantee on minimum return:	*Yes, 100% of in-payments for certain investment options.*

Advice

Mandatory advice from distributors:	*Yes*

Spain

Insured pension plan

Country: Spain

Product: Insured pension plans

Local name: PPA (Planes de Previsión Asegurados)

Overall tax regime: EET

Upcoming changes: No

Complimentary in-payments from employer: Yes

Comments: Foreign providers are allowed to sell the product.

In-payments

Tax treatment: *Partially exempt (reduced tax rate)*

Maximum amount that qualifies for tax relief: *The limit mainly relates to the policyholder's income: 30% of the aggregate amount of labour income and income from economic activities.*
The limit is the lesser of (i) 30% of the aggregate amount of labour income and income from economic activities, and (ii) EUR 8,000 per year. These annual financial limits on contributions may not be exceeded.

Yields

Tax treatment: *Exempt*

Conditions to qualify for exemption: No

Decumulation

Decumulation options: *Lump sum, annuity or combination of lump sum and annuity*
No mandatory or default options

Tax treatment: *Taxed*
There is no special tax treatment for pension income, but taxpayers aged over 65 generally have a larger exempt income (personal taxpayer's minimum allowance). The base amount is EUR 5,550 per taxpayer. Taxpayers aged over 65 may add EUR 1,150 to that amount. Those aged over 75 may claim an additional EUR 1,400.

Early out-payments: *Yes*

Tax treatment: *Taxed in the same conditions*

Switching

Domestic: *No tax impact*
In general terms, in Spain there are no barriers for transferring savings between providers. It is possible to switch pension plans between providers and products within the same system without tax costs.

Cross-border: *Transfer not possible*

General features

Assets under management	*€12,106m*
Main distribution path:	*Banks, insurance networks*

Accumulation phase

Timeframe for the accumulation of funds

Age limit for start of decumulation:	*No*
Possibility of choosing age at decumulation:	*No*

In-payments

Possibility of changing level of in-payments:	*Yes*

Investment options

Limitations on investment options:	*Depends on provider*
Default option:	*No*

Mitigation of investment risk

Strategy choice:	*Yes*
Guarantee on minimum return:	*Yes*

Advice

Mandatory advice from distributors:	*No*

Individual personal pension plan

Country: Spain

Product: Individual personal pension plan
Local name: Plan de Pensiones Individual

Overall tax regime: EET

Upcoming changes: No

Supplementary in-payments by employer: Yes

In-payments

Tax treatment: *Partially exempt (reduced tax base)*

Maximum amount that qualifies for tax relief: *The limit mainly relates to the policyholder income: 30% of the aggregate amount of labour income and income from economic activities.*
The limit is the lesser of (i) 30% of the aggregate amount of labour income and income from economic activities, and (ii) EUR 8,000 per year. These annual financial limits on contributions may not be exceeded.

Yields

Tax treatment: *Exempt*

Conditions to qualify for exemption: No

Decumulation

Decumulation options: *Lump sum, annuity or combination of lump sum and annuity*
No mandatory or default options

Tax treatment: *Taxed*
There is no special tax treatment for pension income, but taxpayers aged over 65 generally have larger exempt income (personal taxpayer's minimum allowance). The base amount is EUR 5,550 per taxpayer. Taxpayers aged over 65 may add EUR 1,150 to that amount. Those aged over 75 may claim an additional EUR 1,400.

Early out-payments: *Yes*

Tax treatment: *Taxed, in the same conditions.*

Switching

Domestic: *No tax impact*
In general terms, in Spain there are no barriers for transferring savings between providers. It is possible to switch pension plans between providers and products within the same system without tax costs.

Cross-border: *Transfer not possible*

General features

Assets under management: *€68,327.8m*

Main distribution path: *Banks, insurance networks*

Accumulation phase

Timeframe for the accumulation of funds

Age limit for start of decumulation:	*No*
Possibility of choosing age at decumulation:	*No*

In-payments

Possibility of changing level of in-payments:	*Yes*

Investment options

Limitations on investment options:	*Depends on provider*
Default option:	*No*

Mitigation of investment risk

Strategy choice:	*The product allows the selection of more defensive strategies.*
Guarantee on minimum return:	*Depends on provider*

Advice

Mandatory advice from distributors:	*No*

Mutual pension provident entities

Country: Spain

Product: Mutual pension provident entities

Local name: Mutualidades de prevision social (mps)

Overall tax regime: EET

Upcoming changes: No

Supplementary in-payments by employer: Yes

In-payments

Tax treatment: *Partially exempt (reduced tax rate)*

Maximum amount that qualifies for tax relief: *The limit mainly relates to the policyholder income: 30% of the aggregate amount of labour income and income from economic activities.*
The limit is the lesser of (i) 30% of the aggregate amount of labour income and income from economic activities, and (ii) EUR 8,000 per year. These annual financial limits on contributions may not be exceeded.

Yields

Tax treatment: *Exempt*

Conditions to qualify for exemption: No

Decumulation

Decumulation options: *Lump sum, annuity or combination of lump sum and annuity*
No mandatory or default options

Tax treatment: *Taxed*
There is no special tax treatment for pension income, but taxpayers aged over 65 generally have a larger exempt income (personal taxpayer's minimum allowance). The base amount is EUR 5,550 per taxpayer. Taxpayers aged over 65 may add EUR 1,150 to that amount. Those aged over 75 may claim an additional EUR 1,400.

Early out-payments: *Yes*

Tax treatment: *Taxed in the same conditions.*

Switching

Domestic: *No tax impact*
In general terms, in Spain there are no barriers for transferring savings between providers. It is possible to switch pension plans between providers and products within the same system without tax costs.

Cross-border: *Transfer not possible*

General features

Assets under management: *€6,581.4m*

Main distribution path: *Mutual insurance entities.*

Accumulation phase

Timeframe for the accumulation of funds

Age limit for start of decumulation:	*No*
Possibility of choosing age at decumulation:	*No*

In-payments

Possibility of changing level of in-payments:	*Yes*

Investment options

Information not available

Mitigation of investment risk

Information not available

Advice

Information not available

Sweden

Country: Sweden

Product: Individual pension savings

Local name: IPS

Overall tax regime: TTT

Upcoming changes: None planned

Comments: Foreign providers are allowed to sell the product.

In-payments

Tax treatment: *Taxed*

No tax incentive is applied.

Maximum amount that qualifies for tax relief: *Before 2016 individuals could deduct contributions of up to SEK 1,800 per year to IPS schemes.*

- ✓ *The government has announced that the deduction will be abolished in 2016, except for self-employed workers and those without employer contributions to their pensions.*
- ✓ *For these workers, the cap for individual contributions is 35% of eligible income or no more than 10 basic amounts (SEK 445,000 in 2015) per year.*
- ✓ *To be eligible for tax relief, benefits may not be withdrawn before the age of 55, and payments must last for at least five years in the form of an annuity.*

Yields

Tax treatment: *Taxed*

Decumulation

Decumulation options: *Annuity, Mandatory option*

Tax treatment: *Taxed*

Early out-payments: *No*

Tax treatment: *Na*

Switching

Domestic: *No tax impact*

Cross-border: *No tax impact*

General features

Assets under management *€12,702m*

Main distribution path:	*Banks*

Accumulation phase

	Timeframe for the accumulation of funds
Age limit for start of decumulation:	*55*
Possibility of choosing age at decumulation:	*No, the pay-out period is regulated between 5-15 years.*
	In-payments
Possibility of changing level of in-payments:	*Yes*

Investment options

Limitations on investment options:	*Pension savers can invest in mutual funds, equities, fixed income or bank accounts.*
Default option:	*Information not available*

Mitigation of investment risk

Strategy choice:	*Yes* *Pension savers can invest in mutual funds, on account or in individual securities*
Guarantee on minimum return:	*No*

Advice

Mandatory advice from distributors:	*No*

United Kingdom

Self-invested personal pensions

Country: United Kingdom

Product: Self-invested personal pensions

Local name: SIPPs

Overall tax regime: EET

Upcoming changes: None planned

Supplementary in-payments by employer: Yes

Comments: Foreign providers are allowed to sell the product.

In-payments

Tax treatment: *Partially Exempt (tax reduction)*

Individuals pay income tax on their earnings before any pension contribution, but the pension provider claims tax back from the government at the basic rate of 20%. Individuals paying tax at higher rate (40%) can claim the difference through their tax return

Maximum amount that qualifies for tax relief: *The maximum qualifying for tax relief is 100% of the individual's annual income or, if the individual has income of less than GBP 3,600, the limit is GBP 3,600. Pension inputs i.e. contributions by individual and another party e.g. employer, exceeding the individual's annual allowance (currently GBP 40,000, but reduced if income exceeds GBP 150,000) will be subject to a tax charge. The annual allowance has been falling over recent years. There is also a lifetime allowance to consider. Unused annual allowances for prior years may be carried forward.*

Yields

Tax treatment: *Exempt*

Decumulation

Decumulation options: *Annuity or lump sum or combination of lump sum and annuity*
No mandatory or default option

Tax treatment: *Taxed*

Early out-payments: *Yes*

Tax treatment: *Taxed*

Switching

Domestic: *No tax impact*

Cross-border: *No tax impact*

General features

Main distribution path: *Banks and others (building societies...)*

Accumulation phase

	Timeframe for the accumulation of funds
Age limit for start of decumulation:	*Yes – after 55 years old, for a personal, occupational or stakeholder pension.*
Possibility of choosing age at decumulation:	*Yes*
	In-payments
Possibility of changing level of in-payments:	*Yes*

Investment options

Limitations on investment options:	*Investment options depend on the policy and holder choice. Examples of investment options:* *(1) allocation to stocks and shares.* *(2) allocation to investment trusts listed on any stock exchange.* *(3) allocation to UK government bonds, plus bonds issued by foreign governments.* *(4) allocation to open ended investment companies which are recognized by the Financial Conduct Authorit. (5) allocation to gilts and bonds.* *(6) allocation to commercial property* *(7) allocation to real estate investment trusts listed on any stock exchange.* *(8) allocation to offshore funds.* *(9) allocation to exchange traded fund traded on the London Stock Exchange or other European markets.*
Default option:	*There is no generic default investment option for this product.*

Mitigation of investment risk

Strategy choice:	*Depending on the policy, the holder can choose to invest the accumulated capital in whatever investments are offered (e.g. stocks, bonds, gilts and etc.) in any combination*
Guarantee on minimum return:	*No*

Advice

	Information not available

Stakeholder pensions

Country: United Kingdom

Product: Stakeholder pensions

Local name: Stakeholder pensions

Overall tax regime: EET

Upcoming changes: Yes
The UK Government consulted in 2015 on proposals to completely change the basis of tax relief on pensions, moving to a TEE model. No changes were made, but new ideas are being proposed by providers and the government which could radically change tax relief and pensions.

Supplementary in-payments by employer: Yes

Comments: Foreign providers are allowed to sell the product.

In-payments

Tax treatment: *Partially Exempt (tax reduction)*

Individuals pay income tax on their earnings before any pension contribution, but the pension provider claims tax back from the government at the basic rate of 20%. Individuals paying tax at higher rate (40%) can claim the difference through their tax return.

Maximum amount that qualifies for tax relief: *The maximum qualifying for tax relief is 100% of the individual's annual income or, if the individual has income of less than GBP 3,600, the limit is GBP 3,600. Pension inputs i.e. contributions by individual and another party e.g. employer, exceeding the individual's annual allowance (currently GBP 40,000, but reduced if income exceeds GBP 150,000) will be subject to a tax charge. The annual allowance has been falling over recent years. There is also a lifetime allowance to consider. Unused annual allowances for prior years may be carried forward.*

Yields

Tax treatment: *Exempt*

Decumulation

Decumulation options: *Annuity or lump sum*
No mandatory or default options

Tax treatment: *Taxed*

Early out-payments: *Yes*

Tax treatment: *Taxed*

Switching

Domestic: *No tax impact*

Cross-border: *No tax impact*

General features

Main distribution path:	*Banks and others (building societies, etc.)*

Accumulation phase

Timeframe for the accumulation of funds

Age limit for start of decumulation:	*After 55 years old, for a personal, occupational or stakeholder pension.*
Possibility of choosing age at decumulation:	*Yes*

In-payments

Possibility of changing level of in-payments:	*Yes*

Investment options

Limitations on investment options:	*Investment options vary with provider and depend on holder choice. Normally investments correspond to shares and stocks.*
Default option:	*There is no generic default investment option for this product.*

Mitigation of investment risk

Strategy choice:	*Depending on the provider and the policy terms, the holder can choose a defensive or aggressive investment strategy.*

Advice

Mandatory advice from distributors:	*Yes, providers have to inform and advise their clients as required by the law*

Tax regime presentation and analysis (4)

Tax regime presentation

Figure 15: Tax regime model

Tax regimes	Accumulation		Decumulation at the time of retirement
	In-payments	Yields	
Tax regime 1 – Incentives applied on in-payments and on decumulation phases	E	E	E
	E	T	E
Tax regime 2 – Incentives focused on in-payments	E	E	T
	E	T	T
Tax regime 3 – Incentives focused on the decumulation phase	T	T	E
	T	E	E
Tax regime 4 – No incentive neither on in-payments nor on decumulation	T	T	T
	T	E	T

Four different types of tax regimes have been identified to clarify the taxation applicable to in-payments and out-payments (excluding early out-payments).

In each type of tax regime, yield may be subject to taxation for certain products (**Figure 7**). Only twelve products out of the forty-nine in six Member States are subject to taxation on yield from a pension saver standpoint. Tax regimes concerning yield correspond to several types of tax treatment of income (dividends, interests, capital gains). These tax regimes are not specific to a given PPP but follow the general taxation rules of different Member States.

After analysis, yield taxation does not appear to be an impacting factor in the tax regime model. Indeed, there is no clear correlation between yield taxation versus the taxation of in-payments and out-payments. On the contrary, considering the yield taxation to be a significant factor would involve taking account of a large number of tax regime types and would thus weaken the effectiveness of the analysis. Last, in most of the cases, the taxation of yield at the level of the pension saver is distinct from the taxation of yield at the level of provider. In other words, when the yield is taxed at the level of the provider it is not taxed at the level of the pension saver. At the end of the day, we have disqualified the yield taxation factor for tax regime classification purposes.

Tax regime 1 corresponds to a group of products benefiting from incentives on in-payments and on the decumulation phase. This tax regime type comprises 14 products in ten Member States.

- These products benefit from incentives at the time of the accumulation:
    - In-payments are subject to tax incentives (tax credit, reduced tax base, tax reduction), or in-payments benefit from financial incentives (complementation by the State or by the employer) that are tax exempt
- At least one of the decumulation options is tax exempt.

Tax regime 2 corresponds to a group of products benefiting from incentives on in-payments:

- In-payments are subject to tax incentives, i.e., tax credit, reduced tax base, tax reduction, or to financial incentives, i.e., supplementation by the State or by the employer that is tax exempt.

Tax regime 2 differs from tax regime 1 regarding the aspects applicable to the decumulation phase: all the decumulation options are taxed, with or without application of a preferential regime. This tax regime comprises 28 products in 17 Member States.

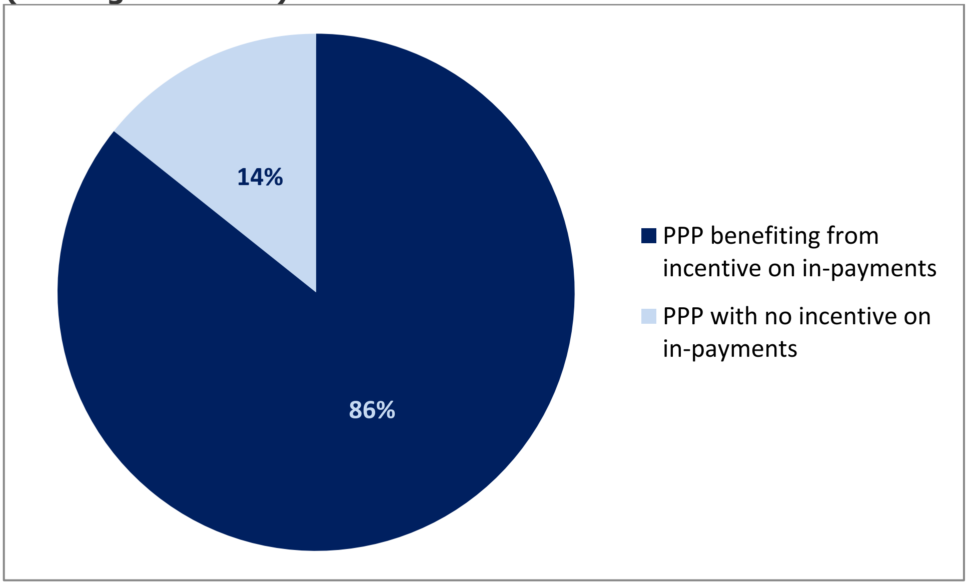
Tax regime 3 corresponds to a group of products benefiting from tax exemption only on at least one decumulation option. This tax regime type comprises four products in three Member States.

Tax regime 4 corresponds to a group of products which do not benefit from any incentive on the in-payments and for which all the decumulation options are taxed, with or without application of a preferential regime. This type of tax regime comprises three products within three Member States.

Tax regimes	Accumulation		Decumulation at the time of retirement	PPPs	Colour code
	In-payments	Yield			
Tax regime 1 – Incentives applied on in-payments and on decumulation phases	E	E	E	Bulgaria_UVPF Bulgaria_PVPF Czech Republic_SSP Estonia_VSF Hungary_PRS Lithuania_VF Slovak Republic_PPF Cyprus_IIP Netherlands_RBSA Netherlands_RAInsA Netherlands_RAInsD Austria_PZV Portugal_LifeInsH Portugal_PF	Green
	E	T	E		
Tax regime 2 – Incentives focused on in-payments	E	E	T	France_MadelinTNS France_MadelinAgr Belgium_LP Belgium_PP Croatia_OPF Finland_IP France_PERP Germany_Rürup Ireland_RAC Ireland_PRSA Latvia_PPF Luxembourg_IPS Malta_PPPa Poland_IKZE Romania_SPP Slovenia_VSP Spain_IPP Spain_MP Spain_PPA United Kingdom_SIPP United Kingdom_Stakeh Portugal_LifeInsR Portugal_PPR Denmark_Alder Denmark_RP Germany_Riester Italy_PIP Italy_OPF	Black
	E	T	T		
Tax regime 3 – Incentives focused on the decumulation phase	T	T	E	Denmark_Aldersop Greece_PRSP Poland_IKE Poland_PPE	Red
	T	E	E		
Tax regime 4 – No incentive either on in-payments or on decumulation	T	T	T	Germany_PP Malta_PPPna Sweden_IPS	Blue
	T	E	T		

Tax regime analysis

Figure 16: Proportion of PPPs benefiting from an incentive on in-payments (tax regimes1 & 2)



According to the pie chart above, it should be noted that tax regime 1 and tax regime 2 comprise 42 products (out of 49 in the scope of the study) representing 86% of the products in 26 Member States (out of 28 EU Member States).

These two tax regimes share the common characteristic that in-payments benefit from an incentive, as mentioned above.

As regards the products and Member States covered, it is clear that preferential regimes mostly apply on in-payments, irrespective of whether yield and decumulation phases are subject to taxation.

Classification trees of tax regime 1

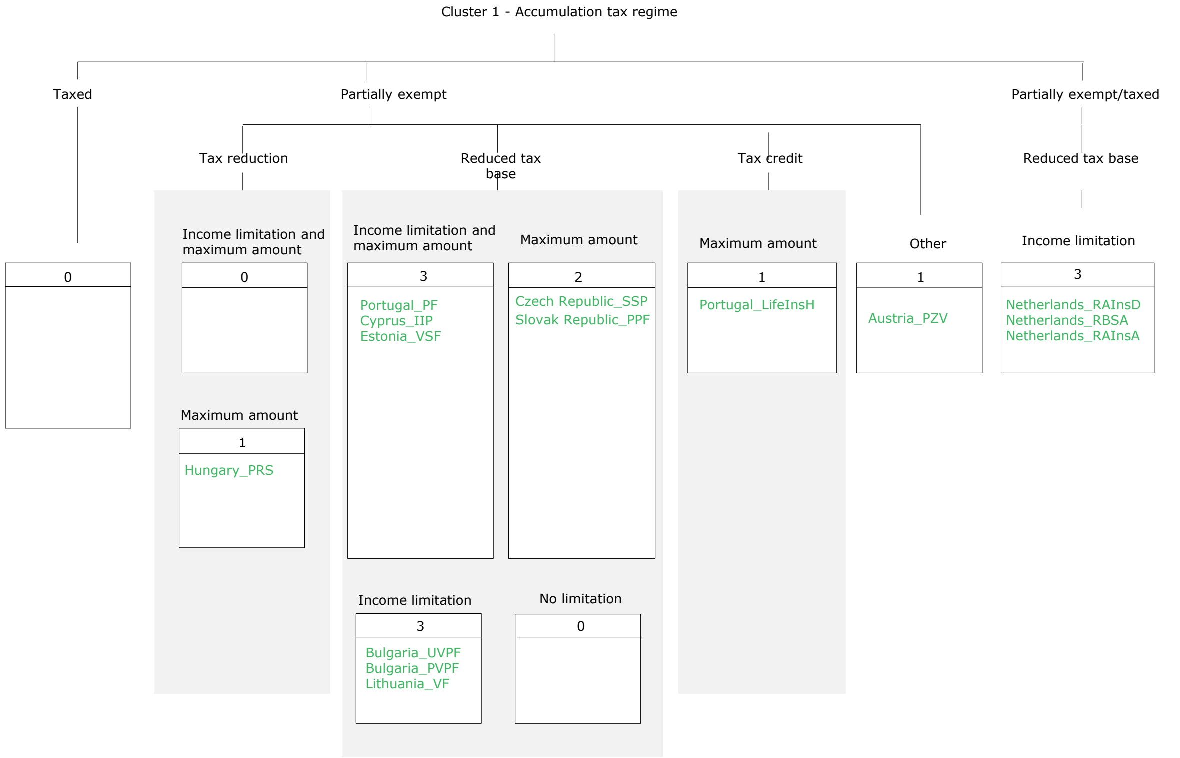
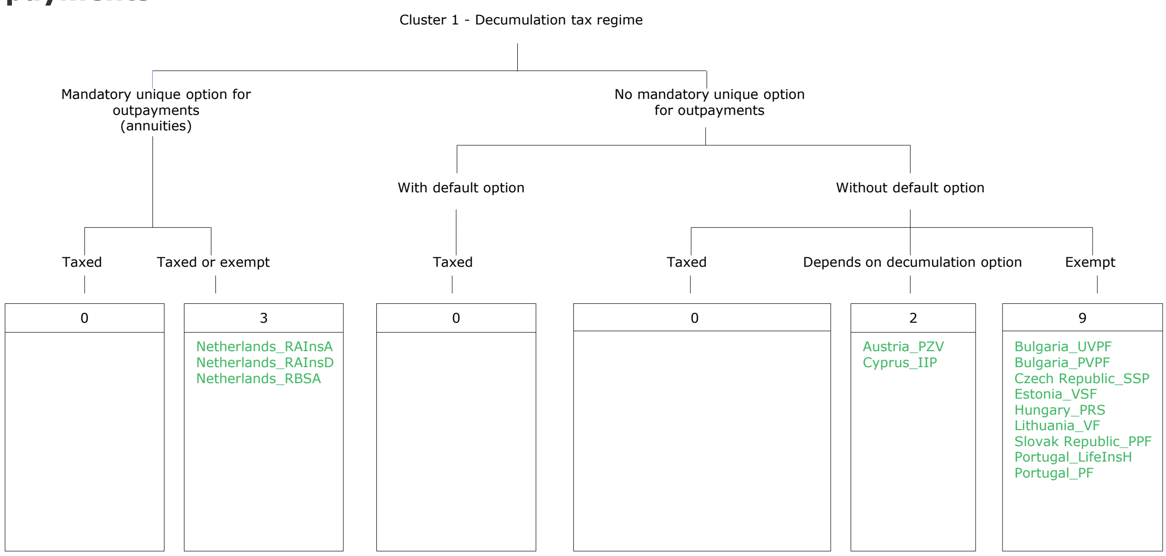


Figure 17: Categorisation of PPPs in tax regime 1 given the taxation on in-payments

It should be noted that the most common tax incentive applicable is the reduced tax base with 11 PPPs concerned in eight Member States on 14 products.

Regarding the limitations applying to the tax incentive, no common characteristic is identified.

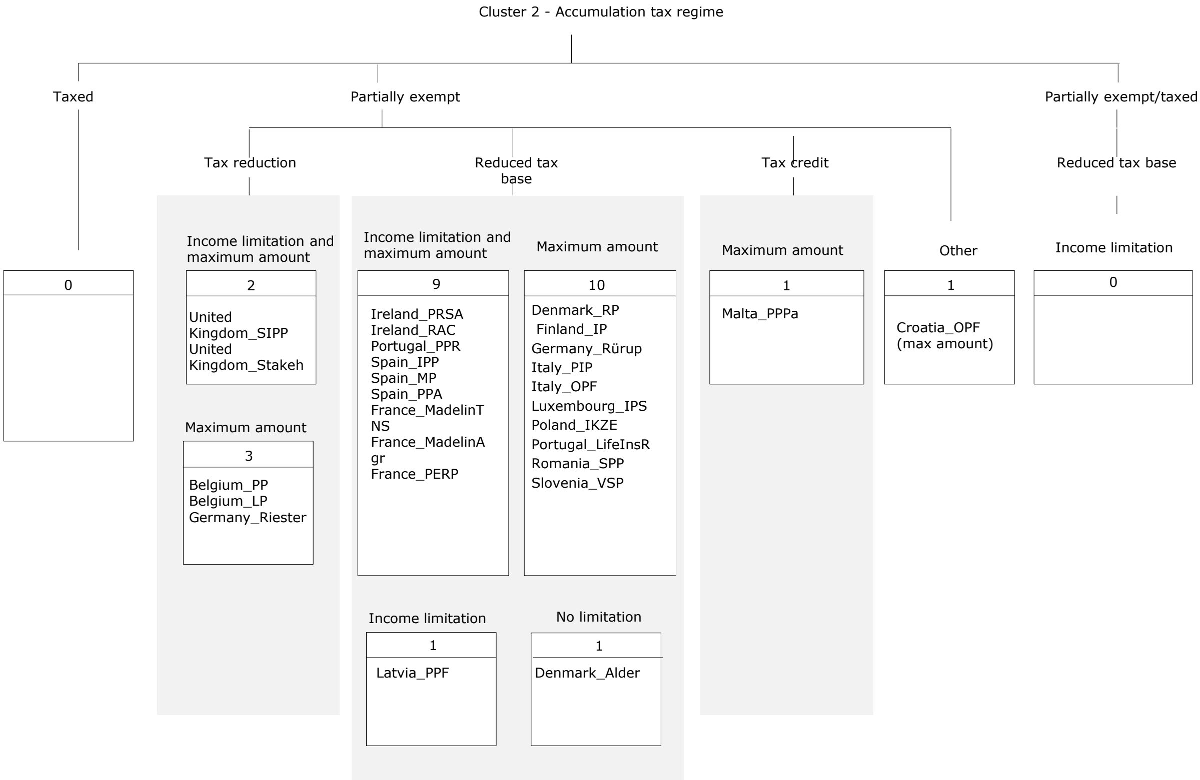
Figure 18: Categorisation of PPPs in tax regime 1 given the taxation on out-payments



It should be noted that nine products in seven Member States out of 14 are exempt, irrespective of the decumulation options. Two products in two Member States may be taxed or exempt at the time of the decumulation depending on the options chosen by the pension saver.

Classification trees of tax regime 2

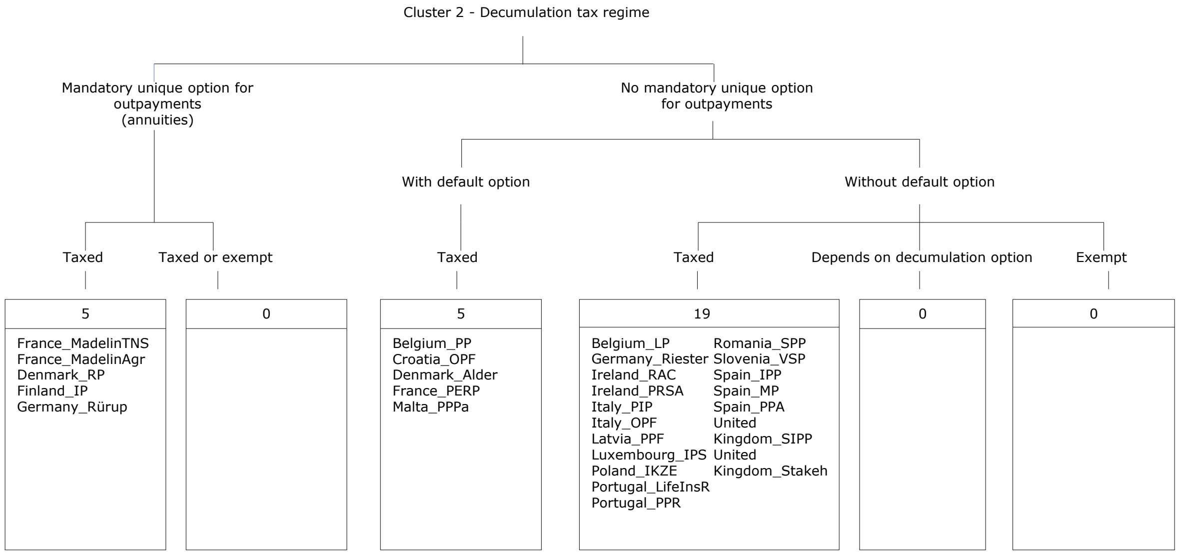
Figure 19: Categorisation of PPPs in tax regime 2 given the taxation on in-payments



It should be noted that the most common tax incentive applicable is the reduced tax base with 21 PPPs concerned in fifteen Member States on 28 products.

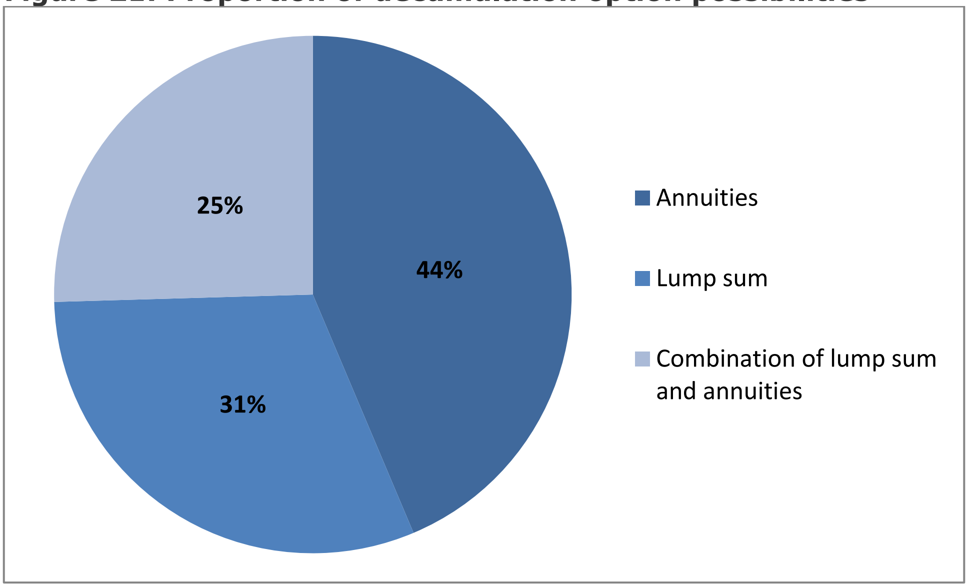
As regards the limitations applying to all the tax incentives, the most common is the limitation on amount (either combined or not combined with a limitation on income) with 25 PPPs in 16 Member States concerned on 28 products. 19 products in 13 Member States on 21 products are concerned when a reduced tax base applies.

Figure 20: Categorisation of PPPs in tax regime 2 given the taxation on out-payments



It should be noted that in tax regime 2, all the options are taxed.
Only five products in four Member States out of 29 products have a unique out-payment option, in annuities, whereas the 24 others in 18 Member States allow pension savers to choose between different options: annuities, lump sum, combination of lump sum and annuities or other options.

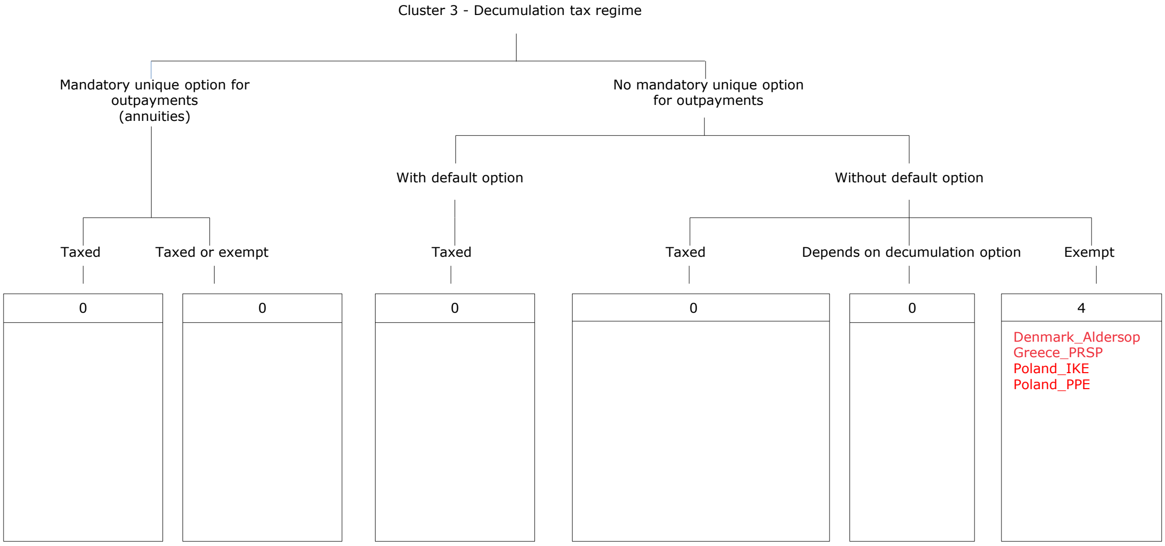
Figure 21: Proportion of decumulation option possibilities



The most commonly proposed decumulation option is annuities. The payout option by lump sum is also well represented.

Classification trees of tax regime 3

Figure 22: Categorisation of PPPs in tax regime 3 given the taxation out-payments

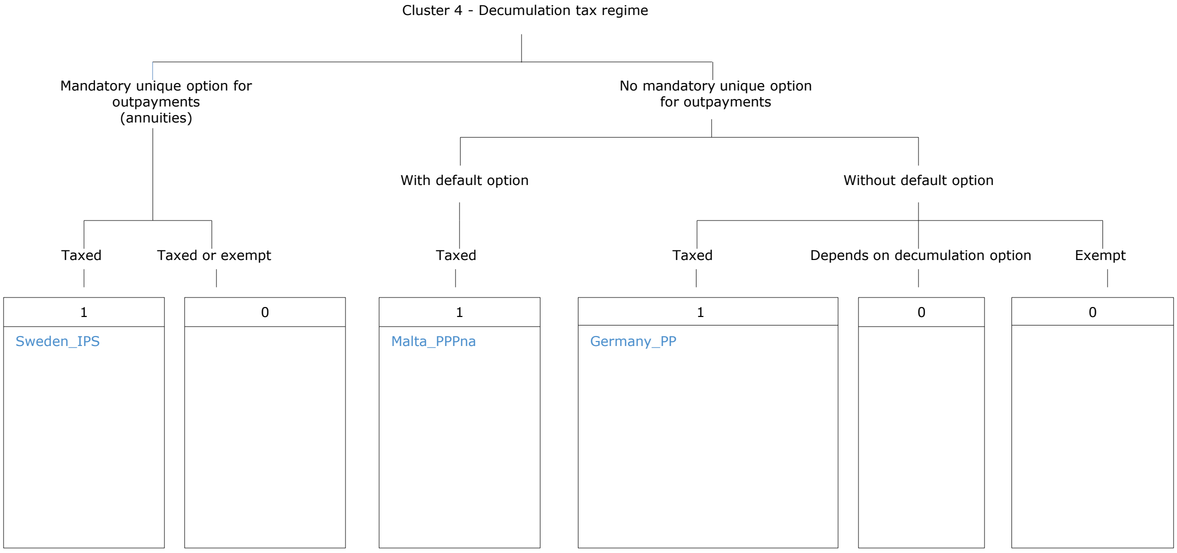


All the products in three Member States in this tax regime do not have a tax incentive on the in-payments, whereas a complete exemption regime applies on all the decumulation options.

It should be noted that for these four products, pension savers have a complete choice of the decumulation option and that the out-payments are always tax exempt.

Classification trees of tax regime 4

Figure 23: Categorisation of PPPs in tax regime 4 given the taxation on out-payments



All the products in three Member States in this tax regime have no tax incentive on the in-payments and are taxed on the decumulation phase. The heterogeneity of the characteristics of the out-payment options are noteworthy

Clustering analyses based on product feature requirements

Four clustering analyses were performed.

Clustering A: The aim of the Clustering A attempt was to identify products with the same features allowing them to benefit from the tax incentives. However, as the product features are so diverse, this resulted in the absence of any cluster.

Clustering B: This clustering analysis was performed based on 17 answers out of 20 questions selected and gives the most interesting results. This resulted in a Cluster1 gathering 14 PPPs with 100% common feature requirements allowing them to benefit from a tax incentive.

The two other clustering C and D analyses did not give any relevant results:

- Results of Clustering C based on a hierarchical clustering approach are highly heterogeneous;
- Results of Clustering D are based on the decumulation options allowed and are very similar to results obtained in Clustering B

Summary of the clustering analyses performed

Table 7: Overview of the clustering analysis results

"MS" means Member States

Clustering	Methodology	Results
Clustering A	Clustering based on 20 feature requirements	No cluster identified because of the heterogeneity of answers obtained
Clustering B	Clustering based on 17 feature requirements – concentric approach	A cluster of 14 PPPs in 11 MS was identified (hereafter 'Cluster1B'). These 14 PPPs in 11 MS have the same answers to the 17 questions selected. Then, for the other 28 PPPs, the answers that differed from Cluster1B were determined. - The products with only one different answer are 94% similar to those in Cluster1B. - The products with two different answers are 88% similar to those in Cluster1B. - The products with three different answers are 82% similar to those in Cluster1B. - The products with four different answers are 76% similar to those in Cluster1B
Clustering C	Clustering based on 19 feature requirements – hierarchical clustering approach	Ten clusters were identified. However, in each cluster, significant differences were detected and four clusters are only/mainly composed of PPPs in the same MS.
Clustering D	Clustering based on 17 feature requirements within groups identified on the basis of decumulation options – concentric approach	Three groups were identified on the basis of the decumulation options allowed: - Group1 gathering PPPs for which a decumulation by annuities is allowed; - Group2 gathering PPPs for which both lump sum and annuities decumulation options are allowed; - Group3 gathering PPPs for which both annuities and a combination of lump sum and annuities decumulation options are allowed. For each group, the methodology of Clustering B was applied. Clustering D is not relevant as the result obtained is a variant of Clustering B.

NB: For all the clustering analyses performed, PPPs for which cross-border selling is not possible (based on the questionnaires) were not taken into account.

Clustering A based on all the feature requirements selected

Assumptions

Based on the tax questionnaire, DG FISMA selected several answers, corresponding to the conditions to benefit from tax incentives. Thus, the answers to the following questions were taken into account to determine the clustering:

Table 8: Questions selected for clustering analysis purposes

Topic	Questions
Population targeted (0.I)	Is the product designed to target a limited population? (0.I.1)
Main conditions for tax incentives 1.III	What are the overall conditions for tax incentives applicable to personal pension products?
Age limit 1.VI	What are the age limits for the accumulation phase of the PPP? (1.VI.1)
	Is a minimum number of years to retirement a condition for the purchase of the product?(1.VI.3)
	Are there any other features /conditions/restrictions required to obtain tax relief for the in-payments? (Provide a detailed description)(1.VII.3)
	If the answer to question (1.VII.3) is yes, does there have to be an insurance element in the product?(1.VII.4)
	Is it possible to change the level of in-payments?(1.VII.11.a)
	Is it possible to take a break?(1.VII.11.b)
Yields taxes 1.VII	If you answered 'exempt' to question (1.VIII.1): What are the conditions to qualify for exemption?(1.VIII.3)
Decumulation phase 1.IX	Is there an age limit for the start of the decumulation phase? (If so, give the age limit).(1.IX.1)
	Are individuals able to choose the age at which decumulation starts, or is it prescribed by tax or labour law?(1.IX.2)
	What are the options for decumulation? (Possible options for decumulation include: lump sums, partial lump sums, annuities, annuities during a fixed period.) (1.IX.3)
	What conditions are attached to those options? (For each option, specify if they are mandatory or default options and describe them.) (1.IX.4)
	Is it possible to redeem funds before the pension age (early out-payments)(1.IX.6)
2. Social security, labour and contract law requirements applicable to the PPP	Are there any social security, labour and contract law requirements applicable to the PPP? (If so, describe them.)(2.1)
	Is having the nationality of the relevant Member State or a physical address in the Member State a requirement to buy the product? (2.4)
	Does the personal pension product cover disability allowance? (Comment to what extent and if it is mandatory) (2.5)
3.Other legal requirements applicable to the PPP	Are there any other conditions to benefit from preferential tax treatment, not yet mentioned above? (If so, describe them). (3.1)
	What are the specific contract and insurance law requirements applicable to the PPP?(3.2)
4.Requirements applicable to the providers of the PPP	Are providers from other Member States/EEA allowed to sell the PPP? (4.3)
	If you answered yes to question 4.3: What are the requirements for foreign providers from Member States/EEA to sell the PPP? (4.4)

The table below presents an overview of the many diverse coded answers obtained and the absence of relevant clusters of PPPs with the same features in order to benefit from a specific tax incentive. The aim of this clustering attempt was to identify products with the same features allowing them to benefit from the tax incentives. Indeed, the EU law principle of national treatment prescribes that if a product A sold in MS 1 has the same conditions as a product B sold in MS 2, the product A could benefit from the same tax treatment in MS 2, if the supervisory regime is the same.

As a consequence, the products whose sale is not allowed in a country other than the country of origin, were not considered for the clustering.

Results of Clustering A

Table 9: Results of Clustering A

PPP code	A 0.I. 1[4]	A 1.VI. 1[5]	A 1. VI. 3[6]	A 1.VII. 3[7]	A 1.VII. 4[8]	A 1.VII.11 .a[9]	A 1.VII.11. b[10]	A 1.VIII. 3[11]	A 1.IX. 1[12]	A 1.IX. 2[13]	A 1.IX. 3[14]	A1.IX. 4[15]	A 1.IX. 6[16]	A 2.1 [17]	A 2.4 [18]	A 2.5 [19]	A 3.1 [20]	A 3.2 [21]	A 4.4 [22]
Austria	A	Y	N	N	NA	Y	Y	N	N	Y	LS, A	NMDO	Y	N	N	N	MD , CG	N	SR
Belgium_LP	A	Y	N	MD	N	Y	Y	N	N	Y	LS, A	NMDO	Y	N	N	N	N	N	SR
Blegium_PP	A	Y	N	MD	N	Y	Y	N	60	Y	LS, A	DO	Y	N	N	N	N	N	SR
Bulgaria_UVPF	A	N	N	FC	Y	Y	Y	N	64.4	Y	LS, A	NMDO	YLS	FR	N	Y	N	N	SR
Bulgaria_PVPF	A	N	N	FC	Y	Y	Y	N	60	Y	LS, O	NMDO	YLS	FR	N	O	N	N	SR
Croatia_OPF	A	N	N	N	N	Y	Y	N	50	Y	LS, A, C	DO	N	N	N	N	N	na	PE
Cyprus_IIP	A	N	N	N	na	Y	Y	N	N	Y	LS, A	NMDO	Y	N	N	O	N	na	SR
Denmark_Alder	A	N	N	N	na	Y	Y	na	60	Y	LS, A	DO	Y	N	N	O	N	N	N

[4] A for all, L for limited, OL for other limitation
[5] N for no, Y for yes
[6] N for no, Y for yes
[7] FC for formal conditions, MA for minimal amount of in-payments, OC for out-payment conditions, MD for minimum detention/holding period
[8] N for no, Y for yes, na for not applicable
[9] N for no, Y for yes
[10] N for no, Y for yes
[11] N for no, Y for yes, na for not applicable, EL for exemption limited to one contract
[12] Age indicated, N for no age limit
[13] N for no, Y for yes
[14] LS for lump sums, A for annuities, C for combination of lump sums and annuities, OO for other options
[15] NMDO for no mandatory or default option, MO for mandatory option, DO for default option
[16] Y for yes, YLS for yes in limited situations, N for no
[17] FR for formal requirements, EP for no earlier participation, POE for period of employment N for no
[18] N for no, Y for yes
[19] N for no, Y for yes, O for optional
[20] N for no, Y for yes, MD for minimum detention period, CG for capital guaranteed
[21] N for no, Y for yes, na for not applicable, SC for social security contributions have to be paid, NA for not available
[22] N for no, SR for same requirements, LR for lightened requirements, SI for specific information to the foreign supervisory authority, PE for permanent establishment, NA for not available

Denmark_RP	A	N	N	N	na	Y	Y	na	60	Y	A	M	Y	N	N	O	N	na	N
Denmark_Aldersop	A	N	N	na	na	Y	Y	na	60	Y	LS, A	NMDO	Y	N	N	O	N	N	N
Estonia_VSF	A	N	N	N	na	Y	Y	N	N	Y	LS, A, C	NMDO	Y	N	N	Y	N	N	SR
Finland_IP	A	Y	N	N	na	Y	Y	N	68	Y	A	M	YLS	N	N	N	N	NA	SR
France_MadelinTNS	L	N	N	N	na	Y	N	N	62	Y	A	M	YLS	N	N	N	N	SC	SR
France_MadelinAgr	L	N	N	N	na	Y	N	N	62	Y	A	M	YLS	N	N	N	N	SC	SR
France_PERP	A	N	N	N	na	Y	Y	N	62	Y	A, C[23]	DO	YLS	N	N	O	N	na	SR
Germany_Riester	L	N	N	FC, MA	N	Y	Y	na	62	Y	A, C, O	NMDO	Y	na	N	O	N	N	N
Germany_Rürup	A	N	N	N	na	Y	Y	N	62	Y	A	M	N	N	N	O	N	N	N
Germany_PP	A	N	N	N	na	Y	Y	N	N	Y	LS, A	NMDO	Y	N	N	O	N	N	SR
Greece_PRSP	A	N	N	N	na	N	N	na	67	N	LS, A, C	NMDO	Y	N	N	na	N	na	SR
Ireland_RAC	L	N	N	N	na	Y	Y	N	60 to 75	Y	A, C, OO	NMDO	YLS	N	N	N	N	na	SR
Italy_PIP	A	N	Y	N	na	Y	Y	na	N	Y	A, C	NMDO	YLS	N	N	Y	N	na	SR
Italy_OPF	A	N	N	N	na	Y	Y	na	N	Y	A, C	NMDO	YLS	N	N	Y	N	na	N
Latvia_PPF	A	N	N	N	na	Y	Y	N	55	Y	LS, A	NMDO	YLS	N	N	N	N	na	LR
Lithuania_VF	A	N	N	N	na	Y	Y	N	55	Y	LS, A, C	NMDO	Y	N	N	Y	N	N	SR
Luxembourg_IPS	A	Y	N	N	na	Y	Y	N	60 to 75	Y	A, C	NMDO	Y	N	N	O	N	na	SR
Malta_PPPa	A	N	N	N	na	Y	Y	N	50	Y	LS, A, C	DO	N	N	Y	O	N	N	SR
Malta_PPPna	A	N	N	na	na	Y	Y	N	50	Y	LS, A, C	DO	Y	N	N	O	N	N	SR

[23] For clustering reasons, the decumulation option by lump sum (mandatory if the amount accumulated is less than €40) has not been taken into account

Netherlands_RBSA	A	Y	N	OC	N	Y	Y	N	65 and 3 m	Y	A	M	N	N	N	N	N	N	N
Netherlands_RAInsA	A	Y	N	OC	Y	Y	Y	N	65 and 3 m	Y	A	M	N	N	N	N	N	N	N
Netherlands_RAInsD	A	Y	N	OC	N	Y	Y	N	65 and 3 m	Y	A	M	N	N	N	N	N	N	N
Poland_IKE	A	N	N	na	na	Y	Y	EL	60	N	LS, A	NMDO	Y	N	N	N	N	na	SR
Poland_PPE	L	Y	N	na	na	Y	Y	na	60	N	LS, A	NMDO	Y	POE, EP	N	N	N	na	SI
Poland_IKZE	A	N	N	N	na	Y	Y	EL	65	N	LS, A	NMDO	Y	N	N	N	N	na	SR
Portugal_LifeInsR	OL	N	N	N	na	Y	Y	na	55	Y	LS, A, C	NMDO	Y	N	N	O	N	N	SR
Portugal_LifeInsH	OL	N	N	OC, MD	Y	Y	Y	na	66 and 2 m	Y	LS, A, C	NMDO	Y	N	N	O	N	N	SR
Portugal_PF	A	N	N	OC	Y	Y	Y	na	60	Y	LS, A, C	NMDO	N	N	N	Y	N	N	SR
Romania_SPP	A	y	N	N	na	Y	Y	N	60	N	LS, A	NMDO	YLS	N	N	Y	N	na	N
Slovenia_VSP	A	N	N	N	na	Y	Y	N	58	Y	LS, A	NMDO	YLS	N	N	Y	N	na	SR
Spain_PPA	A	N	N	N	na	Y	Y	N	N	N	LS, A, C	NMDO	Y	N	N	O	N	N	NA
Sweden_IPS	A	N	N	na	na	Y	Y	na	55	N	A	M	N	N	N	N	N	na	SR
United Kingdom_SIPP	A	N	N	N	na	Y	Y	N	55	Y	LS, A, C	NMDO	Y	N	N	O	N	na	SR
United Kingdom_Stakeh	A	N	N	N	na	Y	Y	N	55	Y	LS, A	NMDO	Y	N	Y	O	N	na	SR

Clustering B based on 17 out of 20 feature requirements

Assumptions

Following the attempt above, we performed another clustering analysis based on 17 out of 20 answers selected. The answers to the three questions listed below were not taken into account:

- What are the age limits for the accumulation phase of the PPP?
    - The answers to this question were not taken into account because of their non-restrictive character. Indeed, if limitations exist they correspond to an old age which cannot be considered as a restriction.
- Is there an age limit for the start of the decumulation phase? (If so, give the age limit).
    - The answers to this question were not taken into account as they are too diverse to allow a clustering analysis to be performed.
- What conditions are attached to those options? (For each option, specify if they are mandatory or DOs and describe them.)
    - The answers to this question were not taken into account. The clustering analysis was performed by considering that products could be included in a same cluster if they have at least one of their decumulation options in common. All the products analysed have the annuities decumulation option in common except for Bulgaria_PVPF and the only decumulation option that could be mandatory is annuities.

Clustering B is based on 85% of the questions selected for clustering A.

Similarly to clustering A, the products whose the sale is not allowed in a country other than the country of origin, have not been considered for the clustering.

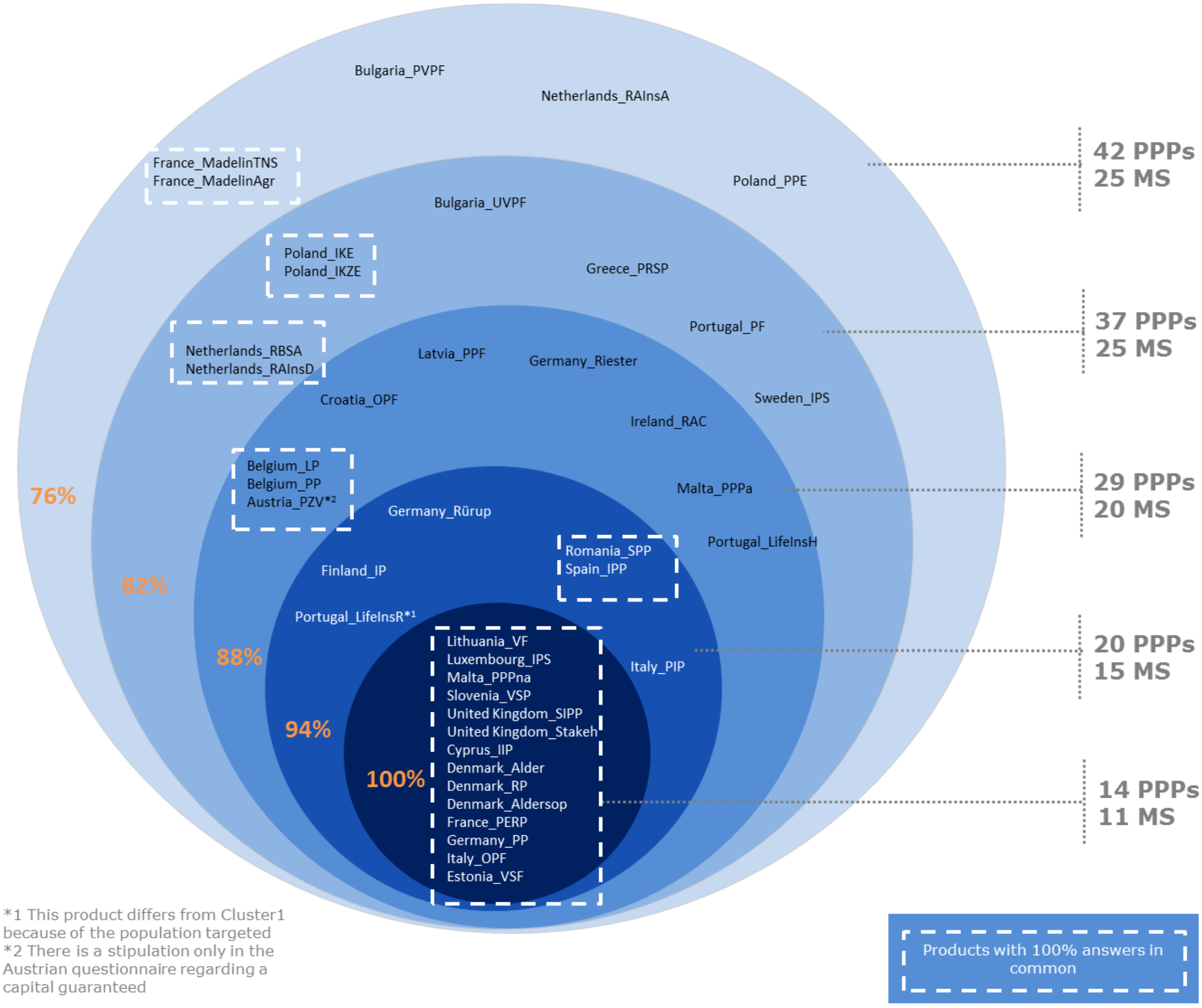
Results of Clustering B

Based on the answers to the questions selected, a cluster of 14 PPPs in 11 Member States was identified (hereafter 'Cluster1B'). These 14 PPPs have the same answers to the 17 questions selected.

Then, for the other 28 PPPs, the answers that differed from Cluster1B, were determined.

- The products with only one different answer are 94% similar to those in Cluster1B.
- The products with two different answers are 88% similar to those in Cluster1B.
- The products with three different answers are 82% similar to those in Cluster1B.
- The products with four different answers are 76% similar to those in Cluster1B.

Figure 24: Results of Clustering B



*1 This product differs from Cluster1 because of the population targeted
*2 There is a stipulation only in the Austrian questionnaire regarding a capital guaranteed

Table 10: Answers to questions selected for Clustering B

PPP code	A 0.I.1	A 1.VI.3	A 1.VII.3	A 1.VII.4	A 1.VII.11.a	A 1.VII.11.b	A 1.VIII.3	A 1.IX.2	A 1.IX.3	A 1.IX.6	A 2.1	A 2.4	A 2.5	A 3.1	A 3.2	A 4.4
Cyprus_IIP	A	N	N	na	Y	Y	N	Y	LS, A	Y	N	N	O	N	na	SR
Denmark_Alder	A	N	N	na	Y	Y	na	Y	LS, A	Y	N	N	O	N	N	SR
Denmark_RP	A	N	N	na	Y	Y	na	Y	A	Y	N	N	O	N	na	SR
Denmark_Aldersop	A	N	N	na	Y	Y	na	Y	LS, A	Y	N	N	O	N	N	SR
France_PERP	A	N	N	na	Y	Y	N	Y	A, C	YLS	N	N	O	N	na	SR
Germany_PP	A	N	N	na	Y	Y	N	Y	LS, A	Y	N	N	O	N	N	SR
Italy_OPF	A	N	N	na	Y	Y	na	Y	A, C	YLS	N	N	Y	N	na	SR
Lithuania_VF	A	N	N	na	Y	Y	N	Y	LS, A, C	Y	N	N	Y	N	N	SR
Luxembourg_IPS	A	N	N	na	Y	Y	N	Y	A, C	Y	N	N	O	N	na	SR
Malta_PPPna	A	N	N	na	Y	Y	N	Y	LS, A, C	Y	N	N	O	N	N	SR
Slovenia_VSP	A	N	N	na	Y	Y	N	Y	LS, A	YLS	N	N	Y	N	na	SR
United Kingdom_SIPP	A	N	N	na	Y	Y	N	Y	LS, A, C	Y	N	N	O	N	na	SR
United Kingdom_Stakeh	A	N	N	na	Y	Y	N	Y	LS, A	Y	N	N	O	N	na	SR
Estonia_VSF	A	N	N	na	Y	Y	N	Y	LS, A, C	Y	N	N	Y	N	N	SR
Finland_IP	A	N	N	na	Y	Y	N	Y	A	YLS	N	N	N	N	NA	SR
Germany_Rürup	A	N	N	na	Y	Y	N	Y	A	N	N	N	O	N	N	SR
Italy_PIP	A	Y	N	na	Y	Y	na	Y	A, C	YLS	N	N	Y	N	na	SR
Portugal_LifeInsR	OL	N	N	na	Y	Y	na	Y	LS, A, C	Y	N	N	O	N	N	SR
Romania_SPP	A	N	N	na	Y	Y	N	N	LS, A	YLS	N	N	Y	N	na	SR
Spain_PPA	A	N	N	na	Y	Y	N	N	LS, A, C	Y	N	N	O	N	N	NA
Austria_PZV	A	N	N	na	Y	Y	N	Y	LS, A	Y	N	N	N	MD, CG	N	SR
Belgium_LP	A	N	MD	N	Y	Y	N	Y	LS, A	Y	N	N	N	N	N	SR
Belgium_PP	A	N	MD	N	Y	Y	N	Y	LS, A	Y	N	N	N	N	N	SR
Croatia_OPF	A	N	N	N	Y	Y	N	Y	LS, A, C	N	N	N	N	N	na	PE
Germany_Riester	L	N	FC, MA	N	Y	Y	na	Y	A, C, OO	Y	na	N	O	N	N	SR
Ireland_RAC	L	N	N	na	Y	Y	N	Y	A, C, OO	YLS	N	N	N	N	na	SR
Latvia_PPF	A	N	N	na	Y	Y	N	Y	LS, A	YLS	N	N	N	N	na	LR
Malta_PPPa	A	N	N	na	Y	Y	N	Y	LS, A, C	N	N	Y	O	N	N	SR
Portugal_LifeInsH	OL	N	OC, MD	Y	Y	Y	na	Y	LS, A, C	Y	N	N	O	N	N	SR
Bulgaria_UVPF	A	N	FC	Y	Y	Y	N	Y	LS, A	YLS	FR	N	Y	N	N	SR
Greece_PRSP	A	N	N	na	N	N	na	N	LS, A, C	Y	N	N	NA	N	N	SR
Netherlands_RBSA	A	N	OC	N	Y	Y	N	Y	A	N	N	N	N	N	N	SR
Netherlands_RAInsD	A	N	OC	N	Y	Y	N	Y	A	N	N	N	N	N	N	SR
Poland_IKE	A	N	na	na	Y	Y	EL	N	LS, A	Y	N	N	N	N	na	SR
Poland_IKZE	A	N	N	na	Y	Y	EL	N	LS, A	Y	N	N	N	N	na	SR
Portugal_PF	A	N	OC	Y	Y	Y	na	Y	LS, A, C	N	N	N	Y	N	N	SR
Sweden_IPS	A	N	na	na	Y	Y	na	N	A	N	N	N	N	N	na	SR
France_MadelinTNS	L	N	N	na	Y	N	N	Y	A	YLS	N	N	N	N	SC	SR
France_MadelinAgr	L	N	N	na	Y	N	N	Y	A	YLS	N	N	N	N	SC	SR
Bulgaria_PVPF	A	N	FC	Y	Y	Y	N	Y	LS, OO	YLS	FR	N	O	N	N	SR
Netherlands_RAInsA	A	N	OC	Y	Y	Y	N	Y	A	N	N	N	N	N	N	SR
Poland_PPE	L	N	na	na	Y	Y	na	N	LS, A	Y	EP, POE	N	N	N	na	SI

The following table presents all the coded answers obtained for PPPs in Cluster1.

Table 11: Coded answers obtained in Cluster1

Questions	Coded answers obtained for Cluster1
Is the product designed to target a limited population? (0.I.1)	All
Is a minimum number of years to retirement a condition for the purchase of the product?(1.VI.3)	No
Are there any other features /conditions/restrictions required to obtain tax relief for the in-payments? (Provide a detailed description)(1.VII.3)	No
If the answer to question (1.VII.3) is yes, does there have to be an insurance element in the product?(1.VII.4)	Na
Is it possible to change the level of in-payments?(1.VII.11.a)	Yes
Is it possible to take a break?(1.VII.11.b)	Yes
If you answered 'exempt' to question (1.VIII.1): What are the conditions to qualify for exemption?(1.VIII.3)	No or Na (if Yields are taxed)
Are individuals able to choose the age at which decumulation starts, or is it prescribed by tax or labour law?(1.IX.2)	Yes
What are the options for decumulation? (Possible options for decumulation include: lump sums, partial lump sums, annuities, annuities during a fixed period.) (1.IX.3)	All PPPs allow for annuities as decumulation option
Is it possible to redeem funds before the pension age (early out-payments)(1.IX.6)	Yes or Yes in limited situation
Are there any social security, labour and contract law requirements applicable to PPP? (If so, describe them.)(2.1)	No
Is having the nationality of the relevant Member State or a physical address in the Member State a requirement to buy the product? (2.4)	No
Does the personal pension product cover disability allowance? (Comment to what extent and if it is mandatory) (2.5)	Yes or Optional
Are there any other conditions to benefit from preferential tax treatment, not yet mentioned above? (If so, describe them). (3.1)	No
What are the specific contract and insurance law requirements applicable to the PPP?(3.2)	No or Na
If you answered yes to the question 4.3: What are the requirements for foreign providers from Member States/EEA to sell the PPP? (4.4)	Same requirements

Clustering C based on 20 feature requirements

Assumptions

We performed a new clustering based on the answers to the 20 feature requirements selected, applying the following two rules:

1. Ranges were applied to coding answers related to the age limit for the decumulation phase.
2. A hierarchical clustering analysis (agglomerative approach) was performed applying value to each answer. The following table summarizes the value applied to the coded answers.

Table 12: Value applied to coded answers obtained in Clustering C

Topic	Questions	Coded answers	Value applied	Comments
Population targeted (0.I)	Is the product designed to target a limited population? (0.I.1)	A	0	L and OL answers have the same restrictive nature.
		L	1	
		OL	1	
Age limit 1.VI	What are the age limits for the accumulation phase of the PPP? (1.VI.1)	N	0	
		Y	1	
	Is a minimum number of years to retirement a condition for the purchase of the product?(1.VI.3)	N	0	
		Y	1	
	Are there any other features /conditions/restrictions required to obtain tax relief for the in-payments? (Provide a detailed description)(1.VII.3)	N	0	OC and MA answers have the same restrictive nature. FC answers were considered as non-restrictive. N and na answers do not present any restriction nature.
		na	0	
		FC	0	
		OC	1	
		MA	1	
	If the answer to question (1.VII.3) is yes, does there have to be an insurance element in the product?(1.VII.4)	N	1	Y answers do not present a restrictive character: most of the PPPs have an insurance element. Conversely, N answers were considered as the most restrictive. Na answers result from the answer proposed in the previous question and cannot be considered as restrictive.
		na	0	
		Y	0	
	Is it possible to change the level of in-payments?(1.VII.11.a)	Y	0	
		N	1	
	Is it possible to take a break?(1.VII.11.b)	Y	0	
		N	1	

Yields taxes 1.VII	If you answered 'exempt' to question (1.VIII.1): What are the conditions to qualify for exemption?(1.VIII.3)	N	0	Only EL answers present a restriction to benefit from the exemption
		Na	0	
		EL	1	
Decumulation phase 1.IX	Is there an age limit for the start of the decumulation phase? (If so give the age limit).(1.IX.1)			The answers to the questions, even if a range is applied, show significant heterogeneity which do not allow clustering analysis to be performed
	Are individuals able to choose the age at which decumulation starts, or is it prescribed by tax or labour law?(1.IX.2)	Y	0	
		N	1	
	What are the options for decumulation? (Possible options for decumulation include: lump sums, partial lump sums, annuities, annuities during a fixed period.) (1.IX.3)	LS	1	
		A	1	
		C	1	
		OO	1	
	What conditions are attached to those options? (For each option, specify if they are mandatory or default options and describe them.) (1.IX.4)	NMDO	0	M answers were considered as the most restrictive. Conversely, NMDO answers were considered as non-restrictive answers. The valuation of DO answers depends on the restrictive nature of the conditions to start the decumulation in a different way than the default option (e.g., in Croatia the DO is annuities. A decumulation by LS is allowed if the amount is less than € 1,400)
		DO	0 or 1	
		M	1	
	Is it possible to redeem funds before the pension age (early out-payments)(1.IX.6)	Y	0	N answers were considered as the most restrictive. YSL answers were considered as a medium level of restriction. Y answers were considered as non-restrictive.
		YSL	0,5	
		N	1	

2. Social security, labour and contract law requirements applicable to PPPs	Are there any social security, labour and contract law requirements applicable to PPP? (If so, describe them.)(2.1)	N	0	N answers do not present any restriction. FR answers were considered as non-restrictive. EP, POE answers were considered as restrictive.
		FR	0	
		EP, POE	1	
	Is having the nationality of the relevant Member State or a physical address in the Member State a requirement to buy the product? (2.4)	N	0	
		Y	1	
	Does the personal pension product cover disability allowance? (Comment to what extent and if it is mandatory) (2.5)	Y	0	No answers were considered as restrictive. Yes answers were non-restrictive. O answers were non-restrictive but could not be considered as Y answers and a different value is applied.
		O	0,5	
		N	1	
3.Other legal requirements applicable to PPPs	Are there any other conditions to benefit from preferential tax treatment, not yet mentioned above? (If so, describe them). (3.1)	N	0	
		MD, CG	1	
	What are the specific contract and insurance law requirements applicable to PPPs?(3.2)	N or na	0	
		SC	1	
4.Requirements applicable to the providers of the PPPs	Are providers from other Member States/EEA allowed to sell the PPPs? (4.3)	Y		All the PPPs considered can be sold by providers from other MS.
	If you answered yes to the question 4.3: What are the requirements for foreign providers from Member States/EEA to sell the PPP? (4.4)	LR	0	LR answers are the least restrictive conditions. SR answers were not considered as restrictive. SI and PE answers were considered as restrictive. PE answers were considered as more restrictive than SI answers.
		SR	0,33	
		SI	0,67	
		PE	1	

Results of Clustering C

Based on the 19 questions selected and on the value applied to each answer as described above, ten clusters were identified.

Table 13: Clusters identified in Clustering C

Cluster Number	Name of PPPs		Number of PPPs	MS represented
1	Cyprus_IIP Germany_PP Slovenia_VSP United Kingdom_Stakeh	Latvia_PPF Bulgaria_UVPF Denmark_Alder Denmark_Aldersop	8	7
2	Bulgaria_PVPF Romania_SPP	Austria_PZV Poland_PPE	4	4
3	Denmark_RP Germany_Rürup	Sweden_IPS	3	3
4	Luxembourg_IPS Italy_OPF Italy_PIP Portugal_PF	France_PERP Croatia_OPF Malta_PPPa	7	6
5	Finland_IP Netherlands_RAInsA	Netherlands_RBSA Netherlands_RAInsD	4	2
6	Lithuania_VF Malta_PPPna United Kingdom_SIPP	Estonia_VSF Spain_PPA Greece_PRSP	6	6
7	Portugal_LifeInsR Portugal_LifeInsH	Belgium_LP Belgium_PP	4	2
8	Germany_Riester	Ireland_RAC	2	2
9	Poland_IKE	Poland_IKZE	2	1
10	France_MadelinTNS	France_MadelinAgr	2	1
Total			42	25

The coded answers to the questions selected are presented in the table below.

For each cluster, we analysed the differences between the answers obtained. Significant differences are highlighted in yellow while non-decisive differences are highlighted in green.

Two main remarks should be made:

- This clustering method does not allow homogeneous clusters to be obtained. Significant differences are detected in each group.
- Four out of ten clusters are only/mainly composed of PPPs from the same MS.

Table 14: Results of Clustering C

PPP code	A0.I.1	A0.I.1	V	A.1.VI.1	V	A1.VI.3	V	A1.VII.3	V	A1.VII.4	V	A1.VII.11.a	V	A1.VII.11.b	V	1.VIII.3	V	A1.IX.1	Range	A1.IX.2	V	A1.IX.3	LS	A	C	OO	A1.IX.4	V	A1.IX.6	V	A2.1	V	A2.4	V	A2.5	V	A3.1	V	A3.2	V	A4.4	V	Cluster
Cyprus_IIP	Y	A	0	N	0	N	0	N	0	na	0	Y	0	Y	0	N	0	N	N	Y	0	LS, A	1	1	0	0	no M or DO	0	Y	0	N	0	N	0	O	0,5	N	0	na	0	SR	0,33	1
Germany_PP	Y	A	0	N	0	N	0	N	0	na	0	Y	0	Y	0	N	0	N	N	Y	0	LS, A	1	1	0	0	no M or DO	0	Y	0	N	0	N	0	O	0,5	N	0	N	0	SR	0,33	1
Slovenia_VSP	Y	A	0	N	0	N	0	N	0	na	0	Y	0	Y	0	N	0	58	<60	Y	0	LS, A	1	1	0	0	no M or DO	0	YLS	0,5	N	0	N	0	Y	0	N	0	na	0	SR	0,33	1
United Kingdom_Stakeh	Y	A	0	N	0	N	0	N	0	na	0	Y	0	Y	0	N	0	55	<60	Y	0	LS, A	1	1	0	0	no M or DO	0	Y	0	N	0	N	0	O	0,5	N	0	na	0	SR	0,33	1
Latvia_PPF	Y	A	0	N	0	N	0	N	0	na	0	Y	0	Y	0	N	0	55	<60	Y	0	LS, A	1	1	0	0	no M or DO	0	YLS	0,5	N	0	N	0	N	1	N	0	na	0	LR	0	1
Bulgaria_UVPF	Y	A	0	N	0	N	0	FC	0	Y	0	Y	0	Y	0	N	0	64.4	60 to 65	Y	0	LS, A	1	1	0	0	no M or DO	0	YLS	0,5	FR	0	N	0	Y	0	N	0	N	0	SR	0,33	1
Denmark_Alder	Y	A	0	N	0	N	0	N	0	na	0	Y	0	Y	0	na	0	60	60 to 65	Y	0	LS, A	1	1	0	0	DO	0	Y	0	N	0	N	0	O	0,5	N	0	N	0	SR	0,33	1
Denmark_Aldersop	Y	A	0	N	0	N	0	N	0	na	0	Y	0	Y	0	na	0	60	60 to 65	Y	0	LS, A	1	1	0	0	no M or DO	0	Y	0	N	0	N	0	O	0,5	N	0	N	0	SR	0,33	1
Bulgaria_PVPF	Y	A	0	N	0	N	0	FC	0	Y	0	Y	0	Y	0	N	0	60	60 to 65	Y	0	LS, OO	0	1	0	1	no M or DO	0	YLS	0,5	FR	0	N	0	O	0,5	N	0	N	0	SR	0,33	2
Romania_SPP	Y	A	0	Y	1	N	0	N	0	na	0	Y	0	Y	0	N	0	60	60 to 65	N	1	LS, A	1	1	0	0	no M or DO	0	YLS	0,5	N	0	N	0	Y	0	N	0	na	0	SR	0,33	2
Austria_PZV	Y	A	0	Y	1	N	0	N	0	na	0	Y	0	Y	0	N	0	N	N	Y	0	LS, A	1	1	0	0	no M or DO	0	Y	0	N	0	N	0	N	1	MD, CG	1	N	0	SR	0,33	2
Poland_PPE	Y	L	1	Y	1	N	0	na	0	na	0	Y	0	Y	0	na	0	60	60 to 65	N	1	LS, A	1	0	0	0	no M or DO	0	Y	0	EP, POE	1	N	0	N	1	N	0	na	0	SI	0,67	2
Denmark_RP	Y	A	0	N	0	N	0	N	0	na	0	Y	0	Y	0	na	0	60	60 to 65	Y	0	A	1	0	0	0	M	1	Y	0	N	0	N	0	O	0,5	N	0	na	0	SR	0,33	3
Germany_Rürup	Y	A	0	N	0	N	0	N	0	na	0	Y	0	Y	0	N	0	62	60 to 65	Y	0	A	1	0	0	0	M	1	N	1	N	0	N	0	O	0,5	N	0	N	0	SR	0,33	3
Sweden_IPS	Y	A	0	N	0	N	0	na	0	na	0	Y	0	Y	0	na	0	55	<60	N	1	A	1	0	0	0	M	1	N	1	N	0	N	0	N	1	N	0	na	0	SR	0,33	3
Luxembourg_IPS	Y	A	0	Y	1	N	0	N	0	na	0	Y	0	Y	0	N	0	60 to 75	60 to 65	Y	0	A, C	1	0	1	0	no M or DO	0	Y	0	N	0	N	0	O	0,5	N	0	na	0	SR	0,33	4
Italy_OPF	Y	A	0	N	0	N	0	N	0	na	0	Y	0	Y	0	na	0	N	N	Y	0	A, C	1	0	1	0	no M or DO	0	YLS	0,5	N	0	N	0	Y	0	N	0	na	0	SR	0,33	4
Italy_PIP	Y	A	0	N	0	Y	1	N	0	na	0	Y	0	Y	0	na	0	N	N	Y	0	A, C	1	0	1	0	no M or DO	0	YLS	0,5	N	0	N	0	Y	0	N	0	na	0	SR	0,33	4
Portugal_PF	Y	A	0	N	0	N	0	OC	1	Y	0	Y	0	Y	0	na	0	60	60 to 65	Y	0	LS, A, C	1	1	1	0	no M or DO	0	N	1	N	0	N	0	Y	0	N	0	N	0	SR	0,33	4
France_PERP	Y	A	0	N	0	N	0	N	0	na	0	Y	0	Y	0	N	0	62	60 to 65	Y	0	A, C	1	0	1	0	DO	0	YLS	0,5	N	0	N	0	O	0,5	N	0	na	0	SR	0,33	4
Croatia_OPF	Y	A	0	N	0	N	0	N	0	N	1	Y	0	Y	0	N	0	50	<60	Y	0	LS, A, C	1	1	1	0	DO	0,75	N	1	N	0	N	0	N	1	N	0	na	0	PE	1	4
Malta_PPPa	Y	A	0	N	0	N	0	N	0	na	0	Y	0	Y	0	N	0	50	<60	Y	0	LS, A, C	1	1	1	0	DO	0	N	1	N	0	Y	1	O	0,5	N	0	N	0	SR	0,33	4
Finland_IP	Y	A	0	Y	1	N	0	N	0	na	0	Y	0	Y	0	N	0	68	>65	Y	0	A	1	0	0	0	M	1	YLS	0,5	N	0	N	0	N	1	N	0	NA	0	SR	0,33	5
Netherlands_RAInsA	Y	A	0	Y	1	N	0	OC	1	Y	0	Y	0	Y	0	N	0	65 +3 m to 70. +3 m	>65	Y	0	A	1	0	0	0	M	1	N	1	N	0	N	0	N	1	N	0	N	0	SR	0,33	5
Netherlands_RBSA	Y	A	0	Y	1	N	0	OC	1	N	1	Y	0	Y	0	N	0	65 +3 m to 70. +3 m	>65	Y	0	A	1	0	0	0	M	1	N	1	N	0	N	0	N	1	N	0	N	0	SR	0,33	5
Netherlands_RAInsD	Y	A	0	Y	1	N	0	OC	1	N	1	Y	0	Y	0	N	0	65 +3 m to 70. +3 m	>65	Y	0	A	1	0	0	0	M	1	N	1	N	0	N	0	N	1	N	0	N	0	SR	0,33	5
Lithuania_VF	Y	A	0	N	0	N	0	N	0	na	0	Y	0	Y	0	N	0	55	<60	Y	0	LS, A, C	1	1	1	0	no M or DO	0	Y	0	N	0	N	0	Y	0	N	0	N	0	SR	0,33	6
Malta_PPPna	Y	A	0	N	0	N	0	N	0	na	0	Y	0	Y	0	N	0	50	<60	Y	0	LS, A, C	1	1	1	0	DO	0	Y	0	N	0	N	0	O	0,5	N	0	N	0	SR	0,33	6
United Kingdom_SIPP	Y	A	0	N	0	N	0	N	0	na	0	Y	0	Y	0	N	0	55	<60	Y	0	LS, A, C	1	1	1	0	no M or DO	0	Y	0	N	0	N	0	O	0,5	N	0	na	0	SR	0,33	6
Estonia_VSF	Y	A	0	N	0	N	0	N	0	na	0	Y	0	Y	0	N	0	N	N	Y	0	LS, A, C	1	1	1	0	no M or DO	0	Y	0	N	0	N	0	Y	0	N	0	N	0	SR	0,33	6
Spain_PPA	Y	A	0	N	0	N	0	N	0	na	0	Y	0	Y	0	N	0	N	N	N	1	LS, A, C	1	1	1	0	no M or DO	0	Y	0	N	0	N	0	O	0,5	N	0	N	0	NA	0,33	6
Greece_PRSP	Y	A	0	N	0	N	0	N	0	na	0	N	1	N	1	na	0	67	>65	N	1	LS, A, C	1	1	1	0	no M or DO	0	Y	0	N	0	N	0	na	0,5	N	0	N	0	SR	0,33	6
Portugal_LifeInsR	Y	OL	1	N	0	N	0	N	0	na	0	Y	0	Y	0	na	0	55	<60	Y	0	LS, A, C	1	1	1	0	no M or DO	0	Y	0	N	0	N	0	O	0,5	N	0	N	0	SR	0,33	7
Portugal_LifeInsH	Y	OL	1	N	0	N	0	OC, MD	1	Y	0	Y	0	Y	0	na	0	66 +2 m	>65	Y	0	LS, A, C	1	1	1	0	no M or DO	0	Y	0	N	0	N	0	O	0,5	N	0	N	0	SR	0,33	7
Belgium_LP	Y	A	0	Y	1	N	0	MD	1	N	1	Y	0	Y	0	N	0	N	N	Y	0	LS, A	1	1	0	0	no M or DO	0	Y	0	N	0	N	0	N	1	N	0	N	0	SR	0,33	7
Belgium_PP	Y	A	0	Y	1	N	0	MD	1	N	1	Y	0	Y	0	N	0	60	60 to 65	Y	0	LS, A	1	1	0	0	DO	0	Y	0	N	0	N	0	N	1	N	0	N	0	SR	0,33	7
Germany_Riester	Y	L	1	N	0	N	0	FC, MA	1	N	1	Y	0	Y	0	na	0	62	60 to 65	Y	0	A, C, OO	1	0	1	1	no M or DO	0	Y	0	N	0	N	0	O	0,5	N	0	N	0	SR	0,33	8
Ireland_RAC	Y	L	1	N	0	N	0	N	0	na	0	Y	0	Y	0	N	0	60 to 75	60 to 65	Y	0	A, C, OO	1	0	1	1	no M or DO	0	YLS	0,5	N	0	N	0	N	1	N	0	na	0	SR	0,33	8
Poland_IKE	Y	A	0	N	0	N	0	na	0	na	0	Y	0	Y	0	EL	1	60	60 to 65	N	1	LS, A	1	1	0	0	no M or DO	0	Y	0	N	0	N	0	N	1	N	0	na	0	SR	0,33	9
Poland_IKZE	Y	A	0	N	0	N	0	N	0	na	0	Y	0	Y	0	EL	1	65	60 to 65	N	1	LS, A	1	1	0	0	no M or DO	0	Y	0	N	0	N	0	N	1	N	0	na	0	SR	0,33	9
France_MadelinTNS	Y	L	1	N	0	N	0	N	0	na	0	Y	0	N	1	N	0	62	60 to 65	Y	0	A	1	0	0	0	M	1	YLS	0,5	N	0	N	0	N	1	N	0	SC	1	SR	0,33	10
France_MadelinAgr	Y	L	1	N	0	N	0	N	0	na	0	Y	0	N	1	N	0	62	60 to 65	Y	0	A	1	0	0	0	M	1	YLS	0,5	N	0	N	0	N	1	N	0	SC	1	SR	0,33	10

Table 15: Answers obtained in Clustering C – reading grid

Grey answers – answers not considered	This question was not taken into account because of the heterogeneity of answers obtained. An attempt to harmonise answers was performed applying ranges instead of figures. However, there is still significant heterogeneity.	
Yellow answers – significant differences	**Questions**	**Comments**
	0.I.1	A significant difference occurs in the case of a limitation of the population targeted
	1.VII.3	A significant difference occurs if specific conditions are required for the benefit of the tax relief (e.g. minimum holding period)
	1.VII.4	A significant difference occurs if there is no insurance element in the product
	1.VII.11.a 1.VII.11.b	A significant difference occurs if it is not possible to change the level of in-payments or to take a break
	1.IX.2	A significant difference occurs if pension savers are not allowed to choose the age at which they start the decumulation phase
	1.IX.3	A significant difference occurs if the decumulation options allowed are not the same
	1.IX.4	A significant difference occurs if the decumulation option is restrictive compared to the options allowed for the other PPPs within the same cluster
	1.IX.6	A significant difference occurs if the pension saver does not have the same level of restriction regarding the possibility of redeeming funds before retirement age (or assimilated) (e.g. early out-payments are allowed for a given PPP whereas they are not allowed for another PPP) In several circumstances, conditions to redeem funds are restrictive and the differences should be considered as significant, e.g. being recognised as a first-group invalid for life (Latvia), expiry of unemployment benefit rights (France)
	2.1	A significant difference occurs if specific requirements are applicable to the PPP (e.g. the pension saver must not already have a similar PPP)
	2.4	A significant difference occurs if having the nationality of the relevant MS or a physical address in the MS is a requirement to buy the PPP
	2.5	A significant difference occurs if the products do not offer the same level of coverage regarding disability allowances (e.g. the coverage is optional for a given PPP and it is not allowed for another PPP)
	3.1	A significant difference occurs if specific conditions to

		benefit from preferential tax treatment have been mentioned (e.g. minimum holding period)
	4.4	A significant difference occurs if the level of requirements for foreign providers willing to sell the PPP in a given MS is not the same (e.g. to have a permanent establishment or on the contrary lightened requirements)
Green answers – Non-significant differences	**Questions**	**Comments**
	1.VI.1	The differences observed are not considered as significant because the limitation always corresponds to an advanced age (e.g. 60 years' old in Romania, 65 years' old in Austria
	1.VI.3	The sole difference observed is not significant (i.e., one year of contributions)
	1.VII.3	Formal conditions to obtain the tax relief on in-payments have not been considered as significant differences
	1.IX.2	Coded answers have been interpreted and some differences have not been considered as significant (e.g. the pay-out period is regulated between five and 15 years in Sweden, the limitation mentioned in the PPE questionnaire is already taken into account elsewhere in the study)
	1.IX.4	The difference is not significant between 'no mandatory or default option' and 'default option' answers if the possibility to choose a decumulation option other than the default one is not limited
	1.IX.6	If there is a possibility of redeeming funds before the retirement age (or assimilated), differences between 'Y' and 'YLS' should be considered as non-significant if the conditions to redeem funds are not restrictive
	2.1	Formal requirements applicable to the PPP were not considered as significant differences
	2.5	The differences between answers 'Y' and 'O' were not considered as significant

Clustering D based on the decumulation options

Assumptions

We performed another clustering based first on the decumulation options allowed by the PPP regime.
Three groups of PPPs were composed:

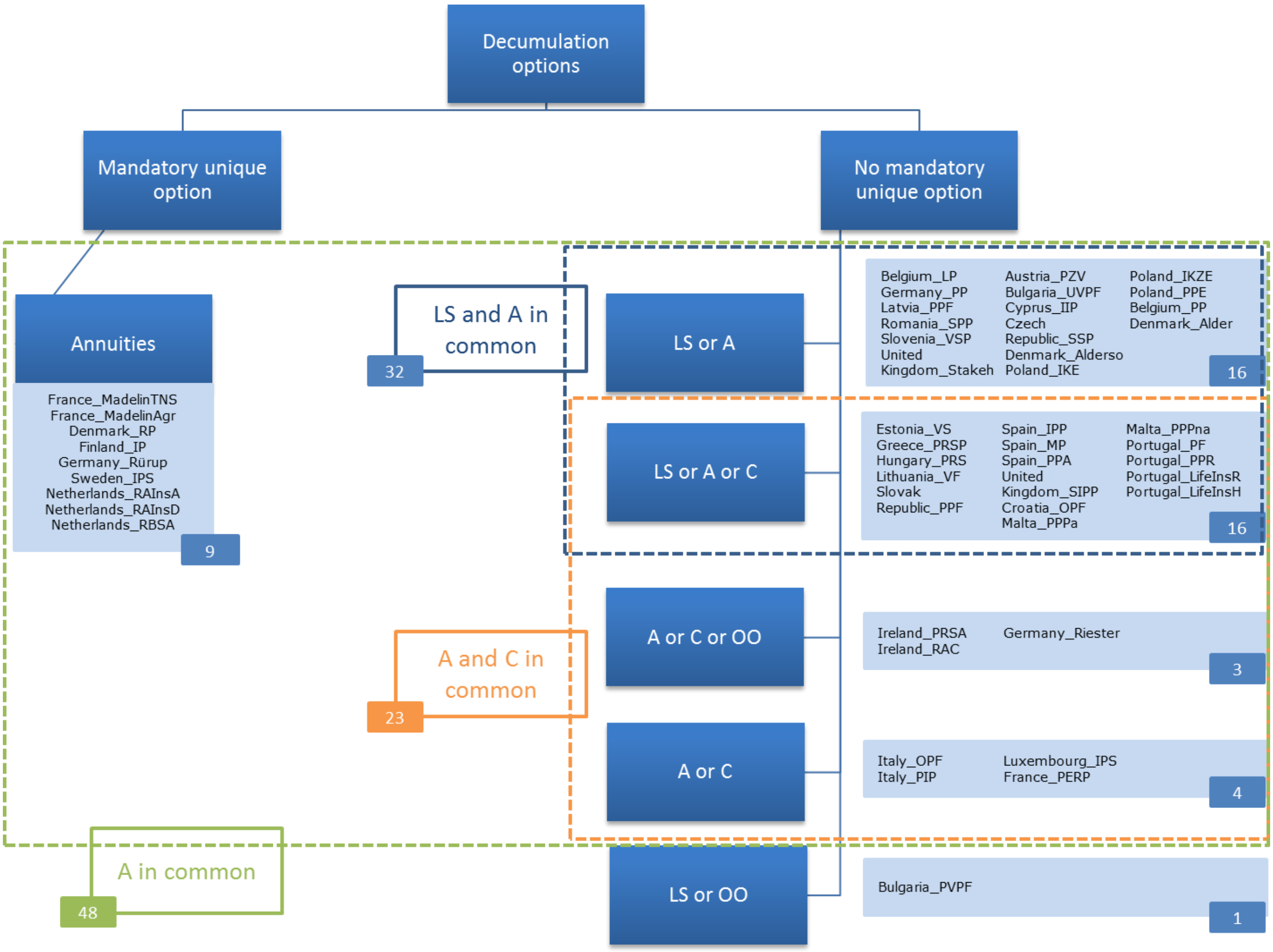
- Group1 gathering all the PPPs for which a decumulation by annuities is allowed;
- Group2 gathering all the PPPs for which a decumulation by lump sum and annuities is allowed;
- Group3 gathering all the PPPs for which a decumulation by annuities and combination of annuities and lump sum is allowed.

For each group, a clustering was performed following the method applied in Clustering A.

Results of Clustering D

Three groups gathering PPPs which have decumulation options in common were identified and are represented in the diagram below:

Figure 25: Decumulation options in common identified



For each of the three groups represented above, based on the answers to the questions selected (same questions as Clustering B), clusters have been identified:

- Group1 (decumulation option by annuities in common) which gathers 41 PPPs in 25 Member States: 14 PPPs in 11 Member States were identified (hereafter 'Cluster1D'). These 14 PPPs have the same answers to the 17 questions selected.
  Then for the other 27 PPPs, the answers that differed from Cluster1, were determined.
  - The products with only one different answer are 94% similar to those in Cluster1D.
  - The products with two different answers are 88% similar to those in Cluster1D.
  - The products with three different answers are 82% similar to those in Cluster1D.
  - The products with four different answers are 76% similar to those in Cluster1D.

- Group2 (decumulation options by lump sum and annuities in common) which gathers 26 PPPs in 25 Member States: 10 PPPs in 8 Member States were identified (hereafter 'Cluster2D'). These 10 PPPs have the same answers to the 17 questions selected.

Then for the other 16 PPPs, the answers that differed from Cluster2D, were determined.

- The products with only one different answer are 94% similar to those in Cluster2D.
- The products with two different answers are 88% similar to those in Cluster2D.
- The products with three different answers are 82% similar to those in Cluster2D.
- The products with four different answers are 76% similar to those in Cluster2D.

- Group3 (decumulation options by annuities and combination of lump sum and annuities in common) which gathers 17 PPPs in 13 MS: 7 PPPs in 7 Member States were identified (hereafter 'Cluster3D'). These 7 PPPs have the same answers to the 17 questions selected.

  Then for the other 10 PPPs, the answers that differed from Cluster3D, were determined.

  - The products with only one different answer are 94% similar to those in Cluster3D.
  - The products with two different answers are 88% similar to those in Cluster3D.
  - The products with three different answers are 82% similar to those in Cluster3D.

Clustering D is non-conclusive as the results are quite similar to the results of Clustering B. The products with conditions in common that could be clustered together in Cluster2D and Cluster3D are included in Cluster 1D which is identical to Cluster1B.

Figure 26: Results for Group1 in Clustering D

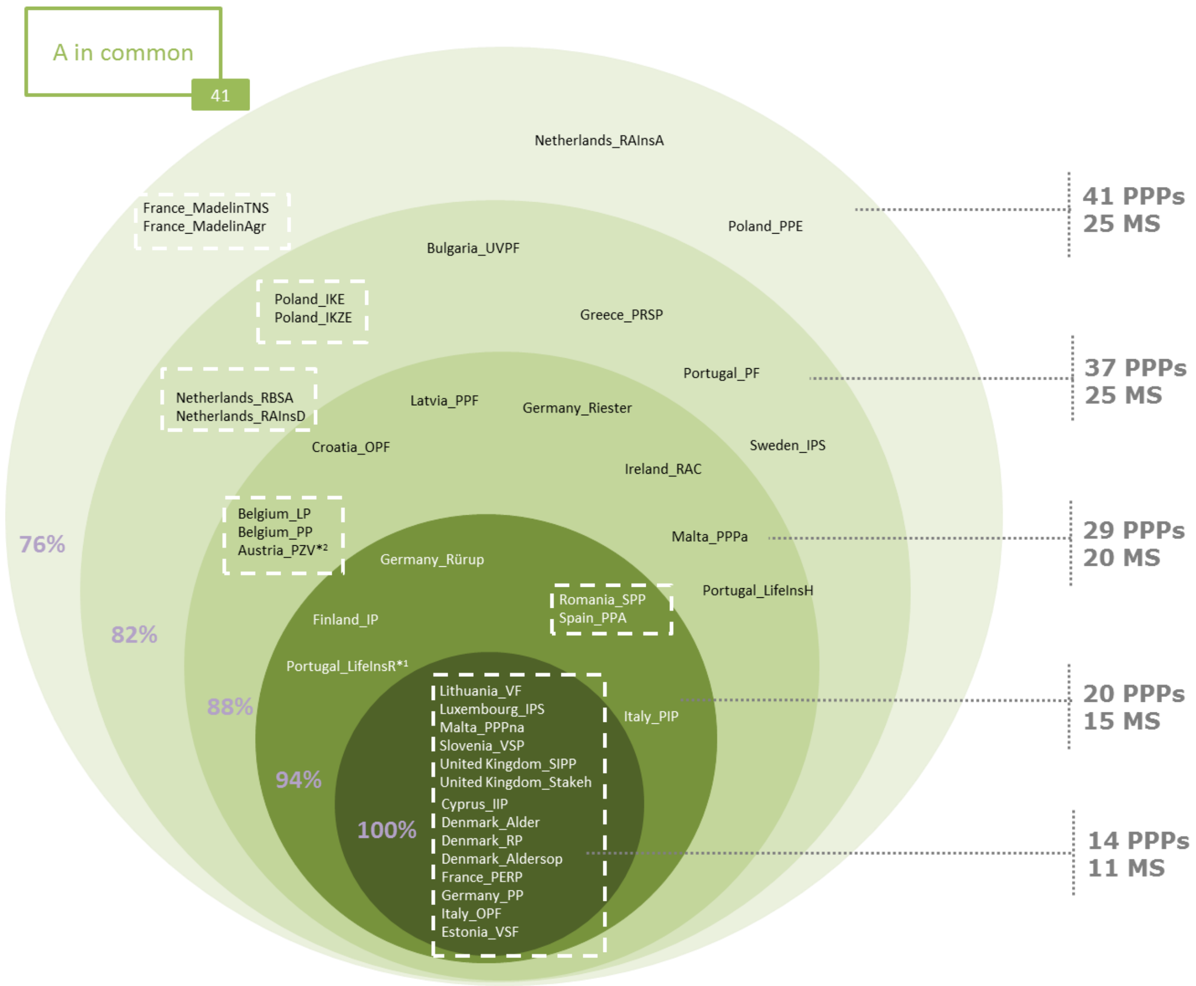


Figure 27: Results for Group2 in Clustering D

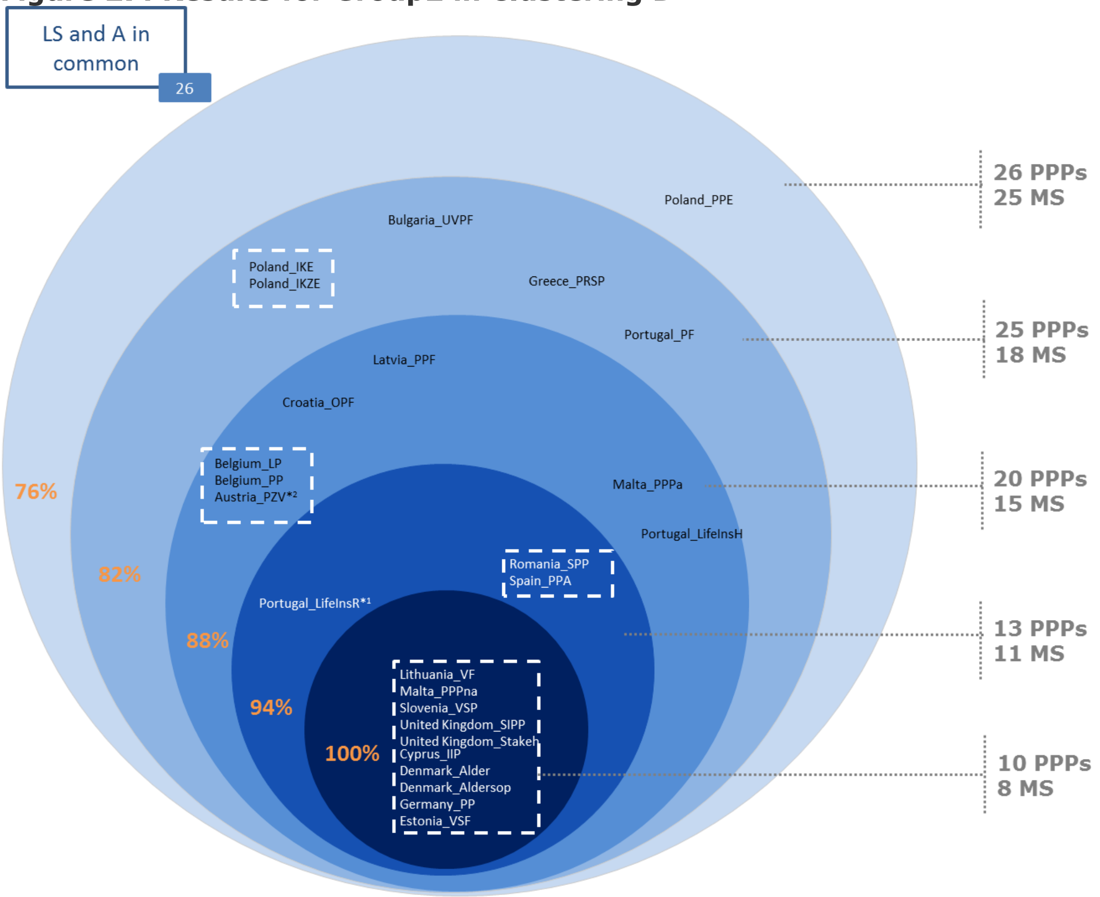


Figure 28: Results for Group3 in Clustering D

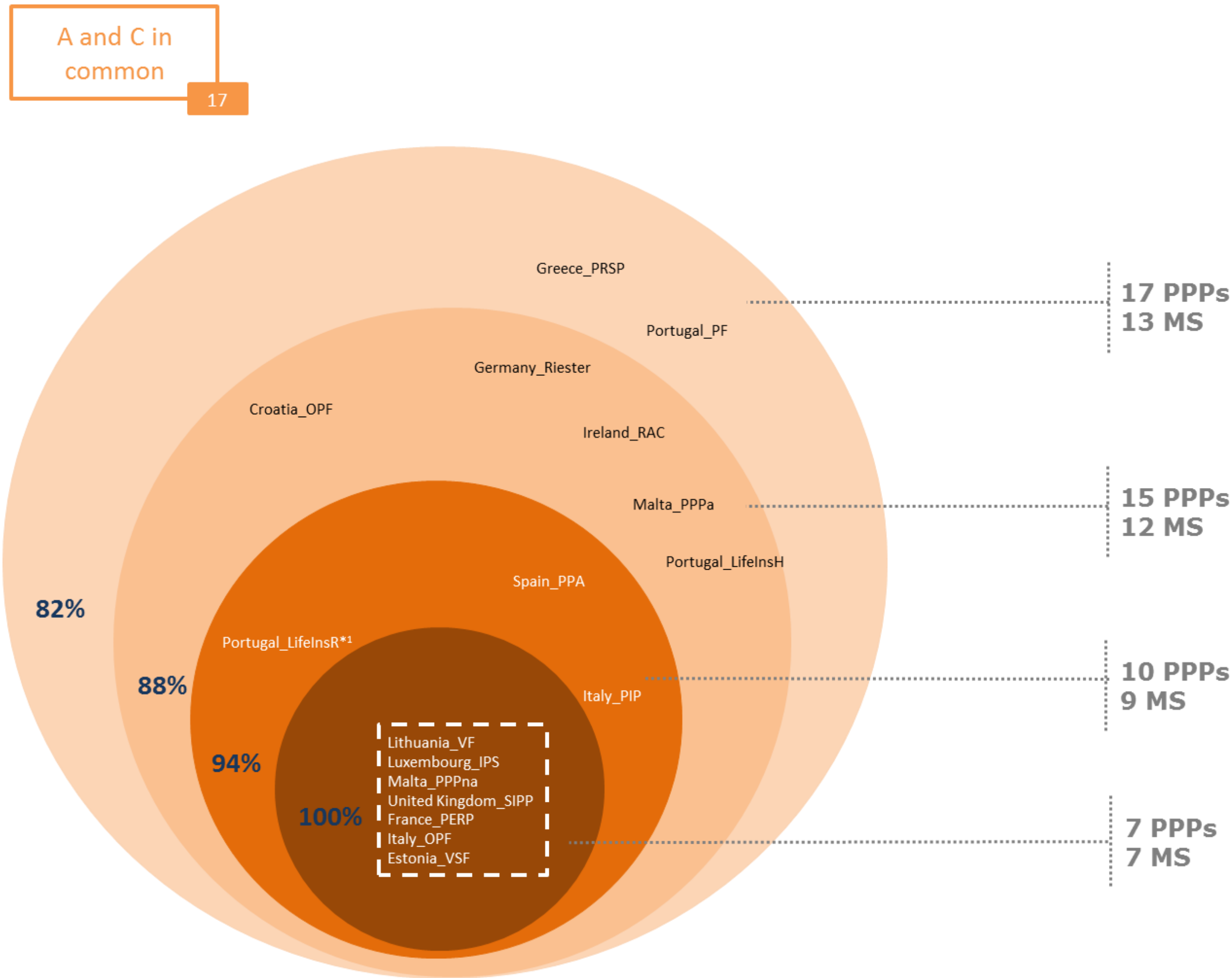


Table 16: Answers to the questions selected for Group1 in Clustering D

PPP code	A 0.I.1	A 1.VI.3	A 1.VII.3	A 1.VII.4	A 1.VII.11.a	A 1.VII.11.b	A 1.VIII.3	A 1.IX.2	A 1.IX.3	A 1.IX.6	A 2.1	A 2.4	A 2.5	A 3.1	A 3.2	A 4.4
Cyprus_IIP	A	N	N	na	Y	Y	N	Y	LS, A	Y	N	N	O	N	na	SR
Denmark_Alder	A	N	N	na	Y	Y	na	Y	LS, A	Y	N	N	O	N	N	SR
Denmark_RP	A	N	N	na	Y	Y	na	Y	A	Y	N	N	O	N	na	SR
Denmark_Aldersop	A	N	N	na	Y	Y	na	Y	LS, A	Y	N	N	O	N	N	SR
France_PERP	A	N	N	na	Y	Y	N	Y	A, C	YLS	N	N	O	N	na	SR
Germany_PP	A	N	N	na	Y	Y	N	Y	LS, A	Y	N	N	O	N	N	SR
Italy_OPF	A	N	N	na	Y	Y	na	Y	A, C	YLS	N	N	Y	N	na	SR
Lithuania_VF	A	N	N	na	Y	Y	N	Y	LS, A, C	Y	N	N	Y	N	N	SR
Luxembourg_IPS	A	N	N	na	Y	Y	N	Y	A, C	Y	N	N	O	N	na	SR
Malta_PPPna	A	N	N	na	Y	Y	N	Y	LS, A, C	Y	N	N	O	N	N	SR
Slovenia_VSP	A	N	N	na	Y	Y	N	Y	LS, A	YLS	N	N	Y	N	na	SR
United Kingdom_SIPP	A	N	N	na	Y	Y	N	Y	LS, A, C	Y	N	N	O	N	na	SR
United Kingdom_Stakeh	A	N	N	na	Y	Y	N	Y	LS, A	Y	N	N	O	N	na	SR
Estonia_VSF	A	N	N	na	Y	Y	N	Y	LS, A, C	Y	N	N	Y	N	N	SR
Finland_IP	A	N	N	na	Y	Y	N	Y	A	YLS	N	N	N	N	NA	SR
Germany_Rürup	A	N	N	na	Y	Y	N	Y	A	N	N	N	O	N	N	SR
Italy_PIP	A	Y	N	na	Y	Y	na	Y	A, C	YLS	N	N	Y	N	na	SR
Portugal_LifeInsR	OL	N	N	na	Y	Y	na	Y	LS, A, C	Y	N	N	O	N	N	SR
Romania_SPP	A	N	N	na	Y	Y	N	N	LS, A	YLS	N	N	Y	N	na	SR
Spain_PPA	A	N	N	na	Y	Y	N	N	LS, A, C	Y	N	N	O	N	N	NA
Austria_PZV	A	N	N	na	Y	Y	N	Y	LS, A	Y	N	N	N	MD, CG	N	SR
Belgium_LP	A	N	MD	N	Y	Y	N	Y	LS, A	Y	N	N	N	N	N	SR
Belgium_PP	A	N	MD	N	Y	Y	N	Y	LS, A	Y	N	N	N	N	N	SR
Croatia_OPF	A	N	N	N	Y	Y	N	Y	LS, A, C	N	N	N	N	N	na	PE
Germany_Riester	L	N	FC, MA	N	Y	Y	na	Y	A, C, OO	Y	na	N	O	N	N	SR
Ireland_RAC	L	N	N	na	Y	Y	N	Y	A, C, OO	YLS	N	N	N	N	na	SR
Latvia_PPF	A	N	N	na	Y	Y	N	Y	LS, A	YLS	N	N	N	N	na	LR
Malta_PPPa	A	N	N	na	Y	Y	N	Y	LS, A, C	N	N	Y	O	N	N	SR
Portugal_LifeInsH	OL	N	OC, MD	Y	Y	Y	na	Y	LS, A, C	Y	N	N	O	N	N	SR
Bulgaria_UVPF	A	N	FC	Y	Y	Y	N	Y	LS, A	YLS	FR	N	Y	N	N	SR
Greece_PRSP	A	N	N	na	N	N	na	N	LS, A, C	Y	N	N	NA	N	N	SR
Netherlands_RBSA	A	N	OC	N	Y	Y	N	Y	A	N	N	N	N	N	N	SR
Netherlands_RAInsD	A	N	OC	N	Y	Y	N	Y	A	N	N	N	N	N	N	SR
Poland_IKE	A	N	na	na	Y	Y	EL	N	LS, A	Y	N	N	N	N	na	SR
Poland_IKZE	A	N	N	na	Y	Y	EL	N	LS, A	Y	N	N	N	N	na	SR
Portugal_PF	A	N	OC	Y	Y	Y	na	Y	LS, A, C	N	N	N	Y	N	N	SR
Sweden_IPS	A	N	na	na	Y	Y	na	N	A	N	N	N	N	N	na	SR
France_MadelinTNS	L	N	N	na	Y	N	N	Y	A	YLS	N	N	N	N	SC	SR
France_MadelinAgr	L	N	N	na	Y	N	N	Y	A	YLS	N	N	N	N	SC	SR
Netherlands_RAInsA	A	N	OC	Y	Y	Y	N	Y	A	N	N	N	N	N	N	SR
Poland_PPE	L	N	na	na	Y	Y	na	N	LS, A	Y	EP, POE	N	N	N	na	SI

Table 17: Answers to the questions selected for Group2 in Clustering D

PPP code	A 0.I.1	A 1.VI.3	A 1.VII.3	A 1.VII.4	A 1.VII.11.	A 1.VII.11.	A 1.VIII.3	A 1.IX.2	A 1.IX.3	A 1.IX.6	A 2.1	A 2.4	A 2.5	A 3.1	A 3.2	A 4.4
Cyprus_IIP	A	N	N	na	Y	Y	N	Y	LS, A	Y	N	N	O	N	na	SR
Denmark_Alder	A	N	N	na	Y	Y	na	Y	LS, A	Y	N	N	O	N	N	SR
Denmark_Aldersop	A	N	N	na	Y	Y	na	Y	LS, A	Y	N	N	O	N	N	SR
Germany_PP	A	N	N	na	Y	Y	N	Y	LS, A	Y	N	N	O	N	N	SR
Lithuania_VF	A	N	N	na	Y	Y	N	Y	LS, A, C	Y	N	N	Y	N	N	SR
Malta_PPPna	A	N	N	na	Y	Y	N	Y	LS, A, C	Y	N	N	O	N	N	SR
Slovenia_VSP	A	N	N	na	Y	Y	N	Y	LS, A	YLS	N	N	Y	N	na	SR
United Kingdom_SIPP	A	N	N	na	Y	Y	N	Y	LS, A, C	Y	N	N	O	N	na	SR
United Kingdom_Stakeh	A	N	N	na	Y	Y	N	Y	LS, A	Y	N	N	O	N	na	SR
Estonia_VSF	A	N	N	na	Y	Y	N	Y	LS, A, C	Y	N	N	Y	N	N	SR
Portugal_LifeInsR	OL	N	N	na	Y	Y	na	Y	LS, A, C	Y	N	N	O	N	N	SR
Romania_SPP	A	N	N	na	Y	Y	N	N	LS, A	YLS	N	N	Y	N	na	SR
Spain_PPA	A	N	N	na	Y	Y	N	N	LS, A, C	Y	N	N	O	N	N	NA
Austria_PZV	A	N	N	na	Y	Y	N	Y	LS, A	Y	N	N	N	MD, CG	N	SR
Belgium_LP	A	N	MD	N	Y	Y	N	Y	LS, A	Y	N	N	N	N	N	SR
Belgium_PP	A	N	MD	N	Y	Y	N	Y	LS, A	Y	N	N	N	N	N	SR
Croatia_OPF	A	N	N	N	Y	Y	N	Y	LS, A, C	N	N	N	N	N	na	PE
Latvia_PPF	A	N	N	na	Y	Y	N	Y	LS, A	YLS	N	N	N	N	na	LR
Malta_PPPa	A	N	N	na	Y	Y	N	Y	LS, A, C	N	N	Y	O	N	N	SR
Portugal_LifeInsH	OL	N	OC, MD	Y	Y	Y	na	Y	LS, A, C	Y	N	N	O	N	N	SR
Bulgaria_UVPF	A	N	FC	Y	Y	Y	N	Y	LS, A	YLS	FR	N	Y	N	N	SR
Greece_PRSP	A	N	N	na	N	N	na	N	LS, A, C	Y	N	N	NA	N	N	SR
Poland_IKE	A	N	na	na	Y	Y	EL	N	LS, A	Y	N	N	N	N	na	SR
Poland_IKZE	A	N	N	na	Y	Y	EL	N	LS, A	Y	N	N	N	N	na	SR
Portugal_PF	A	N	OC	Y	Y	Y	na	Y	LS, A, C	N	N	N	Y	N	N	SR
Poland_PPE	L	N	na	na	Y	Y	na	N	LS, A	Y	EP, POE	N	N	N	na	SI

Table 18: Answers to the questions selected for Group3 in Clustering D

PPP code	A 0.I.1	A 1.VI.3	A 1.VII.3	A 1.VII.4	A 1.VII.11.	A 1.VII.11.	A 1.VIII.3	A 1.IX.2	A 1.IX.3	A 1.IX.6	A 2.1	A 2.4	A 2.5	A 3.1	A 3.2	A 4.4
France_PERP	A	N	N	na	Y	Y	N	Y	A, C	YLS	N	N	O	N	na	SR
Italy_OPF	A	N	N	na	Y	Y	na	Y	A, C	YLS	N	N	Y	N	na	SR
Lithuania_VF	A	N	N	na	Y	Y	N	Y	LS, A, C	Y	N	N	Y	N	N	SR
Luxembourg_IPS	A	N	N	na	Y	Y	N	Y	A, C	Y	N	N	O	N	na	SR
Malta_PPPna	A	N	N	na	Y	Y	N	Y	LS, A, C	Y	N	N	O	N	N	SR
United Kingdom_SIPP	A	N	N	na	Y	Y	N	Y	LS, A, C	Y	N	N	O	N	na	SR
Estonia_VSF	A	N	N	na	Y	Y	N	Y	LS, A, C	Y	N	N	Y	N	N	SR
Italy_PIP	A	Y	N	na	Y	Y	na	Y	A, C	YLS	N	N	Y	N	na	SR
Portugal_LifeInsR	OL	N	N	na	Y	Y	na	Y	LS, A, C	Y	N	N	O	N	N	SR
Spain_PPA	A	N	N	na	Y	Y	N	N	LS, A, C	Y	N	N	O	N	N	NA
Croatia_OPF	A	N	N	N	Y	Y	N	Y	LS, A, C	N	N	N	N	N	na	PE
Germany_Riester	L	N	FC, MA	N	Y	Y	na	Y	A, C, OO	Y	na	N	O	N	N	SR
Ireland_RAC	L	N	N	na	Y	Y	N	Y	A, C, OO	YLS	N	N	N	N	na	SR
Malta_PPPa	A	N	N	na	Y	Y	N	Y	LS, A, C	N	N	Y	O	N	N	SR
Portugal_LifeInsH	OL	N	OC, MD	Y	Y	Y	na	Y	LS, A, C	Y	N	N	O	N	N	SR
Greece_PRSP	A	N	N	na	N	N	na	N	LS, A, C	Y	N	N	NA	N	N	SR
Portugal_PF	A	N	OC	Y	Y	Y	na	Y	LS, A, C	N	N	N	Y	N	N	SR

PPP market overview, products with high market penetration and their features

The PPP Market overview (2)

This section describes PPP markets looking at: (i) Assets under management (AuM) (ii) number of PPP holders and (iii) level of in-payments.

Three relationships are identified in this section. While the level of AuM seems to increase with the level of household financial assets, a link also exists between the number of PPP holders and the size of the population. Finally, the level of in-payments is impacted by the household saving rate.

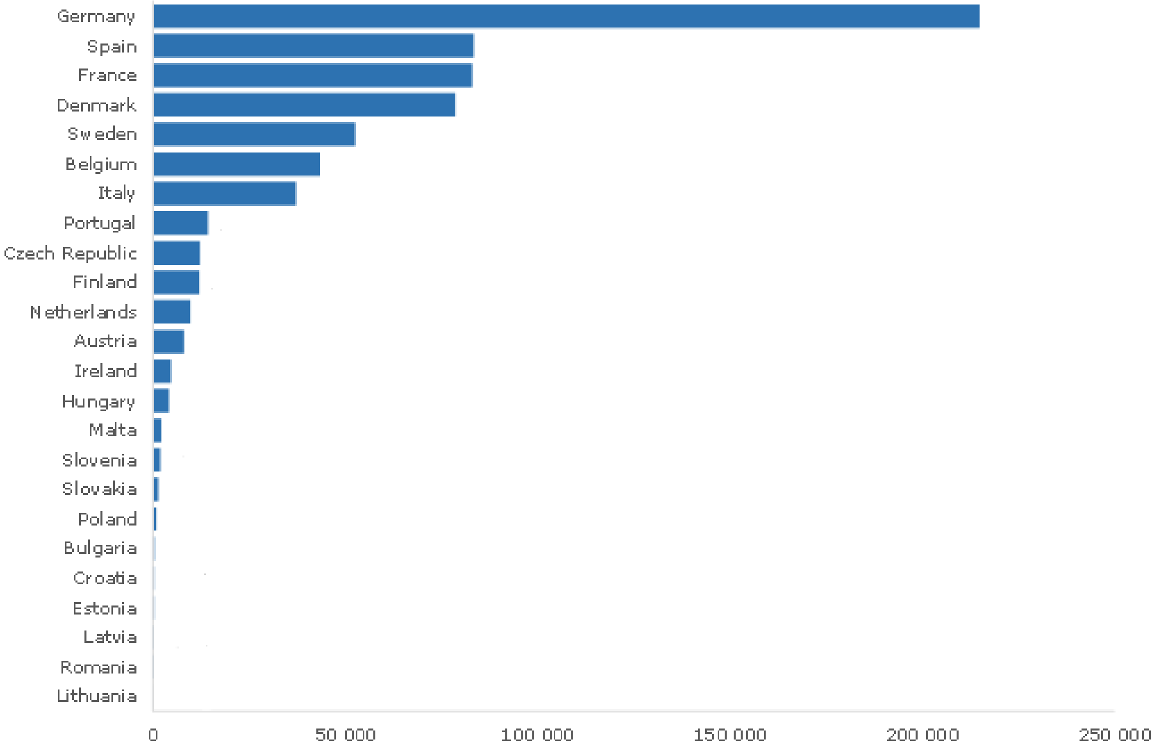
Assets under Management (AuM)

In 2014, the total assets under management (AuM) of the PPPs of 24 Member States for which data was available amounts to EUR 0.6 trillion. This represents 2% of European household financial assets and 4% of Gross Domestic Product (hereafter 'GDP').

Member States can be divided into four groups in terms of capitalisation:

- Member States with a **high level of capitalisation**, such as Spain, France and Denmark, representing 37% of the total AUM of the 36 PPPs for which information was collected. Except for Danish PPPs, all PPPs available in these Member States have been set up for more than 20 years.
- Member States with **medium capitalisation**, such as Sweden, Belgium and Italy, representing 20% of the total AuM of the 36 PPPs.
- Member States with **relatively low capitalisation**, such as Portugal, the Czech Republic, Finland, the Netherlands, Austria and Slovenia, representing 8% of the total AuM, and Member States with **very low capitalisation**, the majority of which are located in Central Eastern Europe such as Bulgaria, Latvia, Estonia and Romania, account for 0.18% of the total AuM .

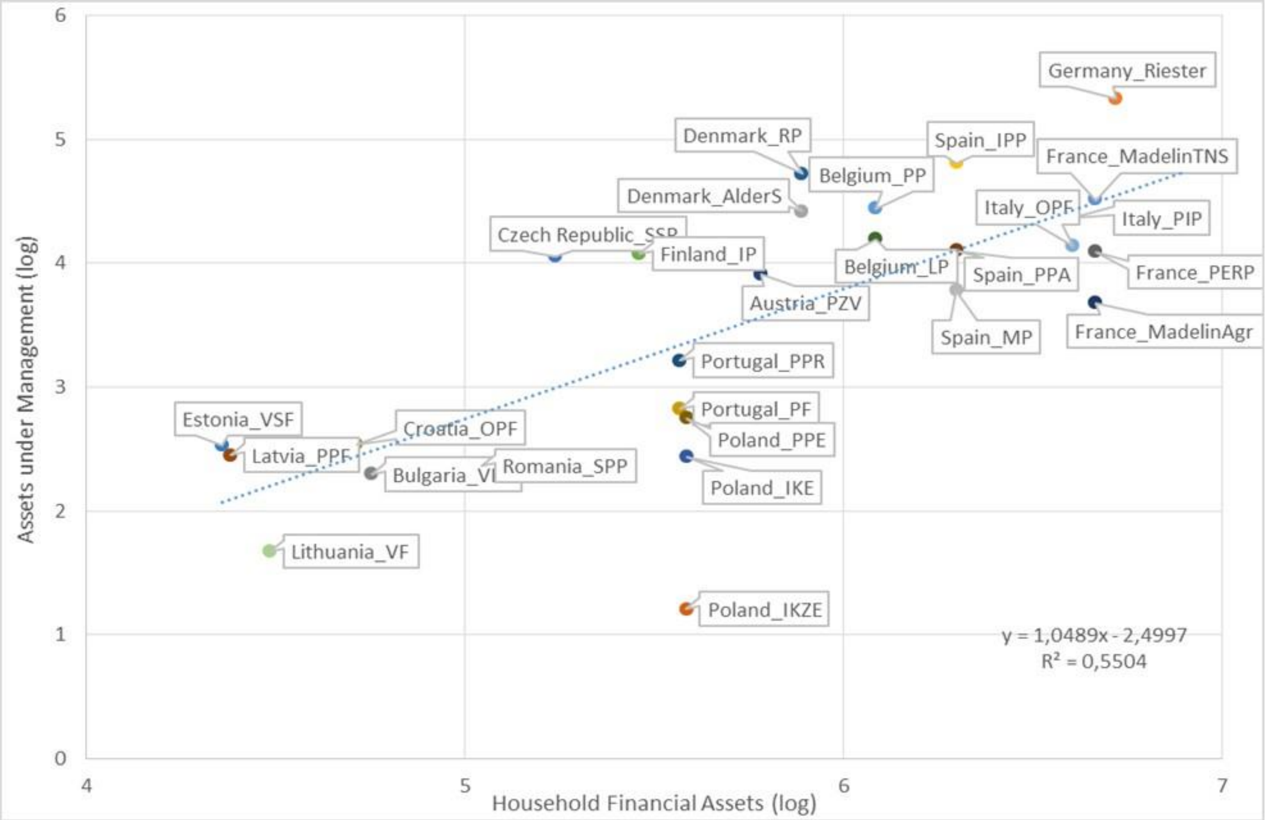
Figure 29 : PPP Assets under Management by Member State
In € million [24 MS], 2014



There seems to be a positive relationship between the volume of AuM and the volume of household financial assets. This relationship is illustrated in **Figure 30**. The positive relationship plotted suggests that the larger the volume of household financial assets, the larger the volume of PPP AuM.

Figure 30: Scatter plot of assets under management as a function of household financial assets

In € million, logarithmic scale, 2014 [24 MS]

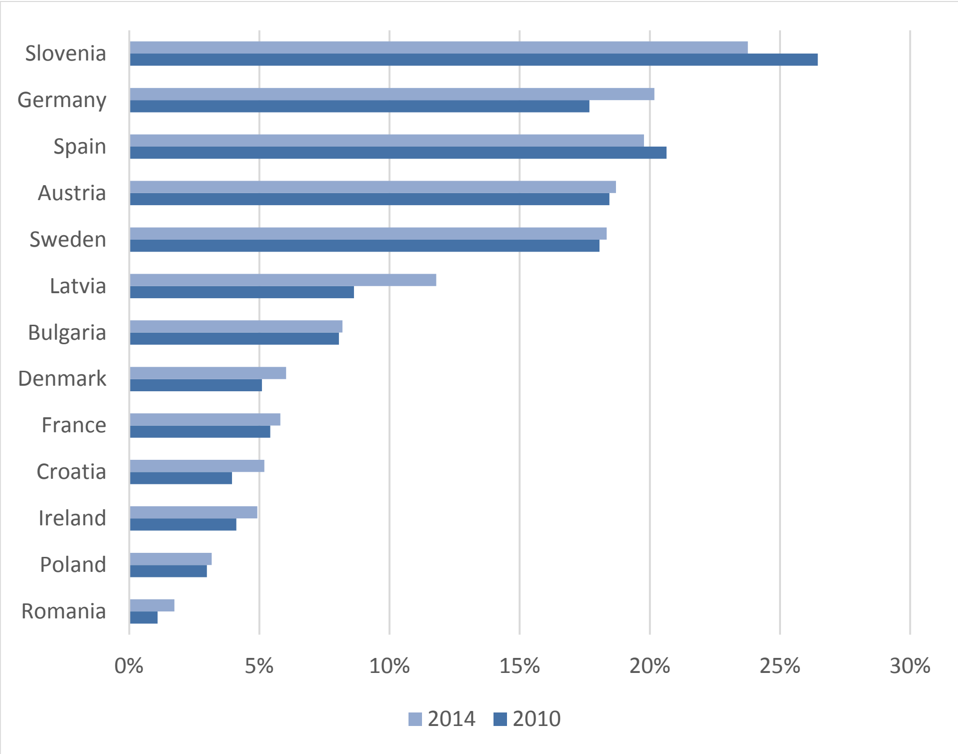


Participation in personal pension plans

This study covers a total of 52 million PPP holders[24] and 27 PPPs.

In most Member States, PPP holders represent less than 10% of the population. As shown in **Figure 31**, the percentage of PPP holders is above 15% in only a few Member States (Slovenia, Austria, Germany, Spain and Sweden). This can be explained by the relatively older age of the populations of these Member States. Subscription to a PPP is more likely to occur when retirement approaches. Since 2010, the number of PPP holders has increased by 5%.

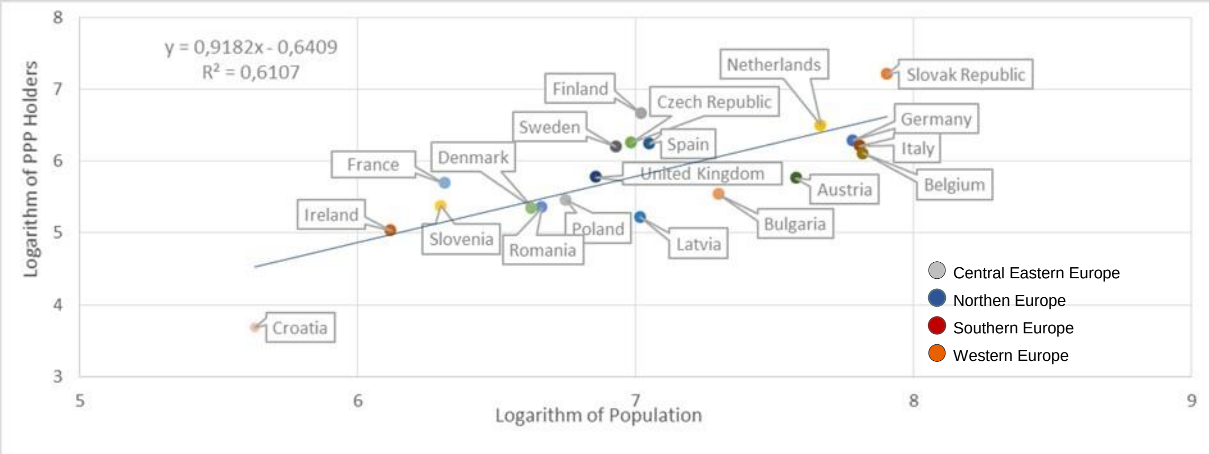
Figure 31: PPP coverage rate by Member State
2010-2014 [13 MS]



24 This data is based on the total number of contracts, not on the number of policyholders, assuming that most people only subscribe to one product.

The number of PPP holders is, on average, higher in the most populated Member States. Figure 32 below shows a positive relationship between the size of the population and the number of PPP holders. It is to be expected that the number of PPP holders is higher in the most populated Member States.

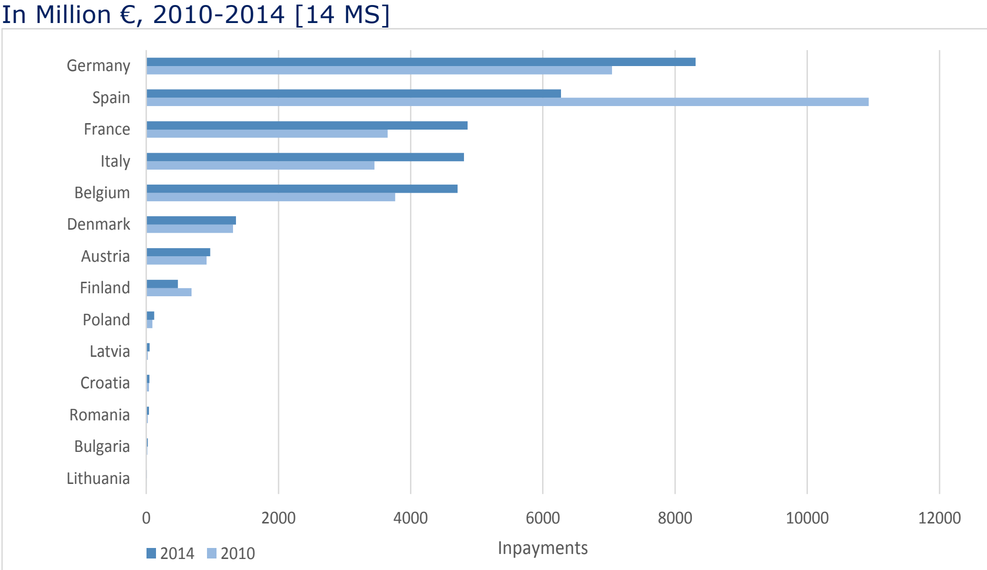
Figure 32: Scatter plot of number of holders as a function of population over 15 years old
2014



Contributions to personal pension plans

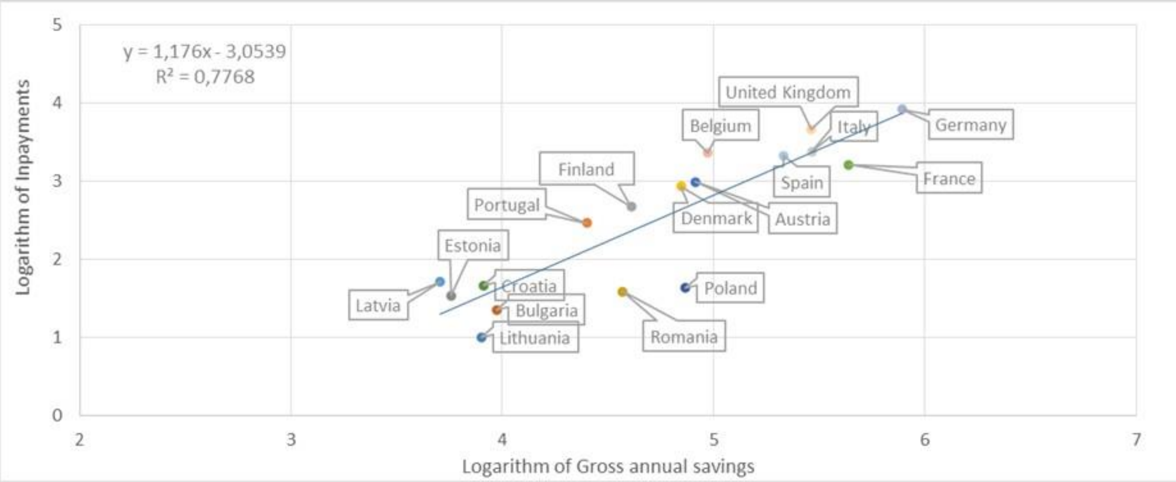
In-payments amount to €41bn and cover 28 PPPs. They have increased by 3% since 2010. Germany and the UK, with €17bn of in-payments, are the most significant providers in terms of in-payments, representing 37% of the total volume. A second group of countries (Spain, France, Italy and Belgium) stands out with a volume of in-payments of €22bn, representing 45% of the total volume.

Figure 33: In-payments made to PPPs by Member State
In Million €, 2010-2014 [14 MS]



A **positive relationship seems to exist between the volume of in-payments and the volume of gross annual savings**: it is to be expected that the larger the gross annual saving, the larger the value of in-payments. This relationship is illustrated in **Figure 34**.

Figure 34: In-payments to PPPs over gross annual savings
In € million, 2014



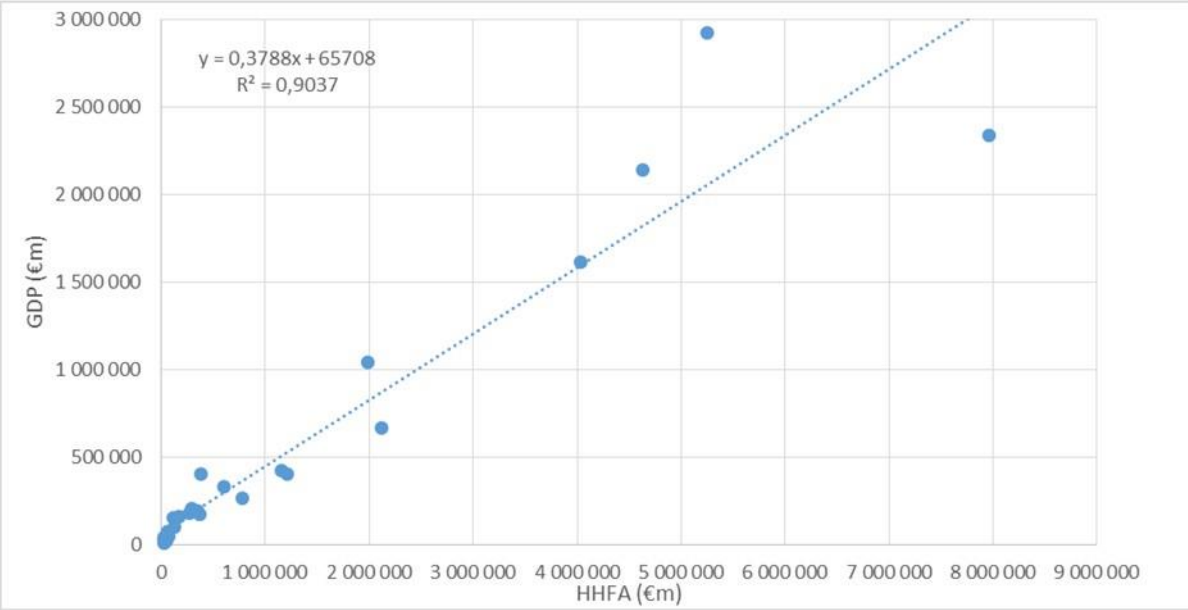
Products with the highest market penetration and their key features (3)

Leveraging on the relationships established in the previous section, a penetration index was built to identify the PPPs with the highest MPI. This index is a multidimensional indicator taking into account three dimensions:

- **The product's level of capitalisation:** The level of the product's assets under management (AuM) was compared to household financial assets to measure the product's success in terms of capitalisation or asset accumulation. Household financial assets were preferred to the more common GDP, because, although similar (see figure below), Household Financial Assets (hereafter "HHFA") is a closer proxy for measuring the ability to invest in a PPP.
- **The level of participation in the product**: Similarly, to measure the attractiveness of the product, the number of PPP holders was compared with the size of the population.
- **The dynamic of the product:** To capture the dynamic of the product, the volume of annual in-payments was compared to the level of savings.

It would also have been interesting to look at the replacement rate associated with the product to measure success. However, as most of the PPPs considered in this study are still in the accumulation phase, data on the PPP replacement rate often does not exist, preventing this factor from being used to measure success.

Figure 35 - Relationship between GDP and HHFA



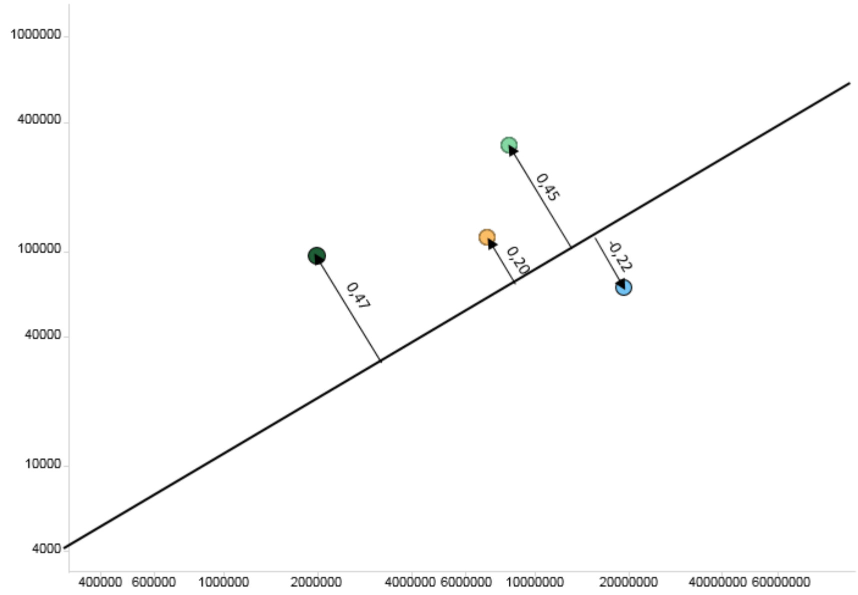
Computation of a penetration index

The methodology used to measure high market penetration is to evaluate the relative performance of the three aforementioned indicators with respect to their respective trends.

The points for each dimension are plotted on a logarithmic scale, so as not to give an unfair advantage to any country due to its size, household financial assets or household savings - which would each generate higher performance indicators when small.

A linear regression for each of the indicators outputs a trend line.

Figure 36 - Visual measurement of distance from points to trend line (not to scale)



The distance of each point to this line makes it possible to measure how much above (or below) the trend each PPP market stands. It is therefore counted positively if the PPP is above the line, and negatively if it is below it.
To give the same relative weight to each dimension in the final grade, this distance is divided by twice the standard deviation.
The final grade is obtained by calculating the average for each of the three dimensions that are available for the product. The performance is evaluated for the 36 products for which at least one of the three indicator dimensions can be computed. (See Appendix 1 - Detailed computation of the index)

Description of the five PPPs with the highest market penetration index (MPI)

The five products emerging with the highest score according to our penetration indicator are listed in the below table.

Table 19: Detailed score of the five PPPs with the highest penetration index

Ranking	Member State	coded name	Capitalisation Ind.	Participation Ind.	Dynamic Ind.	Market penetration index	Tax regime
1	Germany	Germany_Riester	0.65	0.87	1.43	**0.98**	EET
2	Spain	Spain_IPP	0.52	0.74	1.33	**0.86**	EET
3	Belgium	Belgium_PP	0.38	0.73	1.44	**0.85**	EET

25 While the Czech Republic is among the PPPs with the highest score according to the penetration indicator, it is not included in the list of PPPs. This choice was made due to the specific market characteristics in the Czech Republic. For example, this PPP appears to benefit from a high level of public aid. It is also exempt from taxation (EEE). Furthermore the Czech Republic does not have a second pillar which could also explain the high market penetration of this product. Due to these specific external factors, other than the product's features, this PPP was not included in the list of products with the highest penetration index for the purposes of this study.

Ranking	Member State	coded name	Capitalisation Ind.	Participation Ind.	Dynamic Ind.	Market penetration index	Tax regime
4	Denmark	Denmark_RP	0.69	0.07	1.19	**0.65**	ETT
5	Austria	Austria_PZV	0.18	0.62	1.08	**0.62**	EEE

- In Germany more than 20% of the population has a Riester PPP, which is the highest level of enrolment after that of the Czech Republic. Such a high level of participation explains Germany's high market penetration score. Likewise, the level of participation in the Austria PZV product is high, which compensates for its moderate level of capitalisation.
- Introduced in 1988, the Spanish individual personal pension plan is one of the oldest PPPs available in the EU. With a coverage rate of 16% of the entire population, it achieves the third highest MPI score. This finding should be nuanced by the fact that the holders can have more than one PPP and can switch between these products. In practice, the product is used as a financial risk mitigation strategy.
- The Belgian product was introduced in 1992. More than 22% of Belgium's population holds the Belgium PP product. This product benefits from strong momentum. For instance the volume of in-payments for this product represents about 3% of Belgium's annual gross savings in 2014. This explains the high MPI score for the Belgium PP.
- Introduced in 2005, the Danish Ratepension covers 7% of the population aged over 15, while the annual contributions represent 6% of gross savings. It has the ninth highest score in terms of capitalisation: the AuM represents 12% of household financial assets and has the highest ratio over GDP compared to the other products (20% in 2014). Indeed, Denmark has the best and most robust pension system in the world, according to the Melbourne Mercer Global Pension Index 2014.
- Austria PPP has an enrolment rate of 20% which is one of the highest observed for the PPPs that we analysed. However, its capitalization rate is one of the lowest, at only 1%.

Grouping of PPP products

Using the above penetration index, the products were divided into three groups in **Table 20**:

- High MPI Score. This group includes the 11 products with the highest MPI
- Low MPI score products. This group includes the 12 products with the lowest MPI.
- Medium MPI score. This group includes the 12 remaining products.

Table 20: Grouping of PPP into More successful, Successful and Less successful

Rank	PPP Name	Cap.	Part.	Dyn.	Penetration Index	AuM/HHFA
1	Germany_Riester	0.65	0.87	1.43	0.98	0.041
2	Spain_IPP	0.52	0.74	1.33	0.86	0.033
3	Belgium_PP	0.38	0.73	1.44	0.85	0.023
4	Denmark_RP	0.69	0.07	1.19	0.65	0.068
5	Austria_PZV	0.18	0.62	1.08	0.62	0.013

Rank	PPP Name	Cap.	Part.	Dyn.	Penetration Index	AuM/HHFA
6	Belgium_LP	0.21	0.29	1.08	0.52	0.013
7	Slovenia_VSP	0.43	0.58		0.50	0.049
8	Italy_PIP	0.03	0.19	1.29	0.50	0.006
9	Finland_IP	0.49	0.00	0.96	0.48	0.042
10	United Kingdom_Stakeh	0.00	-0.04	1.37	0.44	
11	Denmark_AlderS	0.48	-0.12	0.84	0.40	0.034
12	Sweden_IPS	0.11	0.62		0.37	0.010
13	France_MadelinTNS	0.10	-0.19	1.18	0.36	0.007
14	Spain_PPA	0.02	-0.17	1.23	0.36	0.006
15	France_PERP	-0.21	0.06	1.06	0.31	0.003
16	Latvia_PPF	-0.05	0.27	0.56	0.26	0.012
17	Slovak Republic_PPF	0.24	0.00		0.24	0.026
18	Italy_OPF	-0.13	-0.25	1.04	0.22	0.003
19	Estonia_VSF	0.02	0.06	0.43	0.17	0.015
20	Portugal_PPR	-0.19	-0.29	0.87	0.13	0.004
21	Croatia_OPF	-0.18	-0.02	0.48	0.09	0.007
22	Ireland_PRSA	0.15	-0.04		0.05	0.013
23	Bulgaria_VPF	-0.37	0.23	0.26	0.04	0.004
24	Malta_PPPa	0.60	-0.62		-0.01	0.096
25	Malta_PPPna	0.60	-0.62		-0.01	0.096
26	Germany_Rürup	0.00	-0.09		-0.04	
27	Spain_MP	-0.21	-0.69	0.69	-0.07	0.003
28	Netherlands_RBSA	-0.08	0.00		-0.08	0.005
29	Portugal_PF	-0.47	-0.79	0.87	-0.13	0.002
30	Romania_SPP	-0.49	-0.36	0.25	-0.20	0.002
31	Poland_IKE	-0.76	-0.20	0.25	-0.24	0.001
32	Poland_PPE	-0.54	-0.54	0.33	-0.25	0.001
33	France_MadelinAgr	-0.50	-0.88	0.51	-0.29	0.001
34	Lithuania_VF	-0.66	0.00	0.04	-0.31	0.002
35	Poland_IKZE	-1.64	-0.40	-0.19	-0.74	0.000

Interpretation of the penetration index

The penetration index can be viewed as a measure of consumer propensity to invest in a PPP. The penetration index can be used to compare the market performance of a PPP product within a Member State and across Member States. The relative performance of a PPP will mainly be driven its capacity to capture available savings. In a sense, it provides a measure of the propensity of consumers to invest in a given PPP.

The main driver of consumer choice when it comes to PPP investment appears to be tax incentives. Appendix 2 – Modelling consumer choices examines the determining factors of consumer investment in a PPP. According to this analysis, when tax incentives increase by 1%, the penetration index (or the propensity to consume a PPP) gains 6 points on average.

The PPP features are also important, but to a lesser extent. In Member States where there are several PPPs it was assumed that differences in market performance where due to product features deemed superior by consumers. The average effects of the features on PPP market performance was positive, but much lower than the impacts of tax incentives. Having product features deemed superior by consumers increases the penetration index by 0.3 points.

Key features of the personal pension products

To identify the key features of PPPs with a high MPI, the following analyses were carried out:

- We listed the features that appear the most frequently in the five products with the highest MPI;
- These features were then categorised into "standard features" - which appear in a majority of products, whether or not they are successful -, and "distinctive features" – which seem to be linked to the success of a PPP;
- We focused on Member States with several PPPs. In these Member States the comparison of PPP features makes it possible to identify those conducive to success. Indeed, these PPPs are subject to identical environmental and market conditions, so any differences in MPI may be attributed to product features.

Features common to the products with a high MPI

Table 21 presents the features shared by the five PPPs with the highest MPI for which information has been collected. A feature is said to be common to the most successful when it is shared by at least 3 PPPs with a high MPI.

Table 21: Common features of products with the highest MPI

	Coded name	Belgium PP	Denmark RP	Germany Riester	Austria PZV	Spain IPP
Accumulation features						
In-payments	No limitation on holder age for subscription		×	×		×
	Minimum number of years to retirement is not a condition for the purchase of the product	×	×	×	×	×
	Duration of in-payments not limited to a time period	×	×	×	×	×
	No mandatory minimum of in-payments required each year or month	×	×		×	×
	Possibility of changing the level of in-payments or of taking a break	×	×	×	×	×
Investment strategy	Multiple investment strategy available	×	×	×	×	×
	The product allows for choosing a more aggressive or defensive investment strategy	×	×	×	×	×
	It is possible to change the investment strategy during the lifetime of the product	×	×	×	×	×
	De-risking investment option close to retirement age	×	×	×	×	
M it i	The product provides for guaranteed capital	×	×	×	×	×

	Coded name	Belgium PP	Denmark RP	Germany Riester	Austria PZV	Spain IPP
	Guaranteed minimum return	×	×	×		×
	The product could provide death coverage	×	×	×		×
	The product provides disability allowance		× optional	× optional		× optional
Decumulation features						
Out-payment characteristics	**Early out-payments possible**	×	×	×	×	×
	There is a minimum age limit for the start of the decumulation phase	×	×	×		
	No unique mandatory option	×		×	×	×
Domestic switching features						
Domestic switching of providers	**Switching providers in the same Member State without any tax impact**	×	×	×	×	×
Distribution features						
Distribution channel	**Banks**	×	×	×		×
	Insurance network		×	×	×	×
Advice	**Advice is available to individuals online**	×	×	×	×	×
Cross-border activity features						
Cross-border portability	**Switching to providers in another Member State without any tax impact**	×	×	×		
	Being a national of the relevant Member State or having a physical address in the Member State is not a requirement to buy the product	×	×	×	×	×
Treatment of providers' features						
	Providers from other Member States/EEA are allowed to sell the PPP	×	×	×	×	

PPP standard features

Some features are "standard", in the sense that they are present in more than 65% of the PPPs irrespective of their MPI score.

Table 22: Description of the features common to a majority of PPPs

Product life cycle	Standard features
Accumulation	• Products do not limit the holder age for subscription • There is no condition regarding the minimum number of years to retirement for the purchase of the product • The duration of in-payments is not limited to a time period • There is no mandatory minimum in-payments required per year or per month • Possibility of taking a break in making in-payments • Products allow for choosing a more aggressive or defensive investment strategy • Some products provide a guaranteed capital • Possibility of changing the investment strategy during the lifetime of the product
Decumulation	• There is a minimum age limit for the start of decumulation phase • Products have no mandatory unique option for decumulation • Products with death coverage • It is possible to switch provider within a Member State
Distribution	• The main distributors of the product are insurers and pension funds • Providers from other Member States/EEA are allowed to sell the PPPs • Advice is available to individuals online • It is mandatory for distributors to provide advice with the product
Cross-border activity	• Being a national of the relevant Member State or having a physical address in the Member State is not a requirement to buy the product • It is possible to switch to a provider in another Member State

These features should not be ruled out as key features. They may be determining factors in explaining a high MPI score.

For example in Spain, IPP, the product with the highest MPI, provides a guarantee on capital contrary to PPA and MP products which have a lower MPI. In Germany, the Riester PPP allows the switching of providers in the same Member State with no tax impact. On the other hand, Rürup, which does not have such a high MPI score, does not allow switching.

Also, it seems that having multiple options for decumulation has an impact on the MPI score of a PPP, since in Germany and France the products with the highest MPI score include this feature, contrary to the other products of those countries.

It can be noted that in France, the PPP with the highest MPI – PERP does not require any minimum in-payments upon subscription and allows the interruption of in-payments, contrary to PPP Madelin, with a lower MPI score.

According to the key features proposed by EIOPA, a suitability assessment of investment options and personalised advice may be required. For most of the PPPs studied, in order for distributors to be able to provide the product, the provision of advice is mandatory.

While cross-border activity is not common in 2016; being a national of the relevant Member State or having a physical address in the Member State is generally not a requirement for buying a product. Moreover, 29 out of 49 products allow switching to a provider in another Member State with no tax impact. (For more details on switching, please refer to the section Domestic and cross-border switching)

PPP distinctive features

The comparison of the features of more successful, successful and less successful products makes it possible to determine the features that are conducive to success or failure: a key feature should be frequently present in more successful products or successful products and scarcely present in less successful PPPs. Features that seem to be linked to a product's success, i.e. that tend to appear more frequently in more successful products than in less successful PPPs are as follows:

Product life cycle	Features
Accumulation	• An investment default option is available • Products have a guaranteed minimum return on investment • De-risking investment option when approaching retirement
Decumulation	• It is possible to redeem funds before pension age

It appears that successful products are more reliable and cost-effective than unsuccessful products, which corroborates the qualities that a PEPP should have according to EIOPA[26].

For example in Germany, Riester-Rente offers a low level of risk, unlike Rürup-rente which offers a medium level of risk.

Having a guaranteed minimum return seems to be a key feature. This is in line with EIOPA's advice; a default option may contain a minimum return guarantee - this should be a flexible feature adapted to national requirements with respect to taxes and SLL.

Regarding the de-risking investment option when approaching retirement, the results are conclusive. Seven more successful products of the nine covered allow for a more defensive strategy close to retirement whereas six products out of 13 among the successful and less successful products offer this feature.

The investment default option that should be a mandatory feature for a PEPPP according to EIOPA seems to have a positive impact on the success of a PPP. However, the information collected provides weak support for this view.

[26] 7 September 2015, Introducing a standardised Pan-European Personal Pension product (PEPP), EIOPA

Table 23: Rate computed on the PPP

	Low MPI score		Medium MPI score		High MPI score	
	Rate	Prod. Covered	Rate	Prod. Covered	Rate	Prod. Covered
Investment default option available	**0%**	1	43%	7	**50%**	6
De-risking investment option approaching retirement	**75%**	4	33%	9	**78%**	9
Guaranteed minimum return on investment	**25%**	4	75%	8	**67%**	9
Early out-payment possible	**50%**	12	25%	12	**75%**	12

Among the products with the highest MPI score, an investment default option is available in PPPs from Belgium and Denmark. However this does not appear to be the case for Germany, Spain and Austria.

Except in Austria, products with a high MPI score offer a guaranteed minimum return on investment.

All five products allow pension savers to redeem funds before pension age.

Focus on Member States that have more than one PPP

The focus on Member States with more than one PPP corroborates the results above.

Indeed, in Germany and France, products with the highest MPI score have a guaranteed return on investment contrary to other products.

Likewise, in Germany, Italy and Portugal products with the highest MPI score allow the redemption of funds before retirement age, contrary to other products.

Also, in Germany and Italy, most products with a medium MPI score allow switching to a provider in another Member State with no tax impact. On the other hand, transfer to another Member State is not possible for the other products.

Technical feasibility assessment (6)

Practical implementation aspects

Further to the tax mapping presentation and analysis of the taxation regimes, and clustering according to the products' key features (1), the presentation and analysis of the tax regimes (4) and the determination of the features of personal pension products with the highest MPI (3), as well as the PPP market overview (2), a workshop was organised by the European Commission and EY to obtain the views of supply-side and demand-side stakeholders on the potential features of a pan-European personal pension product (hereafter "PEPP"), in order to make a final assessment (6).

From a methodological standpoint, the main purpose of the workshop was to confirm, from a supply and demand perspective, what the relevant features and overall architecture of the PEPP would be, in the view of various stakeholders.

After a brief presentation of the workshop sessions, this report will present the outcomes of the discussions held with the different stakeholders and will result in a presentation of the preferred PEPP features from supply and demand side perspectives. An analysis of these features in terms of added value compared to the personal pension products currently available in the EU will then be presented.

The preferred PEPP features according to the results of the workshop are then compared with the features of the personal pension products with the highest MPI described later in this report.

After this first assessment, the feasibility study will include the review of the tax obstacles that could result depending on which preferred PEPP features are selected. The different approaches discussed aim to make it easier for consumers to benefit from tax relief during the accumulation phase. Then the preferred PEPP features will be compared to the current PPP features in order to determine any conflicting PEPP features that could potentially prevent consumers from benefiting from tax relief during the accumulation phase.

To conclude, suggestions are made concerning the adaptation of certain preferred features and these adjusted features are assessed compared to the current PPP features. Then an approach for establishing a PEPP framework will be suggested.

Finally, based on the PPP Market overview (2) described above the report will present an assessment of the market potential for a PEPP in the EU.

Presentation of the preferred PEPP features according to stakeholders, based in particular on the workshop results

Presentation of the preferred PEPP features from supply and demand side perspectives

Brief presentation of the workshop

A workshop was held on 15 March 2017, to obtain the views of the following various stakeholders (see Appendix 7 – List of attendees of the workshop):

- Banks,
- Asset managers,
- Insurers,
- Regulators,
- Consumer representatives.

This workshop was organised by EY and the European Commission and consisted of five sessions, each divided into three sub-sessions:

- 1. Accumulation
  - Session 1.1. In-payment characteristics and time horizon
  - Session 1.2 Investment strategy
  - Session 1.3 Mitigation of risk
- 2.Decumulation
  - Sessions 2.1 and 2.2. Out-payment characteristics and investment strategy
  - Session 2.3 Domestic switching between providers
- 3. Distribution
  - Session 3.1 Transparency
  - Session 3.2 Distribution channels
  - Session 3.3. Advice
- 4. Tax aspects
  - Sessions 4.1 and 4.2 Taxation aspects
  - Session 4.3 Cross-border portability
- 5. Treatment of providers
  - Sessions 5.1 and 5.2 Authorisation and supervision
  - Session 5.3 Prudential requirements

The objective of this workshop in the context of our feasibility study was to obtain stakeholder views and assess the potential of the PEPP from a market perspective, on both supply and demand sides. Moreover, the objective was to collect the opinion of stakeholders on the need for a PEPP and the advisability for the European Commission to launch such an initiative and to help determine what the key characteristics of the PEPP should be, notably in order to ensure its success.

Indeed, the success of the PEPP, and in this respect its flexibility, is primarily determined by the fact that some providers are in a position to produce and / or distribute the PEPP. In addition, the PEPP should have sufficiently attractive features to appeal to potential consumers.

The aim of the workshop was therefore to test the potential main features of a PEPP that could be relevant from the perspective of the main stakeholders. Therefore, the goal of the workshop was to gather all the views of stakeholders on key topics by determining specific features that could be incorporated into a PEPP framework.

The various sessions were based on the findings of the EY study and EIOPA's advice on the development of an EU Single Market for personal pension products (PPP) dated 4 July 2016. The following section presents the results of each session based on the position expressed by the attendees from both supply and demand sides.

The workshop minutes are attached in Appendix 8 – Minutes of the workshop.

Results of the various workshop sessions

Sessions on accumulation aspects

Session 1.1. "In-payment characteristics and time horizon"

In the context of our study, in-payments are the contributions paid by the pension saver or another person (mainly the saver's employer or the State) from the subscription of the contract to the start of the decumulation phase or the termination of the contract (i.e., during the accumulation phase).

The session aimed to identify the level of flexibility of the in-payment features. In-payment features include the minimum level of in-payments, the possibility of interrupting the in-payments, the age limit for starting the accumulation phase, and the minimum accumulation period. These features could potentially be fully flexible (i.e., their regulation could be left up to Member States or decided at provider level) or subject to the harmonisation of the principles applicable to this feature or to full harmonisation at EU level.

In-payment flexibility at EU level could allow better adaptation of the PEPP to the existing local tax regime and reinforce the attractiveness of the product. However, to achieve this objective of a better investment return, the more the in-payment features are harmonised, the more economies of scales are realised. Additionally, the harmonisation of in-payment features could ensure that the PEPP meets a retirement objective and a proper level of savings.

The main points discussed relate to the following topics:

- Continuity: is it possible to change the level of in-payments?
- Supplementary in-payments by the employer or by the State? Should this be allowed?
- Maximum age limit to start the accumulation phase?

The following questions were asked during the workshop:

- Do you think that pension savers should be able to change the level of in-payments?
- Do you think that a minimum in-payment to be paid into the PEPP each month/year should be mandatory?
- Should supplementary in-payments by the employer or by the State be allowed?
- What should the maximum age limit be to start the accumulation phase?

The results of the sessions based on the positions expressed by attendees and the findings of the EY study can be summarised as follows:

Features	Positions expressed during the workshop
Supplementary in-payments by State and/or employer	**Flexible feature**: all attendees agreed that the EU framework should provide for the possibility for Member States to allow in-payments by the employer or by the State.
Minimum in-payments	**Flexible feature:** all attendees agreed that there should be no limit set at EU level but that the PEPP framework should provide for the possibility for providers to set up minimum in-payments.
Possibility of taking a break	**Harmonised feature:** all attendees agreed that the PEPP framework should be harmonised in this respect and that the consumer should have the possibility of taking a break.
Age limit for the start of the accumulation phase	**Flexible feature:** all attendees agreed that there should be no maximum age limit set at EU level but that the PEPP framework should provide for the possibility for providers to include this in the general terms and conditions of the contract.
Minimum number of years of accumulation	**Flexible feature:** This feature was not discussed during the workshop but based on EY findings and given the distinctive approaches adopted by Member States on this topic, the PEPP framework should not harmonise this aspect. Providers should have the possibility of setting such a minimum duration.

Possibility of changing the level of in-payments

There was a consensus on this issue from supply and demand sides. Indeed, the attendees considered that pension savers should be able to choose whether to change the level of in-payments.

In practice, stakeholders agreed that the EU framework should be harmonised in this respect and expressed the view that the consumer should have the possibility of changing the level of in-payments.

No minimum in-payments to be paid each month/year into the PEPP

This question also resulted in a consensus. All the attendees considered that there is a need for a high level of flexibility at EU level. However, limits should be fixed at provider level, notably depending on the guarantees provided.

Stakeholders would prefer the EU framework to be flexible in this respect and only harmonised in terms of principles, i.e. stakeholders requested that there should be no limit set at EU level but the PEPP framework should provide for the possibility for providers to set up a minimum in-payment.

Supplementary in-payments by the employer or by the State allowed

Once again, there was a consensus on this issue. Attendees were in favour of a high level of flexibility at EU level. This topic should be left up to the Member States.

Stakeholders would prefer the EU framework to be flexible in this respect and only harmonised in terms of principles, i.e., there should be no prohibition at EU level, but the PEPP framework should provide for the possibility for Member States to allow in-payments by the employer or by the State.

No maximum age limit to start the accumulation phase

There was no clear consensus on the need to include such a feature in a PEPP framework. However, as the PEPP is a product with a retirement objective, all attendees agreed on the fact that natural age limits should apply and that in any case, this limit should at least be defined by providers (providers would not accept people past a certain age). *In fine*, a majority of stakeholders do not recommend regulation on this issue at EU level.

Stakeholders would prefer the EU framework to be flexible in this respect and only harmonised in terms of principles, i.e. there should be no maximum age limit set at EU level but the PEPP framework should provide for the possibility for providers to include this in the general terms and conditions of the contract.

No mandatory minimum number of years of accumulation

This topic was not discussed during the workshop. However, based on EY findings concerning a similar feature, a minimum holding period, it should be noted that in certain Member States or at provider level (such as Belgium; for an example of legislation limitation see Table 9: Results of Clustering A), a minimum number of years of accumulation could be provided for either by regulation or by the providers.

Given the distinctive approaches adopted by Member States or at provider level on a minimum number of years of accumulation, the EU framework should not harmonise this aspect, i.e. not provide for or forbid any mandatory duration. The providers should have the possibility of setting such a duration in accordance with the local context.

Session 1.2 "Investment strategy during accumulation"

The purpose of this session was to determine the preferred level of flexibility level with regard to investment strategy. In the context of the workshop, the flexibility of the investment strategy during the accumulation phase was defined as the possibility for consumers to choose the investment strategy most adapted to their situation (active or defensive). This possibility should be clearly promoted in order to reinforce the attractiveness of the product. However, taking into account the retirement objective and the need to protect the consumer, this possibility may be restricted and a limit may be set at EU level.

Investment strategy features include the investment strategies proposed to the consumer, the existence of a default investment option and the possibility of changing the investment strategy during the lifetime of the product. These features could potentially be fully flexible, leaving it up to Member States or providers, or subject to harmonisation of the principle or to full harmonisation at EU level.

The main points discussed relate to the following topics:

- Possibility of changing the investment strategy during the lifetime of the product or possibility of adopting a more defensive strategy close to the retirement age.
- Whether there should be a clear link between investment strategy and retirement objective.
- Whether there a default investment option is needed.

The following questions were asked during the workshop:

- Do you think that the PEPP should provide multiple investment options? If so, should there be a default investment option?
- Do you think that the PEPP should allow for a change in the investment strategy?

The results of the sessions based on the positions expressed by attendees and the findings of the EY study can be summarised as follows:

Features	Positions expressed during the workshop
Multiple investment options	**Harmonised feature in terms of principles**: all attendees agreed that there should be no defined investment options set at EU level but that the PEPP framework should allow the providers to offer multiple investment options in accordance with advice.
Default investment option	**Harmonised feature in terms of principles:** there should be no default investment option defined at EU level but the PEPP framework should provide that such a default option should be offered to the consumer by the PEPP providers.
Possibility of changing the investment strategy during the lifetime of the PEPP	**Harmonised feature in terms of principles**: all attendees agreed that the EU framework should allow changes to the investment strategy but with limitations regarding frequency and schedule, which should be decided at provider level.

Multiple investment options

Regarding investment options, all attendees agreed that the PEPP should offer different options, and that:

- Multiple investment options make the product more attractive (PPPs are currently designed in this way); and
- More options do not imply higher costs for providers.

The offer should be adapted to the consumer profile and several option profiles could be considered (conservative with low risk (default option), more aggressive strategy etc.).

Regarding the default investment option, all attendees agreed that this option should include a simple, safe default option with a de-risking strategy, as this is crucial for consumer protection, especially in the case of consumers who are not financially literate.

The EU framework should be flexible in this respect and only harmonised in terms of principles, i.e. there should be no defined investment options set at EU level, but the PEPP framework should provide for the possibility for providers to offer multiple investment options in accordance with advice.

Default investment option

There was no consensus on what the default investment option should be, whether the product should include a default option that guarantees capital in real terms or whether the product should maintain the value of the investment.

Regarding design, some attendees, notably insurers' representatives, argued that a life-cycling strategy with de-risking close to retirement could be the default option. However, a consensus arose on the need for consumers to have the possibility of choosing a default option.

Lastly, the need for advice associated with a default option was also debated but with no clear consensus.

The EU framework should be flexible in this respect and only harmonised in terms of principles, i.e. there should be no default investment option defined at EU level, but the PEPP framework should provide that such a default option should be offered to the consumer.

Limited change in the investment strategy

Regarding the possibility of changing the investment strategy during the life-time of the product, attendees agreed that changes in the investment strategy should be limited to a specific frequency or schedule.

Regarding the costs of changing investment strategy, it was mentioned during the workshop that currently a fee is not systematically charged, and that for some products, costs and fees are fixed before signing the contract. Then the client is aware of the cost of changing the investment strategy and the provider is not able to modify the amount of fees during the lifetime of the product.

The EU framework should be flexible in this respect and only harmonised in terms of principles, i.e. changes in the investment strategy should be allowed subject to limitations regarding frequency or schedule defined at EU level, but the PEPP framework should not provide for this frequency or schedule which should be decided at provider level.

Session 1.3 "Mitigation of risk"

The purpose of this session was to determine how risks could be mitigated in the PEPP through minimum capital guaranteed, risks borne by the consumer, death coverage and/or disability coverage. These features could potentially be fully flexible, at the discretion of Member States or providers, or subject to harmonisation of the principle or to full harmonisation at EU level.

Two considerations have to be reconciled:

- Consumer protection: investors need to know what the level of risk is and if the invested funds are guaranteed, what the expectation on return could be and what happens in the event of death or disability.
- Constraints on providers: the greater the consumer protection, the higher the cost of the product and the more the provider will have to comply with high prudential requirements.

The main points discussed relate to the following topics:

- Whether or not the PEPP should provide a capital guarantee?
- Whether or not the PEPP should provide a minimum guaranteed return?
- Whether or not the PEPP should provide death and disability coverage?

The following questions were asked during the workshop:

- Should the PEPP framework provide for a capital guarantee?
- Should the PEPP framework provide for a minimum guaranteed investment?
- Should the PEPP framework provide for disability and/or death coverage?

The results of the sessions based on the positions expressed by attendees and the findings of the EY study can be summarised as follows:

Features	Positions expressed during the workshop
Guaranteed capital	**Harmonised feature in terms of principle:** the stakeholders, notably banking institutions and asset managers, agreed that the PEPP framework should prohibit a full capital guarantee. Providers should be allowed to provide other types of guarantee.
Minimum guaranteed investment	**Flexible feature**: all attendees agreed that the EU framework should be flexible by not including a minimum guaranteed investment in the PEPP framework. Providers should be allowed to provide other types of guarantee.
Disability coverage	**Harmonised feature:** the stakeholders, notably asset managers, are not in favour of the inclusion of a disability coverage in the PEPP framework. The EU framework should be harmonised by prohibiting disability coverage in the PEPP features.
Death coverage	**Harmonised feature:** The stakeholders agreed that the EU framework should be harmonised in this respect. Death coverage should be offered as an option to the consumer.

The PEPP framework should not provide for guaranteed capital

Stakeholders, notably banking institutions and asset managers, agreed that the PEPP framework should not provide for a capital guarantee that could lead to excluding certain potential providers.

It should be noted that during the workshop, the various stakeholders agreed that a minimum feature to be included in the PEPP framework is for the provider to pay back, at the termination of the contract, the amount of the contribution paid by the pension saver, less the costs borne by the provider.

The EU framework should be harmonised in terms of principle in this respect by prohibiting a full capital guarantee in the PEPP features. Providers should be allowed to provide other types of guarantee.

The PEPP framework should not provide for a minimum guaranteed investment

The stakeholders' view, on supply and demand sides, is that such a feature should not be included in the PEPP framework as:

- Such a guarantee could not be provided given the current economic context and without a minimum holding period;
- In any case, such a guarantee would involve an excessive price and would not be proportionate to the replacement return objective;
- There is no need for such a feature: the consumer could switch between multiple providers and this possibility should lead to natural competition between providers and a better level of return on investment.

The EU framework should be flexible in this respect by not including a minimum guaranteed investment in the PEPP features. Providers should be allowed to provide other types of guarantee.

No disability coverage

Based on the views expressed during the workshop, disability coverage should not be included in the PEPP framework, even as an option, as:

- There is no common definition of disability coverage,
- Including such a feature, even as an option, could lead to switching issues.

The EU framework should be harmonised in this respect by prohibiting disability coverage in the PEPP features.

Death coverage should be offered as an option to the consumer

Views differed regarding death coverage. Some stakeholders, mainly non-insurer providers, were not in favour of the inclusion of this feature in the PEPP framework, even as an option, because there is a possibility of separate contracts. Some stakeholders, mainly representatives of consumers and insurers, considered that this feature should be optional in order to allow the PEPP to be competitive vis-à-vis other national PPPs and to ensure a good level of consumer protection.

However, stakeholders on both sides agreed that this aspect should be harmonised at EU level in order to ensure the portability of the product. A consensus arose on the need for consumers to be able to choose this option when offered by the provider.

The EU framework should be harmonised in this respect and provide that death coverage should be offered to the consumer as an option.

Sessions on decumulation aspects

Sessions 2.1 and 2.2 "Investment strategy and out-payment characteristics"

The purpose of these sessions was to determine the level of flexibility of the PEPP during the decumulation phase. Out-payment features include the decumulation options proposed to the consumer, the minimum duration of the decumulation phase, and potential death and/or disability coverage proposed.

Early out-payment features were discussed during this session. However, it was noted that these features mainly relate to the accumulation phase.

These features could potentially be fully flexible, at the discretion of Member States or providers, or subject to harmonisation of the principle or to full harmonisation at EU level.

The main points discussed relate to the following topics:

- Mandatory or no mandatory decumulation option
- Minimum or no minimum duration of the decumulation phase
- Whether the level of out-payments should be fixed at the time of subscription
- Death and/or disability coverage
- Possibility to redeem funds
- Adequacy in relation to the product's retirement objective
- Investment strategy during the decumulation phase

The following questions were asked during the workshop:

- Do you think the PEPP framework should provide a mandatory decumulation option (annuities, lump sum, combination of lump sum and annuities, drawdown payments, other) or do you believe that a default option is sufficient?
- Should early out-payments be allowed?
- Should death and disability coverage be provided?
- Should the investment strategy during decumulation be active or defensive?

The results of both sessions based on the positions expressed by attendees and the findings of the EY study can be summarised as follows:

Features	Positions expressed during the workshop
Decumulation options	**Flexible feature:** there was no consensus regarding decumulation options; all attendees agreed that this topic should not be harmonised and that out-payment characteristics should not be included in the PEPP framework.
Minimum duration of decumulation phase	**Flexible feature**: as harmonisation is not possible given the diversity of the Member State regulations, stakeholders agreed that this decumulation feature should not be harmonised.
Early out-payments	**Harmonised in terms of principles:** the majority of stakeholders agreed that the EU framework should allow early out-payments only in limited situations.
Death and disability coverage	**Harmonised feature:** the stakeholders' views are in line with the positions expressed during session 1.3.
Investment strategy during decumulation	**Flexible feature:** attendees agreed that this topic should not be harmonised in the EU framework.

No mandatory decumulation option

The following objections were made by non-insurer providers and consumer associations to the proposal to allow only one form of out-payments, i.e. to allow only annuity out-payments:

- This will limit the type of providers allowed to sell the product (i.e. insurers, if only life-long annuity out-payments are allowed)
- Other forms of out-payments should be possible in order to allow the PEPP to be competitive in the national market and to easily benefit from tax incentives on out-payments based on national rules decided by Member States.

A consensus arose that out-payment options should not be harmonised in the PEPP framework.

Regarding a default option, the stakeholders underlined that there is a strong link between the default option proposed and the need for individualised advice for the pension saver, notably if different tax regimes are applicable in a given Member State, depending on the chosen characteristics of the decumulation option.

Thus it might not be possible to determine the best decumulation option for all pension savers, given the constraints to which Member States and pension savers may be subject.

The EU framework should not be harmonised in this respect. Out-payment characteristics should not be included in the PEPP framework.

No minimum duration/holding period provided at EU level

The stakeholders' view, on supply and demand sides, is that it is necessary to educate consumers, who generally underestimate their needs in terms of retirement replacement revenues.

Regarding the appropriateness of including this characteristic at EU level, stakeholders indicated that harmonisation is not possible, given the diversity of Member State regulations, and expressed the view that this decumulation feature should not be harmonised.

The EU framework should not be harmonised in this respect. A minimum holding period should not be included in the PEPP framework.

Early out-payments allowed subject to limitation

As a preliminary remark, it was noted that this feature is related to the accumulation phase.

Stakeholders, from both supply and demand sides, generally agreed that early out-payments should be allowed only in limited cases to be defined and discussed further, as only such limitations will ensure the achievement of the long-term/retirement objective of the product.

Certain insurer representatives suggested that early out-payments could be allowed only after a minimum investment period.

Based on the results of the workshop, the EU framework should be flexible in this respect and only harmonised in terms of principles, i.e. early out-payments should be allowed subject to limitation. The limitations were not defined during the session.

Death and disability coverage provided

The results are presented in the section on session 1.3

No EU regulation on the investment strategy during decumulation

During the session, the discussion focused on withdrawal plans and not on any other out-payment characteristics. Indeed, in the case of withdrawal plans, a pot remains and it continues to be invested and managed in the same way as during the accumulation phase.

Generally, the stakeholders were not in favour of the inclusion of this aspect in the EU framework. It should not be a PEPP feature, and there should be no harmonisation of the out-payment characteristics. It should be decided either at Member State level or at provider level.

The EU framework should not be harmonised in this respect.

Session 2.3 "Domestic switching between providers"

The purpose of this session was to determine the level of flexibility with regard to switching in the PEPP framework. In the context of the workshop, domestic switching was defined as the possibility for a non-mobile pension saver to transfer its investments to another provider in the same Member State. Domestic switching features notably include switching possibilities, switching limitations, switching costs and practicalities of switching. These features could potentially be fully flexible, at the discretion of Member States or providers, or subject to harmonisation of the principle or to full harmonisation at EU level.

The main points discussed relate to the following topics:

- Switching only allowed according to a specified frequency or schedule, or possible at any time, without limitations
- High costs or restrictions, no costs, or low/capped costs
- Adequacy with respect to illiquid long-term investment or unfavorable interaction with illiquid long-term investment
- Limitations regarding providers or limitations relating to providers subject to different regulations (banking vs insurance)

The following questions were asked during the workshop:

- Do you think that switching provider at domestic level should be decided at EU, Member State or provider level?
- Do you think that provider switching at domestic level during the accumulation phase should be possible at any time or possible according to a specified frequency, or limited?
- Do you think that switching should be free of charge, or that its cost should be low/capped, high in order to discourage switching, fixed or correlated to the amounts accumulated?
- Do you think that switching provider during decumulation should be allowed at European level, left to the discretion of each Member State or decided at provider level?

The results of the session based on the positions expressed by attendees and the findings of the EY study can be summarised as follows:

Features	Positions expressed during the workshop
Switching possibility	**Harmonised feature:** all attendees agreed that domestic switching should be allowed at EU level.
Switching limitations	**Harmonised in terms of principles**: the majority of attendees were in favour of a limitation and proposed that the EU framework should allow switching after a mandatory minimum holding period. However, the duration of this period should be left up to Member States or providers.
Switching costs	**Harmonised in terms of principles:** the majority of attendees agreed that the EU framework should provide that switching is subject to a cost-based, capped charge for the consumer. However, the amount of the cost should be determined at Member State and provider level.
Practicalities	**Flexible feature:** all attendees considered that switching should be

	done at surrender value, without being in favour of the inclusion of this aspect in the EU framework.
Switching during decumulation	**Flexible feature:** attendees agreed that this topic should not be harmonised in the EU framework and should be decided at provider level.

Domestic switching regulated and allowed at EU level

All attendees, from both supply and demand sides, emphasised the need for a real possibility of switching and agreed that this issue must be regulated at EU level. Switching must be explicitly allowed.

The EU framework should be harmonised in this respect and domestic switching should be allowed at EU level.

Switching limited by a mandatory minimum holding period

For certain stakeholders, mainly consumer associations, switching should be possible at any time. However, the majority of attendees highlighted the need for limitation in order to ensure a good level of investment return.

Based on the workshop discussions, it might be recommended to limit the switching possibility by means of a mandatory minimum holding period with a given provider. Without such limitation, switching should only be possible at a cost or subject to a penalty in order to ensure achievement of the long-term investment objective and the sharing of risks.

Based on the results of the workshop, the EU framework should be flexible in this respect and only harmonised in terms of principles. Domestic switching should be allowed in the PEPP framework subject to a mandatory minimum holding period. However, the length of this period should be left up to Member States or providers.

Domestic switching subject to a cost-based, capped charge

Some attendees underlined that there should be a charge for switching as this operation creates disadvantages for other pension savers due to sharing of risks.

The majority of attendees, from both supply and demand sides, agreed that switching should be subject to a cost-based, capped charge.

Based on the results of the workshop, the EU framework should be flexible in this respect and only harmonised in terms of principles. Domestic switching should be allowed in the PEPP framework subject to a cost. The charge for switching for the consumer could be defined at EU level as cost-based and capped. However, the cost amount should be determined at Member State or provider level.

Switching at surrender value

All attendees considered that an asset transfer is too limited and too complex. Switching should be done at **surrender value**.

No harmonisation on switching during decumulation

This question resulted in a consensus from all attendees: switching during the decumulation phase should be decided at provider level and not regulated at EU level.

Sessions on distribution aspects

Session 3.1 "Transparency"

Product transparency is important to ensure that investors are well informed on the product, notably its objectives, its characteristics and its risks. It contributes to consumer confidence and it also allows investors to follow up on their PEPPs over time. The main specificities of the PEPP compared to other investment products are the often long-term nature of the product, and the two phases with possible different needs for the investor (accumulation/decumulation).

The purpose of this session was to determine whether the transparency requirements should be generic (i.e., no need for additional or adapted EU regulations) or specific to the PEPP.

The main points discussed relate to the following topics:

- Need to regulate this issue at European level or not
- Need to disclose all information regarding the PEPP (provider, description, risk, costs, etc.)
- Whether the starting point of the information should be the pre-contractual phase
- Quality of information (must be short and simple)

The following questions were asked during the workshop:

- Is there a need to regulate PEPP information disclosure at European level? Which EU regulations should be the starting point for disclosure during the pre-contractual phase?
- Which information should be disclosed?
- Should a simplified information document be available for the PEPP?
- How and when should the information regarding the PEPP be communicated?

The results of both sessions based on the positions expressed by attendees and the findings of the EY study can be summarised as follows:

Features	Positions expressed during the workshop
PEPP information disclosure	**Harmonised feature:** all attendees agreed that existing EU rules should be used as an inspiration. However, Member States should be allowed to impose additional information disclosure requirements.
Key information to be disclosed	**Harmonised feature:** The EU framework should be harmonised in this respect. However, the key information to be disclosed needs to be discussed further.
Frequency of information disclosure	**Harmonised feature:** The EU framework should be harmonised in this respect and information disclosure should be on an annual basis after the pre-enrolment information has been provided. However, the content and format need to be discussed further.

PEPP information disclosure should be harmonised at European level, taking inspiration from current EU rules.

During the session, three main objectives were defined by the stakeholders from both supply and demand sides:

- Information disclosure should ensure comparability between PEPPs;
- Portability and switching should be encouraged through information disclosure;
- The information disclosure document should be clear and simple.

All attendees agreed that the PEPP information disclosure requirement should be regulated at European level. Moreover, the current regulations should be used as an inspiration.

The following arguments were put forward:

- A cross-border product should allow a high degree of comparability between PEPPs;
    - By regulating information disclosed at EU level, it should be possible to compare a PEPP with other foreign PPPs.
    - Additionally, taking the current regulation into account in the construction of this EU framework might allow consumers to compare the PEPP with other personal pension products (in terms of price, performance scenarios, etc.). Lastly, comparability with other financial products could also be sought. However these comparability objectives are less important than the PEPP comparability objectives.
- Existing or already voted EU legislation is not sufficient in itself to ensure comparability between PEPPs but should be used as an inspiration in order to
    - Ensure consistency of information disclosure between pension products,
    - Simplify the work for providers (e.g. cost calculations should be harmonised)
- EU legislation on these aspects has not been completely transposed into national legislation and some points are still under discussion with the different stakeholders.

The EU framework should be harmonised in this respect. However, Member States should be allowed to impose additional information disclosure requirements.

Key information to be disclosed at EU level should be discussed further.

The stakeholders, from both supply and demand sides, agreed that key information such as the tax regime applicable, the start of the decumulation phase, and the form of out-payments should be included in the EU framework.

However, some stakeholders from the provider side, also underlined that there is a need for a balance between harmonisation and local information disclosure aspects.

Regarding tax aspects, the stakeholders underlined that, although they are not covered by KIDs and PRIIPS, the latter are useful to compare the product to other available pension products in a given Member State.

Regarding distribution costs, stakeholders, notably from the consumer side underlined that the actual information provided within the KIDs framework is not sufficient to ensure comparability.

If only a set of core features is harmonised at EU level, one option discussed during the workshop was to limit the information to be disclosed to:

- This set of core information harmonised at EU level;
- Other information that is not standardised but is needed for the sake of comparison (to be discussed and defined); and
- The other non-harmonised information will not be disclosed based on the PEPP framework but might be disclosed based on national rules.

The EU framework should be harmonised in this respect. However, the key information to be disclosed needs to be discussed further.

A simplified information document communicated before enrolment and thereafter on an annual basis

All attendees, from supply and demand sides, agreed that there is a need for a single basic document for the PEPP in order to compare products issued in different countries.

If all the features are not harmonised at EU level, there should actually be two documents or one document with two sections:

- One document that is the same for all PEPPs. This document should include the information regarding the general features of a PEPP defined at EU level (the features for which a product needs to obtain a PEPP passport) and all other comparable features; and
- One document containing the national features.

The stakeholders, providers and consumer representatives defined two different times when information disclosure should be regulated differently: pre-enrolment information and information provided on an ongoing basis.

- Regarding pre-enrolment information disclosure, all the stakeholders agreed that the consumer must have a good understanding of the product. Additionally, it was underlined that comparing products that include different options will not be easy; and
- Disclosure should then be made on an annual basis since the relation between providers and consumers is critical. This should be a shorter document with the key information, setting out any changes to the product. Further discussion is

necessary on what comparable elements should be included in the annual disclosure.

Stakeholders, notably from the provider side, underlined that different means should be allowed so as to be able to adapt the information disclosure to the customer (e.g. paper) or to the distribution channel (e.g. online distribution, cross-border selling).

The EU framework should be harmonised in this respect, with pre-enrolment information disclosure followed by annual information disclosure. However, the content and format need to be discussed further.

Session 3.2 "Distribution channels"

The purpose of this session was to determine the specificities required for the online distribution of the PEPP and also to discuss general distribution aspects. Online distribution is likely to become an increasingly widespread method of subscription. Indeed, online distribution may be considered to be one of the preferred distribution channels for cross-border activities. Moreover, it should be noted that online distribution may reduce distribution costs.

The main points discussed relate to the following topics:

- Possibility for online PEPP distribution
- Impacts of online distribution on the provision of advice
- Impacts of online distribution on the product features
- Ways of keeping fees and costs proportionate

The following questions were asked during the workshop:

- What should the PEPP's main distribution channels be?
- What are the specific conditions for the online distribution of PEPPs?
- Should employers be able to distribute PEPPs?
- How should costs be kept proportionate?

The results of both sessions based on the positions expressed by attendees and the findings of the EY study can be summarised as follows:

Features	Positions expressed during the workshop
Distribution path	**Harmonised in terms of principles:** All types of distribution channels should be allowed in principle. However, the existing EU and national regulations in this respect should also be applied.
Online distribution	**Harmonised in terms of principles**: Online distribution should be expressly allowed in the PEPP framework. Regarding advice associated with online distribution, the PEPP framework should limit the cases where advice is not mandatory
Employer distribution	**Harmonised in terms of principles:** Distribution by employers should be allowed in principle. However, the existing EU or national regulations in this respect should also be applied.
Distribution costs	**Flexible:** The EU framework should not include elements on distribution costs. However, the existing EU or national regulations in this respect should also be applied.

All distribution channels

All participants, providers and consumer representatives, agreed that there would be no benefit in restricting the number of players: all distribution channels must be considered.

The workshop attendees discussed and agreed on the following list of possible providers:

- Insurers
- Banks
- Broker agents
- Asset managers
- Pension funds: occupational pension funds should also be able to distribute the PEPP

- Employers

Participants warned that, while there is no reason to limit the number of PEPP providers, they should be subject to the same rules of conduct. In particular:
- Professional advice should be available.
- Information about the nature and cost of the product should be provided.

Based on the results of the workshop, the EU framework should be flexible in this respect and only harmonised in terms of principles. All types of distribution channels should be allowed in principle. However, the existing EU and national regulations on this aspect should also be applied.

Online distribution of the PEPP with advice

All attendees agreed that the PEPP should be distributed online as:
- Online distribution is becoming the main distribution channel where the process is secure, simple and quick.
- The PEPP should target young people who are used to purchasing online.

If the PEPP is distributed online, the consumer should be provided with information on the nature of the product (for example the retirement objective, no possibility for withdrawal at any time, long-term investment products) and on its cost.

Participants, from both supply and demand sides, highlighted the fact that online distribution without advice is possible only if the PEPP is very simple:
- If the PEPP is complex, professional advice should be mandatory.
- Some attendees argued in favour of a PEPP that is simple and safe enough to be sold without advice, because the cost of advice often excludes a category of consumers who cannot afford it.

The majority of stakeholders argued for harmonised rules on the content of the advice. However, a limited number of stakeholders, notably asset managers, considered that rules regarding advice should depend on the provider and not apply to the PEPP.

The fact that advice could take many forms on the internet was also discussed (for example: chat discussion, robo-advising and aggregators, etc.).

Online distribution should be expressly allowed in the PEPP framework. Regarding advice associated with online distribution, the PEPP framework should limit the cases where advice is not mandatory.

Distribution by employers

There was a consensus among participants on this issue: employers should be able to distribute the PEPP as there is no need to restrict the number of providers and no benefit from doing so.

The EU framework should be flexible in this respect and only harmonised in terms of principles. Distribution by employers should be allowed in principle. However, the existing EU or national regulations on this aspect should also be applied.

No consensus on distribution costs

There was no consensus on distribution costs. Some attendees, mainly from the consumer side, considered that costs should be capped. Others, mainly provider representatives, highlighted the fact that it is more efficient to let the market set the price and that a cap would distort competition.

All attendees agreed that there is a need for transparency on costs.

The EU framework should not include any provisions on distribution costs. However, the existing EU or national regulations on this aspect should also be applied.

Session 3.3 "Advice"

Advice helps investors choose the appropriate PEPP taking into account their financial situation and objectives. For many individuals, advice is very important to help them to make the best decisions when purchasing financial products or services. For this reason, the provision of advice in the PEPP framework is essential for such investors.

The purpose of this session was to determine the level of advice needed in the PEPP framework.

The main points discussed relate to the following topics:

- Possibility of using current regulations as a basis (MiFID, IDD, PRIIPs)
- Whether advice should be mandatory
- Organisation of the advice for online PEPP distribution
- Issues closely linked to the complexity and the features of the PEPP

The following questions were asked during the workshop:
- Should the existing sectoral rules be used as a basis for the regulations on advice?
- How should online PEPP advice be organised? What type of advice should be provided?
- Should the advice be free?

The results of both sessions based on the the positions expressed by attendees and the findings of the EY study can be summarised as follows:

Features	Positions expressed during the workshop
Current regulations used as a basis	**Harmonised feature:** the existing EU rules should be used as a basis. However, Member States should be allowed to provide for additional requirements.
Mandatory and free advice	**Harmonised feature:** the EU framework should harmonise advice aspects notably by providing for free mandatory advice in principle and for pre-enrolment advice and advice on an ongoing basis.
Organisation of advice for online PEPP distribution	**Harmonised feature:** Online distribution should be expressly allowed in the PEPP framework. Regarding advice relating to online distribution, the PEPP framework should limit the cases where advice is not required.

Advice should be mandatory

As a preliminary remark, stakeholders indicated that there is a need for a common definition of advice applicable to the PEPP:

- Definitions of advice in IDD or other regulations such as MiFID differ slightly,

- There is no agreement on the definition of advice (advice or guidance?) – need to clarify the definition of advice.

Stakeholders, from both supply and demand sides, agreed that advice should be mandatory in principle.

Regarding the level of advice needed, attendees agreed that it should depend on the design of the PEPP, as it should be adapted to the complexity of the product and to the different options offered to the pension saver.

Stakeholders agreed that advice should be provided before enrolment, but also on an ongoing basis thereafter, concerning strategy and benefits.

Stakeholders agreed that a regulation should be implemented at EU level and that the existing rules should be modified: the method of distribution is important for advice purposes.

For stakeholders, notably providers, it is recommended to use the existing rules (e.g. the IDD deals with knowledge of the client and advice provided). There was no objection from consumer representatives on this point.

The EU framework should harmonise advice aspects, notably by providing for mandatory advice in principle and for pre-enrolment advice and advice on an ongoing basis. The existing EU rules should be used as a basis. However, Member States should be allowed to provide for additional requirements.

Online distribution of the PEPP with advice

The results are presented in the section on session 3.2.

Free advice

The stakeholders, notably consumer representatives, agreed that mandatory advice should be free.

However if the PEPP requires specific advice, providers underlined that:

- This advice could be provided by an intermediary;
- This advice should not be free and the related cost should be disclosed.

Stakeholders, in particular from the demand side, but providers too, also considered that the cost relating to advice needs to be disclosed.

The EU framework should provide that mandatory advice is free. For other types of advice, the EU framework should include disclosure requirements on cost. Member States should be allowed to provide for additional requirements.

Sessions on taxation aspects

Sessions 4.1 and 4.2 "Tax aspects of a PEPP"

These sessions aimed to discuss three different approaches regarding the level of EU harmonisation in the light of taxation. The session only focused on the direct taxation of pension savers given that tax incentives are a key driver for investment in personal pension products.

Three approaches were defined during our discussions with the European Commission. These approaches were summarised and presented to the stakeholders as follows:

- Non-flexible approach:
  - Key product features set at EU level
  - PEPPs may not benefit from tax relief in all Member States

- Semi-flexible approach:
  - Core requirements and other relevant requirements not correlated to the benefit from tax incentives (i.e., tax incentives on in-payments or yield exemption) set at EU level
  - Features determining whether the product qualifies for tax incentives(i.e., tax incentives on in-payments or yield exemption) left to national level
  - Providers create a "section" for a given set of features corresponding to a given Member State
  - PEPPs should benefit from tax incentives in all Member States

- Fully-flexible approach
  - All requirements are decided at national level
  - Providers create a section for each PPP in all Member States
  - PEPPs with all PPP features could benefit from tax relief in all Member States

The following questions were asked during the workshop:

- Which approach seems most feasible?
- For providers: which approach would facilitate cross-border selling?
- For consumers: which approach would facilitate portability?
- Which features are critical from a tax perspective?
- Which features are non-critical from a tax perspective?

The results of the sessions based on the positions expressed by attendees and the findings of the EY study can be summarised as follows:

<table>
<tr><th>Approaches</th><th>Positions expressed during the workshop</th></tr>
<tr><td>Fully-flexible approach</td><td>This approach was rejected by all attendees</td></tr>
<tr><td>Semi-flexible approach</td><td rowspan="2">Certain stakeholders were in favour of a non-flexible approach. However, the majority of attendees underlined the importance of PEPPs giving access to tax incentives at Member State level and to have a sufficient level of flexibility to adapt the product to the local environment. The semi-flexible approach appears to be the preferred approach based on the positions expressed.</td></tr>
<tr><td>Non-flexible approach</td></tr>
</table>

Semi-flexible approach should be retained

For all attendees, from both supply and demand sides, the idea of a PEPP is to have standardised features, not standardised taxation regimes.
Therefore, if Member States could choose the features that are critical for national tax regimes, the objective of a standardised PEPP would not be met. For this reason, the fully flexible approach was discarded by the stakeholders.

Stakeholders, from both supply and demand sides, underlined that taxation aspects should not fully determine the features of the PEPP. According to the stakeholders, the PEPP should be designed to be simple and affordable, allowing for switching and portability. Tax aspects should be partially taken into account in the discussion.

Thus stakeholders are more in favour of a non-flexible approach, or an extensive semi-flexible approach if the range of EU features is wider, and are not in favour of a fully flexible approach.

Harmonisation on accumulation features

Stakeholders indicated that a single PEPP with features that qualify for tax incentives in all Member States would be unlikely to exist. The clustering work presented in our study confirms this assumption.

Regarding the features to be harmonised, stakeholders agreed that the Commission should focus on the accumulation phase and that the decumulation/out-payments phase should not be harmonised given the correlation of the features of the decumulation phase with the specificity of certain PPP characteristics and therefore the benefit from tax incentives.

The stakeholders agreed that the features to be harmonised should be discussed with Member States on the broadest basis possible.

Session 4.3 "Cross-border portability of a PEPP: conditions and costs"

This session aimed to determine the level of flexibility of cross-border switching and portability at EU level.

Firstly, the following definitions were provided to the attendees:

- Cross-border switching *(changing provider – non-mobile person):* Cross-border switching is the possibility for a non-mobile pension saver to transfer his/her investments to a provider in another Member State.
- Cross-border portability (*changing country – mobile person):* The pension portability issue has been mainly analyzed from an occupational pension perspective, notably in the context of the IORP Directive. The main issues of cross-border portability relate to worker mobility and the barriers or discriminations that apply. Portability is the possibility for a mobile pension saver to continue to benefit from tax relief for his/her PPP in his/her new Member State.

The main points discussed relate to the following topics:

- High flexibility concerning PEPP switching and portability:
  - Switching possible at any time
  - Little or no cost
  - Unfavorable interaction with illiquid long-term investment
  - Limitations relating to providers with different regulations (banking vs insurance)?
  - Practicalities
  - Encourages portability

- Low flexibility concerning PEPP switching and portability
  - Switching only allowed according to specified frequency or schedule
  - High cost or restrictions
  - Adequacy with respect to illiquid long-term investment
  - Limitation regarding providers?
  - Practicalities
  - Does not encourage portability

The following questions were asked during the workshop:

- How should switching be regulated?
- Should cross-border switching during accumulation be limited?
- Should the cost of cross-border switching be low/capped, high in order to discourage switching, fixed, based on actual cost or correlated to accumulated amounts?
- Should cross-border switching during decumulation be left up to each Member State or decided at provider level? Forbidden by EU regulation? Enabled by EU regulation?
- What should be transferred: surrender value (without tax impact) or assets?
- Should switching be taxed?

The results of the sessions based on the positions expressed by attendees and the findings of the EY study can be summarised as follows:

Features	Positions expressed during the workshop
Switching possible at any time	**Harmonised in terms of principles:** cross-border switching should be allowed in the PEPP framework after a mandatory minimum holding period. However, the length of this period should be left up to Member States or providers.
Switching cost	**Harmonised in terms of principles:** the PEPP framework should allow cross-border switching at a cost. The charge of switching for the consumer could be defined at EU level as cost-based and capped. However, the amount of the costs should be determined at Member State or provider level.
Practicalities	All attendees were in favour of switching at surrender value.
Portability	All attendees, from both supply and demand sides, were in favour of the portability of the PEPP.

Cross-border switching regulated and allowed at EU level

All attendees agreed that cross-border switching should be regulated at EU level.

Moreover, dialogue between national supervisors is needed. They should work together to ensure that cross-border activity is made possible.

Domestic and cross-border switching are equivalent from a provider's perspective. However, for consumers, the issue of fiscal continuity arises. Without equal fiscal treatment, ensuring continuity (for example, with regard to rights acquired in a previous country of residence) is a very difficult challenge. The European Commission stated that it was not envisaging standardised taxation, but that some level of harmonisation would be considered.

The EU framework should be harmonised in this respect and cross-border switching should be allowed at EU level.

Limitation of cross-border switching during accumulation

All attendees agreed cross-border switching during accumulation should be limited consistently with limitations to be envisaged for domestic switching.

It should probably be limited via a mandatory minimum holding period with the same provider. There was no clear consensus on how long the minimum holding period should be. A minimum holding period of five years was suggested (with a penalty in the event of non-compliance).

Based on the results of the workshop, the EU framework should be flexible in this respect and only harmonised in terms of principles. Cross-border switching should be allowed in the PEPP framework after a mandatory

minimum holding period. However, the length of this period should be left up to Member States or providers.

Cross-border switching subject to a cost-based, capped charge

Some stakeholders suggested that cross-border switching could be free if done after a minimum holding period with the same provider.

However, this proposal was discarded by other attendees who underlined that providers will incur costs for this operation that should be borne by the consumer.

Based on the results of the workshop, the EU framework should be flexible in this respect and only harmonised in terms of principles. The PEPP framework should allow cross-border switching at a cost. The charge for switching for the consumer could be defined at EU level as cost-based and capped. However, the amount of the cost should be determined at Member State or provider level.

Switching at surrender value

All attendees were in favour of switching done at surrender value.

No harmonisation of cross-border switching during the decumulation phase

Attendees, from both demand and supply sides, stated that cross-border switching during decumulation should be forbidden, unless the out-payment is a lump sum.

However, as discussed during the sessions on decumulation aspects, the EU framework should not harmonise the features of the decumulation phase.

The EU framework should not harmonise this aspect. This should be left up to Member States and providers.

No harmonisation of taxation aspects regarding cross-border switching

The stakeholders were in favour of tax-free cross-border switching. However, the harmonisation of taxation is excluded from the current PEPP initiative. Therefore, this cannot be a preferred PEPP feature.

Sessions on the treatment of providers

Sessions 5.1 and Session 5.2 "Authorisation and supervision of the potential providers of the PEPP"

Sessions 5.1 and 5.2 aimed to discuss the framework for the authorisation and supervision of the providers of a potential PEPP.

The authorisation and supervision framework aims to ensure that PEPP providers are fit and proper to enter the market, and are sufficiently supervised by independent authorities in order to guarantee an appropriate level of consumer protection and the respect of both EU and national regulations applicable.

During the sessions, the need to determine common prudential requirements for the different providers was discussed. The main points discussed relate to the following topics:

- Common prudential requirements applicable to different providers:
  - Whether different providers such as insurers and pension funds should be allowed to provide the PEPP under common prudential rules to be defined;
  - Whether common prudential capital requirements should be required; and
  - The need for common supervision rules: governance, risk management, reporting and transparency requirements.

- Different prudential requirements applicable to different providers:
  - Whether or not different providers other than insurers and pension funds should be allowed to provide the PEPP;
  - Non-common prudential capital requirements; and
  - Non-common supervision rules: governance, risk management, reporting and transparency requirements.

The following questions were asked during the workshop:

- What should be included in the supervisory framework?
- What should the authorisation procedures be?

The results of the sessions based on the positions expressed by attendees and the findings of the EY study can be summarised as follows:

Features	Positions expressed during the workshop
Prudential capital requirements applicable	The majority of attendees agreed that the current authorisation and supervision procedures applicable to providers (life insurers, pension funds, banking institutions and asset managers) are sufficient and that there is no need to create a new regime specific to PEPP providers.
Supervision rules applicable	

No additional supervisory rules

All attendees agreed that providers were already carefully supervised and that no more extra supervision is needed.

Stakeholders underlined that supervisory rules applied to providers and not to the products and that the following rule should apply: "*same product, same risk and same supervisory measures*".

There might be a need to reconsider this conclusion depending on the choice of implementation approach. Indeed, a non-flexible approach could be contradictory to the possibility of different providers proposing the PEPP, and therefore the application of different supervisory rules. Ultimately, given the results of the other sessions, it is likely that a level of flexibility should be included in the definition of the PEPP, notably with respect to the decumulation phase, and this flexibility should be correlated to the possibility of different supervisory rules.

No additional authorisation regimes

The majority of participants agreed that the current authorisation procedures and regimes are sufficient and that there is no need to create a new regime specific to PEPP providers.

Some attendees, notably from the consumer side, were in favour of the idea of a common standard with an additional level of supervision.

For the majority of stakeholders, if a provider meets all the conditions to sell PEPPs in a given Member State, it should be authorised to sell PEPPs cross-border with no additional procedures being required.

The solution of an *a posteriori* audit was preferred by the stakeholders and their view was that financial sanctions and reputational risk are sufficient to ensure that providers will respect the conditions provided for by the regulation.

This conclusion might be adapted depending on the choice of implementation approach. A semi-flexible approach could notably include the principle of mutual recognition of PEPP providers.

Session 5.3 "Prudential requirements"

This session aimed to assess the need to determine common prudential requirements applicable to the different providers at EU level.

Prudential regulation imposes standards that require firms to control risks and hold adequate capital, with the goal of protecting the markets and investors. Regulation rules are considered in this session in order to determine if new rules should be included in the PEPP framework or if the rules applicable to the different types of providers are sufficient.

The main points discussed relate to the following topics:

- Common prudential requirements applicable to different providers:
    - Whether different providers such as insurers and pension funds should be allowed to provide PEPPs under common prudential rules
    - Common prudential capital requirement rules
    - Common supervision rules: governance, risk management, reporting and transparency requirements
- Differentiated prudential requirements
    - Whether different providers such as insurers and pension funds should be allowed to provide PEPPs
    - Differentiated prudential capital requirement rules;
    - Differentiated supervision rules: governance, risk management, reporting
    - Transparency requirements

The following questions were asked during the workshop:

- What should the building blocks of a prudential framework for a PEPP be?
- On what basis should capital requirements for a PEPP be established?
- What are the main tasks to ensure an appropriate supervisory review of a PEPP?

The results of the sessions based on the positions expressed by attendees and the findings of the EY study can be summarised as follows:

Features	Positions expressed during the workshop
Prudential capital requirements applicable	The majority of attendees agreed that the current regulations applicable concerning providers (life insurers, pension funds, banking institutions and asset managers) are sufficient and that there is no need to create specific requirements in the context of the PEPP framework.
Supervision rules applicable	

No additional prudential rules including on capital requirement

The prudential framework is closely linked to the provider rather than to the product. According to the stakeholders, the existing regulation frameworks are sufficient and there is no need for additional EU rules.

The PEPP must offer a guarantee, matching consumer protection with the requirements applicable to the provider.

According to the stakeholders, the capital requirements could be based on the existing EU regulations.

It has been mentioned that IORP capital requirements are principally set at national level and that capital requirements are set up in different ways depending on the provider activity type.

It may be noted that a semi-flexible approach could include capital requirement principles applicable to the providers.

PEPP ID Card

Based on the results of the workshop, the following have been selected as the preferred features to be included in the PEPP framework.

This PEPP ID card focuses only on the accumulation and decumulation phases. Yields have not been taken into account to determine the features to be included in the PEPP framework for harmonisation purposes.

Figure 37: PEPP ID Card - preferred PEPP features

Accumulation phase

In-payment characteristics	Investment strategy	Mitigation of risk	Early outpayments
▸ No mandatory minimum set at EU level but limits could be set at provider level ▸ Possibility of changing the level of in-payments during the accumulation phase ▸ State and employer subsidies allowed at EU level ▸ No maximum age limit for the start of the accumulation phase set at EU level	▸ Multiple investment options and default investment option should be offered to the consumer but not regulated at EU level ▸ Changes in investment strategy should be limited and carefully advised	▸ Need to ensure consumer protection and competitiveness with local products ▸ No full capital guarantee is needed ▸ No disability coverage ▸ Optional death coverage	▸ Early out-payments should be possible but limited at EU level

Decumulation phase

No harmonisation

Providers	Distributors	Portability and switching	Advice and transparency
▸ The provision of PEPPs should be fully open to asset managers, insurers and banking institutions ▸ Current EU rules applicable to providers should be sufficient	▸ The distribution of PEPPs should be fully open to all types of distributors ▸ Online distribution should be allowed at EU level ▸ Online distribution without advice should be limited (to PEPPs that are sufficiently simple and safe)	▸ Switching should be allowed at EU level ▸ Switching should be limited by a mandatory minimum holding period ▸ Switching should be subject to a cost-based, capped charge	▸ Current EU rules should be used as a basis ▸ Advice should be mandatory and free (payable only when specific) ▸ There is a need for an EU information document (set of information determined at EU level) and local information documents

Features of the accumulation phase to be included in the PEPP framework

The following categories of features were discussed during the workshop sessions:

- In-payment characteristics;
- Investment strategy;
- Mitigation of risks;
- Early out-payments.

In-payment characteristics

The preferred features for PEPP in-payments are: the determination of a minimum amount of in-payments, the possibility of changing the level of in-payments during the accumulation phase, the possibility of State and employer subsidies, and the age limit on starting the accumulation phase during which in-payments are made.

Regarding in-payments, the view is that minimum in-payment amounts should not be set at EU level as it would be difficult to harmonise these amounts given the diversity of environments in the Member States.

However, it would be preferable to fix limits for the minimum amount of in-payments at provider level, in order to facilitate portability.

According to the workshop results, the PEPP framework should include the possibility of changing the level of in-payments made by the customer in order for the PEPP to be competitive with local existing PPPs.

The PEPP framework should also include the possibility of State and employer subsidies at EU level in order to enhance the savings potential and the success of the product.

An age limit on starting accumulation is not restrictively set in the current PPPs. In most cases, PPPs do not mention an age limit, or refer to the legal retirement age. Thus, the PEPP framework should not include a maximum age limit for the beginning of the accumulation phase. This factor could be left to the discretion of the providers, taking into account the retirement objective and long-term strategy of the product.

Investment strategy

During the accumulation phase, the customer should have the possibility of choosing the investment strategy for the in-payments contributed.

Indeed, according to discussions during the workshops, multiple investment and default investment options should be offered to the consumer but not regulated at EU level. Based on the results of the workshop, the content of the default option should be decided by each provider according to the product strategy profile.

However, even if the customer has the opportunity to choose and change the investment strategy, it was underlined that the number of changes should be limited and carefully advised, depending on the level of knowledge of investment matters and the experience of the customer.

Mitigation of risks

According to the workshop results, the features concerning the mitigation of risks need to ensure consumer protection and competitiveness with local PPPs.

In order to maintain a sufficient level of consumer protection, full capital guarantee was not considered to be a good option, as offering such a guarantee would lead to considerably decreasing the level of investment return and thus reducing the attractiveness of the PEPP.

Regarding coverage possibilities, the conclusion of the workshop is that disability coverage is not needed as there is no common definition of this guarantee and the shared objective is to have a simple PEPP.

Based on the views expressed during the workshops, death coverage should be possible as an option left to the discretion of the customer. Once again, it was underlined that the product should remain simple, but that there is a need for consumer protection and, at the very least, reimbursement of the in-payments accumulated in the event of death.

Early out-payments

According to the workshop results, the PEPP should allow early out-payments in limited situations.

Indeed, stakeholders generally agreed that early out-payments should only be allowed in limited cases to be defined and discussed further, as only such limitations will ensure, on the one hand, the achievement of the long-term/retirement objective of the product and, on the other hand, a sufficient level of flexibility to guarantee the attractiveness of the PEPP.

Providers

According to the workshop results, the provision of PEPPs should be fully open to all types of providers (i.e. banks, insurers and asset managers) in order to ensure competitiveness with local PPPs and encourage the distribution of the PEPP.

It was considered that current EU rules applicable to providers are sufficient and there is no need for additional regulations.

Distributors

According to the workshop results, the distribution of PEPPs should be fully open to all types of distributors (i.e. insurers, banks, broker agents, asset managers, pension funds and employers) in order to ensure competitiveness with local PPPs and encourage the distribution of the PEPP.

One of the workshop's objectives was to determine the specificities of online distribution. The view was that online distribution should be allowed at EU level and that, in principle, advice should be provided. However, it was considered that if the PEPP is simple and safe enough, no advice would be needed.

Portability and switching

Portability[27] is one of the main objectives of the PEPP. However it can only be fully achieved through the harmonisation of the tax regimes applicable to the PEPP across the EU, or through the adaptation, by the provider, of the relevant PEPP features to tax local requirements in order to allow the consumer to benefit from local tax incentives.

Regarding switching[28], the view was that this feature should be provided at EU level. It was concluded that switching should be limited by a mandatory minimum holding period set by EU rules in order to achieve the long-term investment objective.

The possibility of switching should be subject to specific advice. The majority of attendees agreed that transfer should be subject to a cost-based, capped price in order to limit the occurrence of switching. However, some attendees, notably insurer representatives, noted that prices should be adapted to the economic realities of the contract.

Advice and transparency

Regarding advice and transparency, according to the results of the workshop, current EU rules should be used as a basis but could be adapted taking into account the harmonised PEPP features.

Consumers and providers expressed the view that the main objective is to ensure comparability between PEPPs, with a clear, concise document, and if feasible, between PEPPs and local PPPs.

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[27] Portability is the possibility for a mobile pension saver to continue to benefit from tax relief for his/her PPP in his/her new Member State.

[28] Cross-border switching is the possibility for a non-mobile policy holder to transfer his/her investments to a provider in another Member State.

The information document should be disclosed before enrolment and then on an annual basis.

Advice should be mandatory and free (payable only when specific).

Added value of the PEPP with preferred features compared with available PPPs

The objective of a simple, clear and attractive product should be achieved through the selection of the following features:

- Economies of scale. With the harmonisation of a broad set of features at EU level, the product will benefit from economies of scale and cost efficiency by reducing costs at provider level, and consequently the return on investment will be increased. This will foster competition between providers.
- Providers. The PEPP could be offered by a large variety of providers regulated at EU level and allowed through the currently existing procedures. This will lead to increasing the offer at national level and continue to ensure consumer protection.
- Enlarge the offer in certain undeveloped markets. The PEPP could be offered by a provider from one Member State in another Member State where the current offer of PPPs is limited. This will be possible due to economies of scale allowed by the cross-border provision of services relating to a harmonised PEPP.
- Advice and transparency. The harmonisation at EU level of information disclosure requirements will allow consumers to compare PEPPs with the PEPPs offered by different providers, which will encourage high-quality products and lower costs.
- Switching. The possibility for a consumer to change provider during the accumulation and decumulation phases would make the product more attractive for the consumer and would lead to healthy competition between the providers resulting in the offering of high-quality, cross-border products and lower costs.
- Early out-payments. Harmonisation at EU level of the cases where early out-payments are allowed will guarantee the retirement objective of the PEPP and the long-term investment strategy.

Analysis of the PEPP features with respect to PPPs with a high MPI score

The following table summarises the preferred PEPP features included in the framework of the five PPPs with the highest market penetration index (MPI).
Please note that this analysis is limited to the preferred PEPP features identified on the basis of the workshop discussions and the conclusions set out in our study.

Table 24: PEPP features found in the five PPPs with the highest MPI

PEPP feature	How many of the five PPPs with the highest MPI include the feature?
In-payment characteristics	

No mandatory minimum fixed at EU level but limits could be fixed at provider level	4 out of 5 products
Possibility of changing the level of in-payments	5 out of 5 products
No maximum age limit for the start of the accumulation phase fixed at EU level	3 out of 5 products
Investment strategy	
Multiple investment options and a default investment option should be offered to the consumer but not regulated at EU level	5 out of 5 products
Mitigation of risk	
No full capital guarantee is needed	The 5 most successful products provide for a guarantee on capital
No disability coverage	2 out of 5 products, but 3 products offer optional disability coverage
Optional death coverage	4 out of 5 products
Early out-payments should be allowed but limited at EU level	The 5 most successful products allow early out-payments without limitation
Distributors	
Online distribution without advice should be limited (to PEPPs that are sufficiently simple and safe)	5 out of 5 products
Portability and switching	
Switching should be allowed at EU level	5 out of 5 products allow for domestic switching and 3 out of 5 products allow for cross-border switching

It can be seen from on the table above that the five products with the highest MPI generally include the preferred PEPP features.

It should be noted that for the five products with a medium MPI, early out-payments are allowed without limitation.

During the workshop, the attendees underlined that such a feature is not in line with the PEPP retirement objective. Therefore the preferred PEPP feature would be to limit early out-payments at EU level.

Assessment of the preferred PEPP features in comparison with local PPP legislation and tax regimes.

Further to the identification, during the workshop, of the preferred PEPP features according to the stakeholders, and the confirmation of these features based on the data collected on the existing PPPs, it will also be necessary to assess their technical feasibility through the review of any tax obstacles that could arise as a result of the preferred PEPP features selected, since some of these features may not be compatible with local PPP tax regimes.

In this respect, the preferred PEPP features will be compared to the current PPP features and analyzed in order to determine those that could potentially prevent consumers from benefiting from tax relief during the accumulation phase. Indeed, the conclusion of the discussions on preferred PEPP features is that decumulation should not, at this stage, be harmonised at EU level.

A new ID card will thus be presented in the context of our study, based on an adaptation of the features further to the previous analysis.

The feasibility assessment will be concluded with a presentation of a suggested approach for a PEPP framework.

Analysis of the preferred PEPP features in comparison with local PPP tax regimes

One of the European Commission's objectives in suggesting the creation of a European personal pension product is to reduce barriers in cross-border business relating to personal pension products. In this respect, the variety of the tax regimes across Member States can be considered to be a significant obstacle to this objective.

As mentioned in the EIOPA advice on the development of an EU single market for personal pension products, "*taxation is a significant hurdle that prevents the emergence of a Single Market for PPPs, as currently there is no EU legislation on the taxation of pensions. (…) Pensions are taxed very differently across the EU and the tax treatment is often linked to specific characteristics of eligible products, (…). This already raises various challenges to the creation of a Single Market for PPPs, as products need to exhibit different features to receive beneficial tax treatment in different Member States*." [EIOPA's advice on the development of an EU Single Market for personal pension products (PPP), 4 July 2016].

The analysis performed in section 1 of our study confirms this general assessment, since one of our conclusions is that there is no common set of features for a PEPP that would allow the product to benefit from the tax incentives related to local PPPs in all Member States.

Based on this assessment, different solutions for the design of the PEPP were discussed, the general idea being to harmonise a set of features for a standardised high-quality product enabling economies of scale for both providers and consumers, with the possibility for consumers to benefit from tax incentives in their Member State, in order to arrive at a product that is competitive versus currently available personal pension products.

One of the approaches envisaged was inspired by the IORP Directive voted in 2003 and the IORP II Directive voted in 2016 [Directive (EU) 2016/2341 of the European Parliament and of the Council of 14 December 2016 on the activities and supervision of institutions for occupational retirement provision (IORPs)].

The IORP Directives enable a mutual recognition of pillar 2 pension funds across all Member States, by providing a set of regulatory and supervision principles and allow a given pension fund to have cross-border activity and also permit the cross-border transfer of pension schemes. These directives do not create a pillar 2 product and they do not provide for features for a pan-European occupational or pillar 2 product.

In the context of the creation of a Pan-European Personal Pension Product (pillar 3), these directives could be used as an inspiration to create an approach which would consist in providing for a set of principles regarding regulatory and supervision aspects applicable to the providers, and not to harmonise the features of the product. This approach could also be called a "fully flexible approach". In this approach, no PEPP would be created, but national providers that are compliant with a PEPP regulatory and supervision framework and recognised as such would be authorised to cross-border sell personal pension products by adapting to national requirements.

A more harmonised approach, the "semi-flexible approach" would consist, in addition to the supervision and regulatory requirements, in harmonising a set of features at European level and then creating a pan-European personal pension product. Non-harmonised features could be left up to Member States or decided at provider level, so that certain features can be adapted to national tax legislation.

In these two approaches, in-payments to a PEPP would be performed in a given national "section" corresponding to the customer's tax residence, adapted to the features corresponding to the Member State environment. Thus, these approaches would allow in-payments paid to a foreign PEPP provider to potentially qualify for the same tax relief as in-payments paid to domestic providers. Yields during the accumulation phase would also qualify for the same tax relief as yields received from domestic providers. Out-payments would qualify for the same tax relief as out-payments received from domestic providers based on the customer's tax residence during the decumulation phase.

It should be noted that the IORP Directives are directly applicable to providers of the pillar 2 occupational products and aim to regulate those providers.

As regards PEPP, the approach is slightly different since the providers could be insurers, pension funds, bankers or asset managers and the idea of the PEPP regulation is not to propose a new regulation framework for the providers (notably in terms of prudential supervision at provider level). In other words, the outcome of the discussions with the stakeholders during the workshop is that the PEPP regulation should be product-based, and therefore propose a common product platform available for different providers.

The "non-flexible approach" consisting in harmonising all the features of the PEPP was discarded in our study, as it would not permit consumers to benefit from the tax incentives in their Member States.

The preferred PEPP features described above will be compared with the PPP features in order to identify potential difficulties. This analysis should aim to highlight features that are potentially in conflict with national tax rules during the accumulation phase. Based on this analysis, an adaptation of the preferred features should be proposed in order to increase the compatibility of the PEPP features with current local PPP features.

Qualification of preferred PEPP features with respect to tax regimes during the accumulation phase

A comparison of the preferred PEPP features with the PPP features resulting from the tax mapping was performed and analyzed in order to identify potential obstacles that would prevent a PEPP from benefiting from PPP tax incentives on in-payments, according to current features and the related local tax regime.

This analysis was performed from a theoretical point of view. From a practical standpoint, it should be noted that tax regimes are not systematically linked to PPP features (these features may evolve independently of the tax legislation), and that some characteristics not included in the tax framework could be considered essential to a given PPP and therefore critical in order to benefit from the tax regime related to a given PPP.

Given the variety of taxation systems across Member States, and in the context of the study, we have made assumptions concerning 'non-distinctive' to 'highly distinctive' features.

The 'non distinctive' features are those that should generally not impact the taxation regime related to a given PPP, because the corresponding preferred PEPP features are flexible and only harmonised in terms of principles or because these features are not strictly provided for by the legislation dealing with the PPP in question or the legislation does not contain a direct reference to these features.

In contrast, the 'highly distinctive' features are considered critical from a tax standpoint, i.e., the preferred PEPP features are fully harmonised at EU level and are directly linked to the benefit of tax incentives during the accumulation phase. If these features are not present, the product would not have access to the tax regime related to a given PPP.

The working assumption is therefore that a PEPP that combines all the 'highly distinctive' features would have access to the tax regime associated with the PPP of which it has the considered features.

The preferred PEPP features can be qualified as 'non distinctive' versus 'highly distinctive' as follows, as regards the accumulation phase:

Table 25: Preferred PEPP features qualifying as distinctive - accumulation phase

Accumulation phase			
Preferred PEPP feature		Qualification	Comments
In-payment characteristics	No mandatory minimum set at EU level but limits could be set at provider level	Not distinctive	This preferred PEPP feature is not distinctive: this feature is highly flexible at EU level. Providers should be able to set a mandatory minimum for in-payments in order not to be in conflict with the PPP tax regime.
	Possibility of changing the level of	**Distinctive**	This preferred PEPP feature is

	in-payments		distinctive: the possibility of changing the level of in-payments should be harmonised at EU level. If the PPP regime does not allow for such change, this PEPP feature would be in conflict with it.
	Employer subsidies left up to the Member State	Not distinctive	This preferred PEPP feature is not distinctive: the EU regulation should allow employer subsidies but this feature is not mandatory. If the local PPP regulation does not allow for employer subsidies, this feature could be adapted by PEPP providers and it should not prevent consumers from benefiting from tax incentives on in-payments.
	No maximum age limit for the start of the accumulation phase set at EU level	Not distinctive	This preferred PEPP feature is not distinctive: no maximum age limit should be set at EU level. If the local PPP regulation provides for such an age limit, PEPP providers could adapt the product and this should not prevent consumers from benefiting from tax incentives on in-payments.
Early out-payments	Early out-payments should be allowed but limited at EU level	**Highly distinctive**	This preferred PEPP feature is highly distinctive: this feature should be harmonised at EU level. The PEPP framework should provide for early out-payments to be allowed in limited situations. This PEPP feature would be in conflict with a PPP regime which: - Does not allow for early out-payments, - Allows for early out-payments without limitation, - Allows for early out-payments in limited situations that do not match the limitations provided for by the EU regulation
Mitigation of risk	No disability coverage	**Distinctive**	This preferred PEPP feature is distinctive: the PEPP framework should not allow for disability coverage. This PEPP feature would be in conflict with a PPP regime which provides for disability coverage
	Optional death coverage	**Distinctive**	This preferred PEPP feature is distinctive: the PEPP framework should provide for the possibility of offering death coverage. This PEPP feature would be in conflict with a PPP regime which does not allow for death coverage.

It should be noted that the decumulation phase features have not been analyzed, as, according to the preferred PEPP features, the decumulation features should not be harmonised at EU level but left up to Member States or providers.

The preferred PEPP features regarding switching can be qualified as follows:

Table 26: Preferred PEPP features qualifying as distinctive - switching

Switching		
Preferred PEPP feature	Qualification	Comments

Domestic switching	Domestic switching allowed at EU level	**Highly distinctive**	This preferred PEPP feature is highly distinctive: the PEPP framework should allow domestic and cross-border switching. This PEPP feature would be in conflict with a PPP regime which does not allow for domestic and cross-border switching.
Cross-border switching	Cross-border switching allowed at EU level		

Comparison between the preferred PEPP features and the PPP features

The table below presents a comparison between the preferred PEPP features and the PPP features resulting from the tax mapping and clustering performed. The preferred PEPP features do not include any harmonisation of out-payments, and therefore the features relating thereto are not compared.

The table focuses on PPPs benefiting from incentives relating to in-payments, therefore PPPs under TEE, TET, TTE or TTT tax regimes are excluded from this analysis. This group of PPPs represents seven out of 49 PPPs in six out of 28 Member States.

Table 27: Comparison between the preferred PEPP features and the PPP features

Country	Products	Overall local tax system	Is the employer able to supplement the payments?	Age limit for the start of the accumulation phase?	Mandatory minimum in-payments required?	Is it possible to change the level of in-payments ?	Is it possible to take a break?	Is it possible to redeem funds before pension age?	Could the product provide death coverage ?	Domestic switching	Cross-border switching	Does the personal pension product cover disability allowance?
	PEPP		Allowed at EU level, this feature should be left up to the Member States[29]	No maximum age limit set at EU level, providers should be able to set such a limit[1]	No mandatory minimum fixed at EU level but limits could be set at provider level[1]	Possibility of changing the level of in-payments[1]	This feature should be left up to providers: no mandatory minimum set at EU level[1]	Early out-payments should be allowed but limited at EU level[30]	Death coverage should be offered to the consumer as an option[1]	Switching should be allowed at EU level[31]	Switching should be allowed at EU level[3]	No disability coverage[32]
Austria	Austria_PZV	EEE	N	Y	N	Y	Y	Y	N	NTI	TNP	N
Belgium	Belgium_LP	EET	N	Y	N	Y	Y	Y	Y	IT	IT	N
	Belgium_PP	EET	N	Y	N	Y	Y	Y	Y	NTI	NTI	N
Bulgaria	Bulgaria_UVPF	EEE	Y	N	N	Y	Y	YLS	Y	NTI	NTI	Y
	Bulgaria_PVPF	EEE	Y	N	N	Y	Y	YLS	Y	NTI	NTI	O
Croatia	Croatia_OPF	EET	Y	N	N	Y	Y	N	Y	NTI	TNP	N
Cyprus	Cyprus_IIP	EEE	Y	N	N	Y	Y	Y	Y	TNP	TNP	O
Czech	Czech Republic_SSP	EEE	Y	N	Y	Y	Y	Y	Y	NTI	NTI	Y

[29] Y = Yes, N = No
[30] Y = Yes, YSL = Yes in limited situations, N = No
[31] NTI = No tax impact, IT = Immediate taxation, TNP = Transfer not possible
[32] Y = Yes, N = No, O = Optional

Republic												
Denmark	Denmark_Alder	ETT	Y	N	N	Y	Y	Y	Y	NTI	NTI	O
	Denmark_RP	ETT	Y	N	N	Y	Y	Y	O	NTI	NTI	O
Estonia	Estonia_VSF	EEE	Y	N	N	Y	Y	Y	Y	NTI	TNP	Y
Finland	Finland_IP	EET	Y	N	N	Y	Y	YLS	Y	NTI	NTI	N
France	France_PERP	EET	N	N	N	Y	Y	YLS	Y	NTI	TNP	O
	France_MadelinTNS	EET	N	N	Y	Y	N	YLS	O	NTI	NTI	N
	France_MadelinAgr	EET	N	N	Y	Y	N	YLS	O	NTI	NTI	N
Germany	Germany_Riester	EET	N	N	Y	Y	Y	Y	Y	NTI	NTI	O
	Germany_Rürup	EET	Y	N	N	Y	Y	N	Y	TNP	TNP	O
Hungary	Hungary_PRS	EEE	Y	N	N	Y	Y	Y	Y	NTI	TNP	O
Ireland	Ireland_RAC	EET	N	N	N	Y	Y	YLS	Y	NTI	IT	N
	Ireland_PRSA	EET	Y	N	N	Y	Y	YLS	Y	NTI	IT	N
Italy	Italy_OPF	ETT	Y	N	N	Y	Y	YLS	Y	NTI	NTI	Y
	Italy_PIP	ETT	Y	N	N	Y	Y	YLS	Y	NTI	TNP	Y
Latvia	Latvia_PPF	EET	Y	N	N	Y	Y	YLS	Y	IT	IT	N
Lithuania	Lithuania_VF	EEE	Y	N	N	Y	Y	Y	N	NTI	NTI	Y
Luxembourg	Luxembourg_IPS	EET	N	Y	N	Y	Y	Y	Y	IT	IT	O
Malta	Malta_PPPa	EET	N	N	N	Y	Y	N	Y	NTI	NTI	O
Netherlands	Netherlands_RBSA	EET or TEE	N	Y	N	Y	Y	N	Y	NTI	NTI	N
	Netherlands_RAInsD	EET or TEE	N	Y	N	Y	Y	N	Y	NTI	NTI	N
	Netherlands_RAInsA	EET or TEE	N	Y	N	Y	Y	N	Y	NTI	NTI	N
Poland	Poland_IKZE	EET	N	N	N	Y	Y	Y	Y	NTI	NTI	N
Portugal	Portugal_LifeInsR	ETT	Y	N	N	Y	Y	Y	Y	NTI	NTI	O
	Portugal_LifeInsH	ETE	Y	N	N	Y	Y	Y	Y	NTI	NTI	O
	Portugal_PF	ETE	Y	N	N	Y	Y	N	Y	NTI	NTI	Y
	Portugal_PPR	ETT	Y	N	N	Y	Y	Y	Y	NTI	NTI	Y
Romania	Romania_SPP	EET	Y	N	N	Y	Y	YLS	Y	NTI	NTI	Y
Slovakia	Slovak Republic_PPF	EEE	Y	N	N	Y	Y	Y	Y	TNP	TNP	N
Slovenia	Slovenia_VSP	EET	Y	N	N	Y	Y	YLS	Y	NTI	NTI	Y
Spain	Spain_IPP	EET	Y	N	N	Y	Y	Y	Y	NTI	TNP	O

	Spain_MP	EET	Y	N	N	Y	Y	Y	Y	NTI	TNP	O
	Spain_PPA	EET	Y	N	N	Y	Y	Y	Y	NTI	TNP	O
United Kingdom	United Kingdom_SIPP	EET	Y	N	N	Y	Y	Y	Y	NTI	NTI	O
	United Kingdom_Stakeh	EET	Y	N	N	Y	Y	Y	Y	NTI	NTI	O
Results			Preferred PEPP feature not distinctive and PPP features not in conflict	Preferred PEPP feature not distinctive and PPP features not in conflict	Preferred PEPP feature not distinctive and PPP features not in conflict	Preferred PEPP feature should be distinctive but PPP features should not be in conflict	Preferred PEPP feature not distinctive and PPP features not in conflict	Preferred PEPP feature should be highly distinctive and 29 PPP features should be in conflict	Preferred PEPP feature should be distinctive and two PPP features should be in conflict	Preferred PEPP feature should be highly distinctive and three PPP features should be in conflict	Preferred PEPP feature should be highly distinctive and 12 PPP features should be in conflict	Preferred PEPP feature should be distinctive but PPP features should not be in conflict

(green)	PPP features compatible with PEPP features from a theoretical point of view
(orange)	PPP features in conflict with PEPP features from a theoretical point of view
(red)	PPP features in strong conflict with PEPP features from a theoretical point of view

Analysis of the result of the comparison and suggested adapted features

Analysis of the result of the comparison

The following table sets out an analysis of the foregoing comparison, detailing the compatibility of each preferred PEPP feature with PPP features. This analysis aims to determine which preferred PEPP features could be adapted in order to decrease the number of features in conflict.

Table 28: Analysis of the result of the comparison

	Preferred PEPP features	Result of the comparison	Comments
Is the employer able to supplement the payments?	Allowed at EU level, this features should be left up to the Member States	PEPP feature compatible with all PPP features	This preferred PEPP feature should be highly flexible. The PEPP regulation should leave this feature up to the Member States. Therefore, whether or not the PPP regimes allow for employer subsidies, this should have no consequences from a tax point of view. **No adaptation of this PEPP feature is needed.**
Age limit for the start of the accumulation phase?	No maximum age limit set at EU level, providers should be able to set such a limit	PEPP feature compatible with all PPP features	This preferred PEPP feature should be highly flexible. There is no age limit set at EU level but providers are able to set such a limit. If local PPP regimes provide for a maximum age limit for the start of the accumulation phase, PEPP providers will have to take this limit into consideration. There should be no PPP features in conflict with this PEPP feature. **No adaptation of this PEPP feature is needed.**
Mandatory minimum in-payments required?	No mandatory minimum set at EU level but limits could be set at provider level	PEPP feature compatible with all PPP features	This preferred PEPP feature should be highly flexible. No mandatory minimum for in-payments is set at EU level but providers are allowed to fix such a minimum. If local PPPs regimes provide for mandatory minimum in-payments, PEPP providers will take this feature into consideration. There should be no PPPs feature in conflict with this PEPP feature. **No adaptation of this PEPP feature is needed.**
Is it possible to change the level of in-payments?	Possibility of changing the level of in-payments	PEPP feature compatible with all PPP features	This preferred PEPP feature could be standardised and could consist in allowing the consumer to change the level of in-payments. If this feature is included in the PEPP framework, it could be in conflict with the PPP regimes. However, based on the information provided by the EY network, we have not identified any PPP regimes in the scope of our study that provide for a non-variable level of in-payments. **No adaptation of this PEPP feature is needed.**
Is it possible to take a break?	This feature should be left up to providers: no mandatory minimum fixed at EU level	PEPP feature compatible with all PPP features	This PEPP feature should be highly flexible. The possibility for the consumer to take a break (i.e., to stop paying contributions) should not be regulated at EU level and providers should be able to provide for restrictions. If local PPP regimes prohibit or allow a break, PEPP providers will take this feature into consideration accordingly. No PPP features should be in conflict with this PEPP feature. **No adaptation of this PEPP feature is needed.**

Is it possible to redeem funds before pension age?	Early out-payments should be allowed but limited at EU level	PEPP feature compatible with the regimes of eight Member States out of 26	This PEPP feature could be standardised. The possibility of redeeming funds before reaching pension age is limited under 13 out of 42 PPP regimes in eight out of 26 Member States. Depending on the definition of the circumstances in which early out-payments are allowed, this PEPP feature could be compatible with the aforementioned PPP regimes.
		PEPP feature in strong conflict with the regimes of 18 Member States out of 26	If the PPP regimes do not allow the consumer to benefit from the redemption of funds before pension age under any circumstances or if there is no limitation on the possibility of redeeming funds, the PEPP features could be in conflict with the PPP regimes. **An adaptation of this PEPP feature will be analyzed.**
Could the product provide death coverage?	Death coverage should be offered to the consumer as an option	PEPP feature compatible with the regimes of 24 Member States out of 26	This PEPP feature could be standardised. Indeed, PEPP providers should be able to offer optional death coverage, i.e., the possibility for an heir or a beneficiary to benefit from the PEPP accumulated funds in the event of the death of the pension saver. This PEPP feature is compatible with a large majority of PPP regimes: 39 out of 42 regimes in 24 out of 26 Member States. **No adaptation of this PEPP feature is needed (taking into account the high level of compatibility)**
		PEPP feature in strong conflict with the regimes of two Member States out of 26	This PEPP feature could theoretically be in conflict with the regimes of two out of 42 PPPs in two out of 26 Member States (Austria and Lithuania) that do not allow for death coverage.
Domestic switching	Switching should be allowed at EU level	PEPP feature compatible with the regimes of 22 Member States out of 26	This PEPP features could be standardised. Indeed, PEPP providers should allow the transfer of PEPP assets to another domestic provider. Based on the information provided by the EY network, 36 out of 42 PPP regimes in 22 out of 26 Member States allow for domestic switching without taxation. However, workshop attendees were in favour of switching possibilities being limited. Depending on the switching conditions included in the PEPP framework, some PPP regimes may not be compatible with this PEPP feature.
		PEPP feature in conflict with the regimes of two Member States out of 26	Based on the information provided by the EY network, domestic switching triggers immediate taxation for three PPPs out of 42 (one out of two in Belgium, and the PPPs studied in Latvia and in Luxembourg) in three out of 26 Member States. Depending on the PEPP regulation, immediate taxation could be assimilated to a switching restriction (comparable with redemption immediately followed by the subscription of a new contract with a new provider)
		PEPP feature in strong conflict with the regimes of two Member States out of	Based on the information provided by the EY network, domestic switching is not allowed by the regimes of three out of 42 PPPs (the PPPs studied in Cyprus and Lithuania and one out of two in Germany) in three out of 26 Member States. This PEPP feature should be in conflict with

		26	the PPP regimes that do not allow domestic switching. **An adaptation of this PEPP feature will be analyzed.**
Cross-border switching	Switching should be allowed at EU level	PEPP feature compatible with the regimes of 16 Member States out of 26	This PEPP feature could be standardised. Indeed, PEPP providers should allow the transfer of PEPP assets to another non-domestic provider. Based on the information provided by the EY network, 25 out of 42 PPP regimes in 16 out of 26 Member States allow for switching without taxation. However, workshop attendees were in favour of the switching possibilities being limited. Depending on the switching conditions included in the PEPP framework, certain PPP regimes may not be compatible with this PEPP feature.
		PEPP feature in conflict with three Member State regimes out of 26	Based on the information provided by the EY network, cross-border switching triggers immediate taxation for five PPPs out of 42 (the PPPs studied in Ireland, Latvia and Luxembourg, and one out of two in Belgium) in four out of 26 Member States. Depending on the PEPP regulation, immediate taxation could be assimilated to a switching restriction (comparable with redemption immediately followed by the subscription of a new contract with a new provider).
		PEPP feature in strong conflict with seven Member State regimes out of 26	Based on the information provided by the EY network, cross-border switching is not allowed by 12 out of 42 PPP regimes (PPPs studied in Austria, Croatia, Cyprus, Estonia, Hungary, Slovakia and Spain, and one out of three in France, one out of two in Germany and one out of two in Italy) in 10 out of 26 Member States. This PEPP feature is in conflict with PPP regimes that do not allow domestic switching. It should be noted that switching may be impossible due to practical matters. In such cases, the PPP and PEPP features are not in conflict. **An adaptation of this PEPP feature will be analyzed.**
Does the personal pension product cover disability allowance?	No disability coverage	PEPP feature compatible with 20 Member State regimes out of 26	This PEPP feature could be standardised. Indeed, PEPP providers should not offer disability coverage, i.e., the possibility for the pension saver to benefit from the PEPP accumulated funds in the event of illness or invalidity. This PEPP feature is compatible with a large majority of PPP regimes: 32 out of 42 in 21 out of 26 Member States.
		PEPP feature in strong conflict with six Member State regimes out of 26	This PEPP feature could theoretically be in conflict with PPP regimes providing disability coverage, i.e., 10 out of 42 PPP regimes in eight out of 26 Member States. **An adaptation of this PEPP feature will be analyzed.**

Suggested adaptation of PEPP features

Based on these results, a deeper analysis was performed in order to determine how the following preferred PEPP features could be adapted to increase the level of their compatibility with the PPP features:

- Early out-payments

- Disability coverage
- Domestic and cross-border switching

Early out-payments

The preferred PEPP feature is "early out-payments allowed in limited situations".

This preferred PEPP feature should be comparable with the PPP regimes that allow for early out-payments in limited cases.
The most common situations in which early out-payments are allowed are:

- Disability/invalidity/illness (Finland, France, Ireland, Italy, Latvia, Romania);
- Unemployment or expiry of unemployment benefit rights (Finland, France, Italy)
- Death of spouse/partner (Finland, France).

The objective of the PEPP framework is to arrive at a retirement product. This view is shared by all stakeholders (from supply and demand sides, as well as regulators and European institutions). Therefore, the suggested PEPP feature could be adapted as follows: early out-payments not allowed or allowed with limitations.

With this adaptation, comparison between the PEPP feature and the PPP features gives the following result: 20 out of 42 PPPs in eight out of 26 Member States should not be in conflict.

Domestic and cross-border switching

The preferred PEPP feature is "switching should be allowed".

This preferred PEPP feature should only be compatible with PPP regimes that allow for domestic and cross-border switching.
Switching is allowed by most PPP regimes:

- Domestic switching is not possible for three out of 42 PPPs (the PPPs studied in Cyprus and Lithuania, and one out of two in Germany) in three Member States;
- Cross-border switching is not possible for 12 out of 42 PPP regimes (the PPPs studied in Austria, Croatia, Cyprus, Estonia, Hungary, Slovakia and Spain, and one out of three in France, one out of two in Germany and one out of two in Italy) in 10 Member States.

The objective of the PEPP framework is to facilitate cross-border activities. This is an essential characteristic of the PEPP. Therefore, it is suggested not to adapt the preferred PEPP feature and to harmonise switching at EU level. It cannot be ruled out that this feature could be in conflict with certain local PPP regimes and prevent consumers from benefiting from the related tax incentives. However, it is to be noted that it could be in contradiction with the applicable EU regulation, in particular with regard to freedom of services, since a PEPP with, overall, the characteristics of a given PPP should have access to a similar tax regime.

Disability coverage

The preferred PEPP feature is "no disability coverage", which is generally compatible with the PPP features.

This preferred PEPP feature is compatible with 32 out of 42 PPPs in 20 out of 26 Member States. In six Member States, this preferred PEPP feature is in conflict with the PPP features (Czech Republic, Estonia, Italia, Lithuania, Romania and Slovenia).

Taking into account the fact that there is no common definition of disability, and in order to make this feature less distinctive, one adaptation could have been not to harmonise this feature at EU level.
However its non-harmonisation could lead to limiting the possibilities of switching between PEPPs that do not have common disability coverage features.

Therefore, it is suggested not to adapt the preferred PEPP feature.

Adapted PEPP ID CARD

Figure 38: PEPP ID Card - adapted PEPP features

Accumulation phase

In-payment characteristics	Investment strategy	Mitigation of risk	Early out-payments
▸ No mandatory minimum set at EU level but limits could be set at provider level ▸ Possibility of changing the level of in-payments during the accumulation phase ▸ State and employer subsidies allowed at EU level ▸ No maximum age limit for the start of the accumulation phase set at EU level	▸ Multiple investment options and default investment option should be offered to the consumer but not regulated at EU level ▸ Changes in investment strategy should be limited and carefully advised	▸ Need to ensure consumer protection and competitiveness with local products ▸ No full capital guarantee is needed ▸ No disability coverage ▸ Optional death coverage	▸ Early out-payments should be possible but limited or not allowed at EU level

Decumulation phase

No harmonisation

Providers	Distributors	Portability and switching	Advice and transparency
▸ The production of PEPPs should be fully open to asset managers, insurers and banking institutions ▸ Current EU rules applicable to providers should be sufficient	▸ The distribution of PEPPs should be fully open to all types of distributors ▸ Online distribution should be allowed at EU level ▸ Online distribution without advice should be limited (to PEPPs that are sufficiently simple and safe)	▸ Switching should be allowed at EU level ▸ Switching should be limited by a mandatory minimum holding period ▸ Switching should be subject to a cost-based, capped charge	▸ Current EU rules should be used as a basis ▸ Advice should be mandatory and free (payable only when specific) ▸ There is a need for an EU information document (set of information determined at EU level) and local information documents

Adapted analysis of the result of the comparison

Based on the adapted early out-payments feature and taking into consideration the fact that domestic and cross-border switching should be authorised at EU level, the result of the comparison between PEPP features and PPP features is as follows:

Table 29: Adapted analysis of the comparison

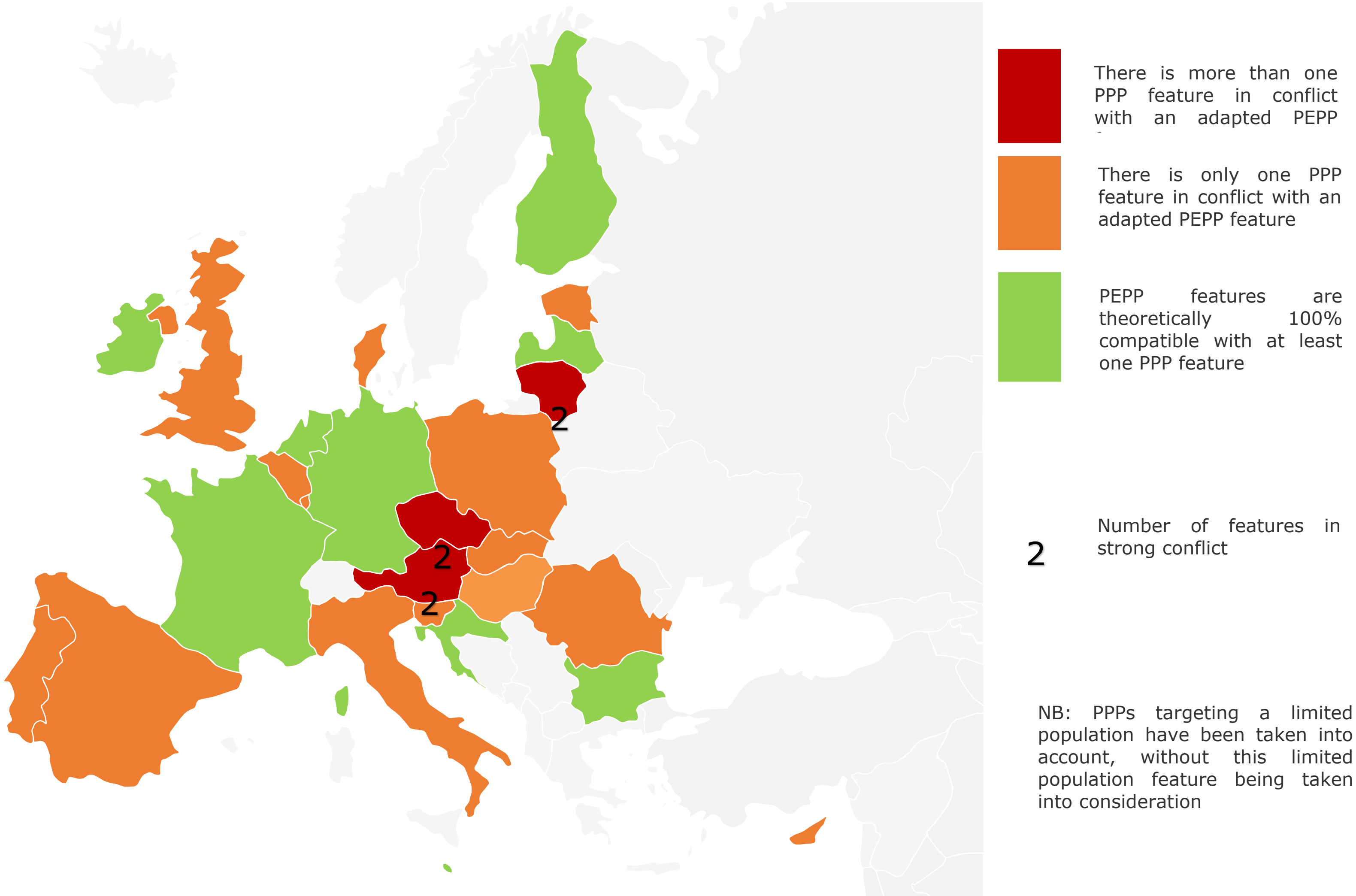
Country	Product	Overall local tax system	Is the employer able to supplement the payment?	Age limit for the start of the accumulation phase?	Mandatory minimum in-payments required?	Is it possible to change the level of in-payments ?	Is it possible to take a break?	Is it possible to redeem funds before pension age?	Could the product provide death coverage ?	Domestic switching	Cross-border switching	Does the personal pension product cover disability allowance?
	PEPP		Allowed at EU level, this topic should be left up to the Member States[33]	No maximum age limit set at EU level, providers should be able to set such a limit[1]	No mandatory minimum fixed at EU level but limits could be set at provider level[1]	Possibility of changing level of in-payments[1]	This feature should be left up to providers: no mandatory minimum set at EU level[1]	Early out-payments should not be allowed, or allowed subject to limitation at EU level[34]	Death coverage should be offered to the consumer as an option[1]	Switching should be allowed at EU level[35]	Switching should be allowed at EU level[3]	No disability coverage[36]
Austria	Austria_PZV	EEE	N	Y	N	Y	Y	Y	N	NTI	TNP	N
Belgium	Belgium_LP	EET	N	Y	N	Y	Y	Y	Y	IT	IT	N
	Belgium_PP	EET	N	Y	N	Y	Y	Y	Y	NTI	NTI	N
Bulgaria	Bulgaria_UVPF	EEE	Y	N	N	Y	Y	YLS	Y	NTI	NTI	Y
	Bulgaria_PVPF	EEE	Y	N	N	Y	Y	YLS	Y	NTI	NTI	O
Croatia	Croatia_OPF	EET	Y	N	N	Y	Y	N	Y	NTI	TNP	N
Cyprus	Cyprus_IIP	EEE	Y	N	N	Y	Y	Y	Y	TNP	TNP	O
Czech Republic	Czech Republic_SSP	EEE	Y	N	Y	Y	Y	Y	Y	NTI	NTI	Y
Denmark	Denmark_Alder	ETT	Y	N	N	Y	Y	Y	Y	NTI	NTI	O
	Denmark_RP	ETT	Y	N	N	Y	Y	Y	O	NTI	NTI	O
Estonia	Estonia_VSF	EEE	Y	N	N	Y	Y	Y	Y	NTI	TNP	Y

[33] Y = Yes, N = No
[34] Y = Yes, YSL = Yes in limited situations, N = No
[35] NTI = No tax impact, IT = Immediate taxation, TNP = Transfer not possible
[36] Y = Yes, N = No, O = Optional

Finland	Finland_IP	EET	Y	N	N	Y	Y	YLS	Y	NTI	NTI	N
France	France_PERP	EET	N	N	N	Y	Y	YLS	Y	NTI	TNP	O
	France_MadelinTNS	EET	N	N	Y	Y	N	YLS	O	NTI	NTI	N
	France_MadelinAgr	EET	N	N	Y	Y	N	YLS	O	NTI	NTI	N
Germany	Germany_Riester	EET	N	N	Y	Y	Y	Y	Y	NTI	NTI	O
	Germany_Rürup	EET	Y	N	N	Y	Y	N	Y	TNP	TNP	O
Hungary	Hungary_PRS	EEE	Y	N	N	Y	Y	Y	Y	NTI	TNP	O
Ireland	Ireland_RAC	EET	N	N	N	Y	Y	YLS	Y	NTI	IT	N
	Ireland_PRSA	EET	Y	N	N	Y	Y	YLS	Y	NTI	IT	N
Italy	Italy_OPF	ETT	Y	N	N	Y	Y	YLS	Y	NTI	NTI	Y
	Italy_PIP	ETT	Y	N	N	Y	Y	YLS	Y	NTI	TNP	Y
Latvia	Latvia_PPF	EET	Y	N	N	Y	Y	YLS	Y	IT	IT	N
Lithuania	Lithuania_VF	EEE	Y	N	N	Y	Y	Y	N	NTI	NTI	Y
Luxembourg	Luxembourg_IPS	EET	N	Y	N	Y	Y	Y	Y	IT	IT	O
Malta	Malta_PPPa	EET	N	N	N	Y	Y	N	Y	NTI	NTI	O
Netherlands	Netherlands_RBSA	EET or TEE	N	Y	N	Y	Y	N	Y	NTI	NTI	N
	Netherlands_RAInsD	EET or TEE	N	Y	N	Y	Y	N	Y	NTI	NTI	N
	Netherlands_RAInsA	EET or TEE	N	Y	N	Y	Y	N	Y	NTI	NTI	N
Poland	Poland_IKZE	EET	N	N	N	Y	Y	Y	Y	NTI	NTI	N
Portugal	Portugal_LifeInsR	ETT	Y	N	N	Y	Y	Y	Y	NTI	NTI	O
	Portugal_LifeInsH	ETE	Y	N	N	Y	Y	Y	Y	NTI	NTI	O
	Portugal_PF	ETE	Y	N	N	Y	Y	N	Y	NTI	NTI	Y
	Portugal_PPR	ETT	Y	N	N	Y	Y	Y	Y	NTI	NTI	Y
Romania	Romania_SPP	EET	Y	N	N	Y	Y	YLS	Y	NTI	NTI	Y
Slovakia	Slovak Republic_PPF	EEE	Y	N	N	Y	Y	Y	Y	TNP	TNP	N
Slovenia	Slovenia_VSP	EET	Y	N	N	Y	Y	YLS	Y	NTI	NTI	Y
Spain	Spain_IPP	EET	Y	N	N	Y	Y	Y	Y	NTI	TNP	O
	Spain_MP	EET	Y	N	N	Y	Y	Y	Y	NTI	TNP	O
	Spain_PPA	EET	Y	N	N	Y	Y	Y	Y	NTI	TNP	O
United Kingdom	United Kingdom_SIPP	EET	Y	N	N	Y	Y	Y	Y	NTI	NTI	O
	United Kingdom_Stakeh	EET	Y	N	N	Y	Y	Y	Y	NTI	NTI	O

Results	Preferred PEPP feature not distinctive and PPP features not in conflict	Preferred PEPP feature not distinctive and PPP features not in conflict	Preferred PEPP feature not distinctive and PPP features not in conflict	Preferred PEPP feature should be distinctive but PPP features should not be in conflict	Preferred PEPP feature not distinctive and PPP features not in conflict	Preferred PEPP feature should be highly distinctive and 22 PPP features should be in conflict	Preferred PEPP feature should be distinctive and two PPP features should be in conflict	The PEPP framework should allow domestic and cross-border switching, therefore compatibility with PPP features should not be taken into consideration	Preferred PEPP feature should be distinctive but PPP features should not be in conflict

The figure below presents an overview of the theoretical compatibility of the adapted PEPP (designed as described above) with the PPP tax regime benefiting from incentives relating to in-payments.



Suggested implementation/key areas of discussion

The main objectives of our study were:

- To identify the key successful features of a future PEPP, first using statistical methods and then via a test with the stakeholders;
- To test the compatibility of this potential PEPP vis-à-vis the current features of the existing PPPs across Member States and correlatively the potential access of the PEPP to the tax incentives associated with these PPPs.

In the course of the discussion on the features, key areas which are critical in terms of the issuance of a regulation on a PEPP, were identified:

- Authorisation;
- Distribution, information provided to consumers and investment strategy;
- Switching of providers;
- Portability and decumulation.

Authorisation

At this stage of the discussions, there seems to be a consensus on the possibility of having different types of providers able to provide the PEPP within the framework of different regulations. In practical terms, this could mean that the authorisation processes relating to the different types of providers may differ (banks versus funds versus insurance companies).

Although this was outside the scope of our study, we noted that the authorisation processes in the insurance environment should be relatively consistent with the PEPP, since insurance companies are already in a position to offer retirement products.

On the other hand, in the discussion on the PEPP features, asset managers and banking institutions, considered that death coverage should be provided as an option for the customer. However, the longevity risk, disability coverage and capital guarantees were discarded and should not be dealt with in the context of the PEPP regulation. In this respect, asset managers[37] and banking institutions should only be in a position to offer a product which is consistent with the PEPP regulation, if death coverage is finally discarded or considered as optional in the regulation.

In addition, the authorisation processes relating to the possibility for asset managers and banking institutions to provide products under the PEPP framework should be studied in further detail at this stage.

Distribution, information provided to consumers, and investment strategy

Based on the general assumption that the PEPP can be issued by an insurance wrapper or via a fund, the information provided to consumers as well as the related distribution characteristics (transparency, etc.) should be correlated to the regulations applicable to a given type of provider.

The question remains concerning the comparability of a PEPP offered by an insurance company and that offered via a fund, since the regulations on these categories of providers are not harmonised. This could make them difficult to compare, unless the PEPP regulation provides for a common framework.

[37] See table in Appendix 8 on the role of asset managers in the PPP regimes

Switching of providers

According to the different stakeholders, the PEPP regulation should provide for switching options. At this stage of the discussion, and from a tax standpoint, this should be feasible. However, the variety of providers may present a significant difficulty.

Indeed, if it is assumed that the PEPP can be provided by insurance companies and by funds, it is not clear how switching could work in that context, since the PEPP framework will be based on different existing regulations.

In this respect, it cannot be ruled out that, even though switching may be seen as a general principle, the existence of certain options relating to a category of provider could prevent consumers from switching from a PEPP offered by one category of provider to another offered by another category of provider.

Portability and decumulation

As already extensively discussed, as long as the decumulation features are not harmonised at EU level, the PEPP should allow consumers to benefit from local tax incentives relating to the PPPs available across Member States, provided, too, that the set of features concerning accumulation are designed in the light of the previous comments.

This situation should lead to the coexistence of various sets of features across the EU market, and therefore probably a system of "sections" at the level of the providers, for the latter to be in a position to access different Member State markets.

Symmetrically, in situations where consumers change their tax residence from one Member State to another, this should mean investing in different "sections" at the level of a given provider who should be in a position to access different Member State markets or, on the contrary, the need for the consumer to contract with a new provider.

In other words, portability will depend on the capability of the providers to access different Member State markets, via the "section approach". At this stage and in the context of our study, it has not been determined whether the ability to access various Member State markets should be compulsory for providers if they are to offer the PEPP.

Analysis of tax sensitivity of five aspects identified by DG FISMA

Five aspects have been identified by DG FISMA as the most relevant in order to develop a PEPP framework. This section focuses on the tax sensitivity of selected features associated with these aspects:

- Distribution;
- Investment strategy;
- Cross-border dimension and portability;
- Provider switching;
- Ways of decumulation.

Distribution

Distribution covers the following items:

- Information and transparency: this item includes the information to be disclosed to the consumer on the PEPP and on the related costs;
- Advice: this item covers the advice to be provided to the consumer in order to ensure that the product sold is in line with its needs, notably considering the retirement objective of the PEPP and the risks attached to the product;
- Distribution channels: this item includes the authorisation of the different PEPP providers and the specificities linked to online distribution.

Based on the analysis below, there is no specific link between features relating to distribution aspects and the fact of benefiting from PPP tax incentives.

	Theoretical tax sensitivity	Features in line with PEPP ID card[38]	Comments
Information/ transparency	Based on the data collected during phase 1, there is no specific link between features relating to information and transparency and the application of a given tax regime.	Proposal: *There is a need for an EU information document (set of information determined at EU level) and local information documents*	Based on the results of phase 2, there is no PPP tax regime that would not be in line with this preferred PEPP feature.
Advice	Based on the data collected during phase 1, there is no specific link between features relating to advice and the application of a given tax regime.	Proposal: *Advice should be mandatory and free (payable only when specific advice is required/requested)*	Based on the results of phase 2, there is no PPP tax regime that would not be in line with this preferred PEPP feature.
Distribution channels	Based on the data collected during phase 1, there is no specific link between distribution channels authorised and the application of a given tax regime.	Proposal: *PEPP distribution should be fully open to all types of distributors* Proposal: *Online distribution should be allowed at EU level*	Based on the results of phase 2, there is no PPP regime that would not be in line with this preferred PEPP feature. A given PPP may involve certain types of providers and distributors, but there is no correlation between benefiting from tax incentives and distribution channels.

[38] Figure 38: PEPP ID Card - adapted PEPP features

Additionally, it should be mentioned that the information disclosure and advice requirements are related to the regulations applicable to a given type of provider and that our study did not cover the aspects of these regulations.

Investment strategy

Investment strategy covers the following items:

- Guaranteed capital: this item covers the protection offered to the consumer guaranteeing the amount accumulated;
- Guaranteed minimum return: this item covers the protection offered to the consumer guaranteeing a minimum return on investment;
- Provider investment rules: this item covers the rules or market practices that apply to providers concerning rules or limitations on asset allocation.

Based on the analysis below, these features could theoretically have an impact on the access of the PEPP to a given PPP tax regime. However, based on the data collected, these features are not regulated at Member State level, but are left up to providers.

	Theoretical tax sensitivity	Features in line with PEPP ID card[39]	Comments
Guaranteed capital	If a PPP tax regime includes a capital guarantee related to the tax incentive, the harmonisation of this feature in the PEPP framework could prevent the PEPP from having access to certain local tax incentives.	Proposal : *No full capital guarantee* Including a guaranteed capital feature in the EU framework could lead to excluding certain providers (notably asset managers)	The tax mapping performed in phase 2 did not gather any information on this feature as it was limited to the taxation of pension savers. However, such a requirement in order to benefit from tax incentives was not raised during the analysis of the different tax regimes applicable to PPPs. Based on the economic data collected during phase 1, it was observed that such a feature is usually decided at provider level and not at PPP regulation level. Based on these elements, the adapted PEPP feature should not prevent the PEPP from benefiting from PPP tax regimes.
Guaranteed minimum return	If a PPP tax regime includes a minimum return guarantee related to a tax incentive, the harmonisation of this feature in the PEPP framework could prevent the PEPP from having access to certain local tax incentives.	Proposal: *No harmonisation at EU level*	The tax mapping performed in phase 2 did not gather any information on this feature. However, such a requirement in order to benefit from tax incentives was not raised during the analysis of the different tax regimes applicable to PPPs. Based on the economic data collected during phase 1, it was observed that such a feature is usually decided at provider level and not at PPP regulation level. Based on these elements, the adapted PEPP feature should not prevent the PEPP from benefiting from PPP tax regimes.
Provider investment rules	From a theoretical point of view, benefiting from tax incentives could be subject to investment rules , if such a	Proposal: *No harmonisation at EU level*	The tax mapping performed in phase 2 did not gather any information on this feature. However, such a requirement in order to benefit from tax incentives was not raised during the analysis of the

[39] Figure 38: PEPP ID Card - adapted PEPP features

	condition is included in the PPP tax regime concerned. Based on the data collected during phase 1, no specific link was observed between providers' investment rules and the application of a given tax regime.		different tax regimes applicable to PPPs. Based on the economic data collected during phase 1, it was observed that such a feature is usually decided at provider level and not at PPP regulation level. Based on these elements, the adapted PEPP feature should not prevent the PEPP from benefiting from PPP tax regimes.

Cross-border dimension – portability

Portability has been defined in this study as the possibility for a mobile pension saver to continue to benefit from tax relief in relation to a PPP subscribed in a given Member State, in another Member State.

In the context of this report, this possibility is discussed during the accumulation phase. Indeed, during the decumulation phase, the tax treatment applicable to pension income depends on the pension saver's tax residence when receiving out-payments (and usually the income is taxable).

Given the variety of the tax systems described in phase 1 and analyzed in phase 2, if a pension saver moves from one Member State to another, the in-payments paid after the change of tax residence will not continue to benefit from tax incentives if the features of the PEPP are not modified and adapted to be consistent with the local regulations on locally available PPPs.

	Theoretical tax sensitivity	Features in line with PEPP ID card[40]	Comments
Portability	Portability of the PEPP across EU (i.e. access for the PEPP to the local tax incentives related to available PPPs) will depend on the level of compatibility and adaptability of the PEPP features to local tax regulations.	Proposal: *Portability at EU level*	Based on the clustering performed during phase 2, the variety of the PPP features across the EU means that a PEPP with fully harmonised features would not benefit from local tax incentives. Based on the adapted PEPP features, the analysis of the different Member States' tax legislation shows that the PEPP should theoretically benefit from tax incentives in 9 Member States and would benefit from tax incentives in 14 additional Member States if only one feature is adapted[41].

In the context of the PEPP and the section approach discussed, the portability of the product will also depend on the provider's capacity to adapt the non-harmonised features, in order to give the pension saver access to local tax incentives depending on the latter's tax residence.

Provider switching

Provider switching covers the following items:

[40] Figure 38: PEPP ID Card - adapted PEPP features

[41] See Assessment of preferred PEPP features in comparison with local PPP legislation and tax regimes

- Domestic switching: this item covers the possibility of domestic switching which has been defined as the possibility for a non-mobile pension saver to transfer its investments to another provider in the same Member State;
- Cross-border switching: this item covers the possibility of cross-border switching which has been defined as the possibility for a non-mobile pension saver to transfer its investments to a provider in another Member State;
- Switching frequency: this item covers frequency limitations relating to switching possibilities.
- Switching costs: this item covers the related costs.

Based on the analysis below, the features relating to these items are mostly not in line with local tax incentives related to available PPPs.

	Theoretical tax sensitivity	Features in line with PEPP ID card[42]	Comments
Domestic switching	Based on the data collected during section 1, there is a link between features relating to the possibility of switching and the application of a given tax regime during the accumulation phase.	Proposal: *Domestic switching allowed*	The adapted feature could prevent the PEPP from benefiting from tax incentives in six Member States (six out of 42 PPP regimes in six out of 26 Member States do not allow domestic switching or provide for immediate taxation)[43].
Cross-border switching	Based on the data collected during section 1, there is a link between features relating to the possibility of switching and the application of a given tax regime during the accumulation phase.	Proposal: *Cross-border switching allowed*	The adapted feature could prevent the PEPP from benefiting from tax incentives in 14 Member States (17 out of 42 PPP regimes in 14 out of 26 Member States do not allow cross-border switching or provide for immediate taxation) [44].
Switching frequency	From a theoretical point of view, tax incentives could be subject to a limitation on switching frequency. However, based on the data collected during section 1, no specific link between switching frequency and the application of a given tax regime was observed.	Proposal: *Switching limited by a mandatory minimum holding period*	Based on the tax mapping performed, switching frequency was not directly stated as a condition for benefiting from tax incentives. However, it should be noted that some PPP regimes provide for a minimum contract duration (for example, 10 years for Belgium_LP and Belgium_PP, 10 years for Hungary_PRS, 10 years for Luxembourg_IPS).
Switching costs	From a theoretical point of view, the cost of switching is more a rule applicable to PEPP providers than a condition for benefiting from tax incentives. Based on the data collected during section 1, there is no specific link between switching	Proposal: *Switching subject to a cost-based, capped charge*	Based on the tax mapping performed, switching costs were not directly stated as a condition for benefiting from tax incentives.

[42] Figure 38: PEPP ID Card - adapted PEPP features
[43] Table 28: Analysis of the result of the comparison,
[44] Table 28: Analysis of the result of the comparison,

	cost features and the application of a given tax regime.		

Additionally, it should be noted that this discussion does not cover difficulties that could potentially arise in the event of switching from one type of provider to another type of provider.

Ways of decumulation

Based on the analysis below, the features relating to this item are very sensitive from a tax standpoint and harmonisation at EU level could prevent the PEPP from having access to local tax incentives related to available PPPs.

	Theoretical tax sensitivity	Features in line with PEPP ID card[45]	Comments
Decumulation options	Based on the data collected during section1, decumulation options are closely linked to the tax treatment of the product. Indeed, eight out of 42 PPP regimes in five out of 26 Member States provide for a mandatory decumulation option by annuities[46]. Moreover, the tax sensitivity of this feature is increased by the fact that six out of 49 PPP regimes provide for a default decumulation option.	Based on stakeholders' views, the EU framework should not be harmonised in this respect.	Given the variety of decumulation features across the EU, stakeholders were not in favour of harmonising the PEPP framework in this respect. It should be noted that an EU framework providing for diverse ways of decumulation would likely prevent the PEPP from having access to the PPP regimes providing for a mandatory decumulation option. However, when a decumulation option is mandatory, this option is always by annuities. Moreover, it should be noted that 48 out of 49 PPP regimes in the scope of our study offer at least the possibility of out-payments by annuities.

Additionally, it should be noted that including a mandatory option for out-payments by lifelong annuities could lead to excluding certain providers (notably asset managers).

[45] Figure 38: PEPP ID Card - adapted PEPP features
[46] Figure 25: Decumulation options in common identified

Assessment of the market potential for a PEPP in the EU

Leveraging on the findings of the previous sections, this section seeks to assess the market potential of a PEPP.

In this context, this section aims to:

- **Describe the main assumptions** behind our approach and discuss how the results should be interpreted
- Explain **the methodology used to estimate the market size**
- Illustrate **the results of the market size estimation**

Main assumptions

The estimation depends on the consumer choice model developed previously and the quality of the data supporting it. Data were available for 36 PPPs covering 24 Member States. While this sample is representative of the EU market heterogeneity, the sample size is small from a statistical perspective.

The estimation findings are more robust at EU level. Only average effects are estimated and are less robust when extrapolated at Member State level

When assessing the market size of a PEPP, the following was assumed:

The feature effects are modelled on the observation of products with the highest MPI. It is assumed that the PEPP will have an MPI similar to the PPP with the highest MPI. It may be expected that if a PEPP is able to capture economies of scale, it will be more successful than existing products. This will lead to a larger market size.
The PEPP would receive the same favorable tax treatment as national products in any given Member State. According to our consumer choice model, if this were not the case, investments in the PEPP would be marginal.
Economic dynamics (growth in GDP and household financial assets) are not taken into account in the assessment, hence the market potential is underestimated in this sense.

The market potential has been estimated for the 28 Member States. This estimation is based on the MPI. In the least mature PPP markets such as Hungary, Greece and Cyprus, not enough data were available to compute an MPI. Furthermore, no data were identified to compute an MPI for the Luxembourg PPP market. In these Member States, the MPI was assumed to be equal to the lowest value of the computed MPI (i.e. the value of the Poland_IKZE). Because of the small size of these Member States, a sensitivity analysis revealed that any change in this assumption had marginal impacts on the PEPP market estimates.

The estimated market potential corresponds to the market potential of the PEPP. The model does not consider the effects of the development of the PEPP on other products. Thus crowding-out effects (i.e. net transfers from national products to the PEPP) are not taken into account.

Methodology overview

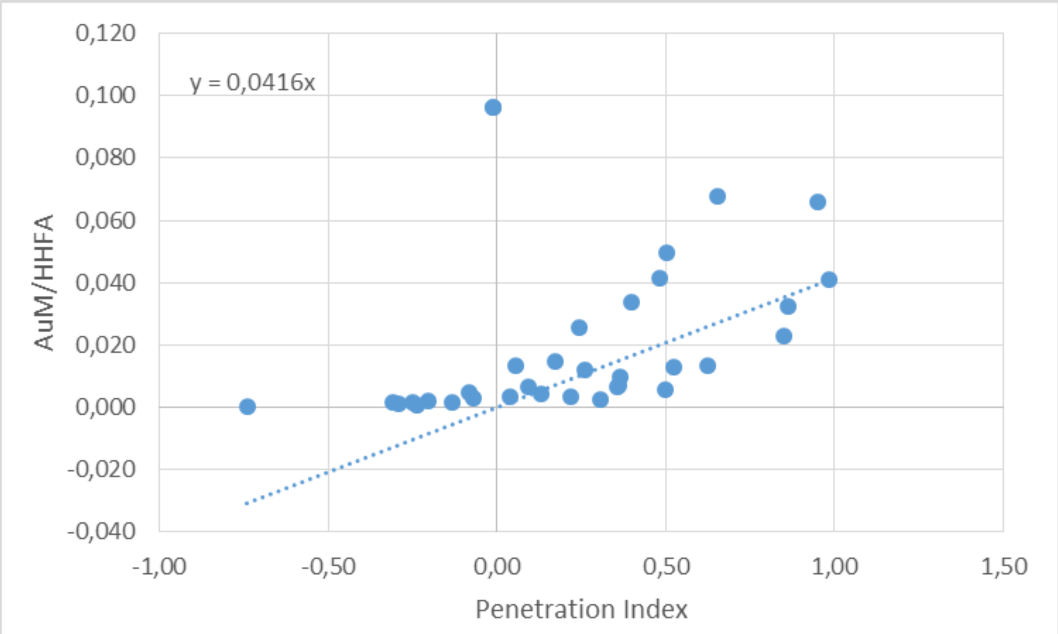
Our consumer choice model establishes a relationship between the propensity to save in a PPP - as measured by the penetration index -, tax relief and a dummy variable capturing the effect of product features deemed superior by the consumer. To assess the market potential of the PEPP the following approach was followed:

1. It was assumed that the PEPP would reach the same level of penetration as the Riester in each market. This assumption supposes that all consumers in each market have access to the most successful PPP product when choosing to invest in a PPP.
2. The increase in the penetration index was converted into an increase in the proportion of AuM over HHFA in each Member State to obtain an estimate of the PEPP AuM at EU level

Conversion of the penetration index into AuM over HHFA

Figure 39 illustrates the relationship between AuM over HHFA and our penetration index. According to this figure, an increase in the penetration index of 1 point leads to an increase in the share of AuM in HHFA of 0.04.

Figure 39 Relation between AuM/ HHFA and the penetration index



Estimation of the market size

Based on the penetration index (see appendices for details) and on the modelling of the consumer choice issue (see appendices for details), a situation was simulated where consumers had the same incentives as in the case of the product with the highest MPI in our sample.

The additional market potential if a PEPP available in all EU Member States allowed consumers to effectively reach the current product technology frontier (i.e. meet the market performance of the Riester product) ranges from EUR 0.4 trillion to EUR 1 trillion. It is expected that on average the increase would amount to EUR 0.7 trillion47.

This estimate is based on current EU financial assets, i.e. it does not make any assumption about the growth of overall financial assets in the future.

[47] According to the simulation, the increase in the PEPP's market size is expected to amount to EUR 0.7 trillion. This mid-point estimate falls, with a 95% probability, within a range from EUR 0.4 to just under EUR 1 trillion. This range derives from the estimation results provided ahead. The confidence interval of the tax incentive's coefficient estimate was used to assess this range as tax incentives are mainly responsible for the market size

Conclusion

All EU Member States are facing constant challenges with regard to ageing populations, pension sustainability and adequacy of the pension regimes.

In the context of a challenging economic environment with low rates and different trends in government budgets, anticipating the evolution of pensions only within the framework of the first and second pillars does not appear to be sufficient to fill the pension gap. Hence, the development of supplementary pillar 3 products has become a major issue for Member States and European institutions that is likely to continue in the next decade.
Aware of these fundamental challenges, the European Commission has launched a study with EY on the feasibility of a European Personal Pensions framework in the context of the Capital Market Union (CMU) action plan. The following conclusion aims to highlight the main findings of this study.

The first section of our study describes and analyses the current PPP market, for a better understanding of the Member States' tax environments and the identification of PPP factors of success and key product features. The second section aims to help the European Commission to design the product features of the PEPP with two main objectives: (i) encourage cross-border activities through portability and provider switching, taking into consideration the burden of tax obstacles and (ii) design a product with a clear retirement objective and long-term investment strategy. This was notably achieved through a dedicated workshop with stakeholders, gathering expectations from supply and demand sides. Additionally, our team performed a market potential assessment for the Pan-European Personal Pension Product (PEPP).

For the purposes of our study, Personal Pension Products (hereafter "PPPs") have been defined as "*non-state based (so excluding first and second pillar pensions) retirement financial products which:*

- *are based on a contract between an individual saver and a non state-based entity on a voluntary basis, with an explicit retirement objective;*
- *provide for capital accumulation until retirement, and where the possibilities for early withdrawal are limited;*
- *provide an income to savers after retirement, the form of which can be laid down in national law such as annuitisation or lump sums".*

We selected and anlysed 49 products in 28 Member States corresponding to these criteria in order to assess the feasibility of a product harmonised at EU level and to determine its characteristics.
The main findings of our study can be summarised as follows:

- **The mapping of tax regimes showed that the current regulatory framework for national products is highly heterogeneous.**
- **Access to tax incentives must be sought to achieve a successful PEPP;**
- **Accumulation phase features should be harmonised in order to allow access to tax incentives and generate economies of scale for both providers and consumers;**
- **The provision of PEPPs should be opened up to a wider range of (regulated) providers to enlarge the PEPP market;**
- **Portability and provider switching should be allowed for an attractive PEPP and a fluid EU market.**

Additional challenges emerged from these parameters, notably determining the appropriate type of regulation and authorisation procedures that should apply to the PEPP and to the different types of providers, even though these aspects are not covered by our study.

Access to tax incentives on in-payments: a key element of a successful Pan-European Personal Pension Product (PEPP)

The market overview[48] highlights the fact that access to tax incentives triggers a higher level of contribution to a given PPP. This objective was confirmed by the results of the workshop.

From a tax perspective, our study shows that, despite the significant heterogeneity of tax legislation across Member States, a majority of PPPs fall under the same overall tax regime, i.e., EET or ETT. 37 out of 49 PPPs in 22 out of 28 Member States benefit from incentives on in-payments and are subject to taxation during the decumulation phase.

Thus, the need for the PEPP to benefit from tax incentives on in-payments has driven the analysis of features that should be harmonised at EU level so that PEPP holders can have access to local tax incentives.

The harmonisation of the accumulation phase features, a prerequisite to benefiting from tax incentives and economies of scale

The analysis of the PPP features shows that decumulation features (e.g. pension age) are more diverse than features during the accumulation phase. Indeed, accumulation features are generally flexible (e.g., no mandatory holding period, possibility of changing the level of in-payments) and the retirement objective of the product is generally ensured by national legislation through limitations on early out-payments[49].
In other words, it may be difficult to harmonise requirements linked to the decumulation phase. At the same time, features linked to the accumulation phase are less diverse and the harmonisation of these aspects could be easily achieved.

During the workshop, stakeholders shared this analysis and were in favour of the harmonisation of the accumulation features but considered that regulation of decumulation features should be left up to Member States.

Harmonisation focusing on the accumulation phase should allow the PEPP to benefit from tax incentives if the selection of the features harmonised is not too broad for adaptation to national tax environments by the providers. In particular, investment options and the mitigation of investment risks should not be fully harmonised, as these features could theoretically have an impact on the access of the PEPP to a given PPP tax regime and based on the data we collected, these features are generally left up to the providers.
However, only ambitious harmonisation should allow providers and consumers to benefit from economies of scale and ensure the attractiveness of the product from an economic perspective.

[48] The main driver of consumer choice when it comes to PPP investment appears to be tax incentives.- see appendix 2 for a detailed analysis
[49] 43 PPPs out of 49 in 24 out of 28 Member States: 8 PPP regimes do not allow early out-payments, 13 PPP regimes allow early out-payments in limited situations, 22 PPP regimes allow early out-payments but under a detrimental tax regime.

The challenge of opening up the market to other PEPP providers

During the workshop, attendees were in favour of a PEPP provided by different types of providers. It should be noted that, currently, the PPPs analysed in this study are mostly provided by insurers and pension funds and that opening up the market to bank institutions and asset-managers leads to additional challenges.
The PEPP features harmonised at EU level should be aligned with this objective to include other providers. Additional legal and regulatory matters need to be further analysed, particularly regulatory aspects such as authorisation and supervision, switching between different types of providers and product comparability (including advice and information disclosure).

The challenge of the portability and provider switching objectives
The portability objective is driven firstly by harmonisation constraints. Indeed, a minimal set of harmonised features would not allow PEPP holders to keep their initial product in the event of a change of tax residence, if the new Member State provides for mandatory features that differ strongly from those set as mandatory by the initial Member State. The PEPP should be sufficiently flexible to accommodate for national tax requirements.
Secondly, portability would only be ensured if the provider is able to adapt the initial PEPP subscribed to the new Member State requirements. However, the authorisation aspects linked to this capability are not in the scope of this study.

When it comes to switching, this objective could only be achieved by an ambitious level of harmonisation. Additionally, the implementation of switching would be directly impacted by the opening-up of the provision of PEPPs. Indeed, switching from one type of provider to another will lead to further challenges, notably regarding the comparability of the PEPP and its legal feasibility when the new provider cannot offer the same types of features as the previous one (e.g., guaranteed capital). As a consequence, switching between different types of providers would lead to subscribing a new PEPP with different product features, if the PEPP framework provides for the possibility of such a transfer.

The strong market potential of the PEPP

Based on the current situation of the EU market and the results of the workshop, there is clearly a need for a PEPP, i.e., a standardised personal pension product that could be marketed across the EU.
The market potential assessment performed by EY suggests that the PEPP would, over time, generate up to EUR 0.7 trillion of AuM in a scenario where the PEPP design allows its pension savers to benefit from the same tax incentives as those related to existing PPPs.

In the context of a substantial gap in Europe’s pension savings, the European initiative of creating a PEPP framework should definitely be promoted.

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