



European insurance sector committed to delivering on pensions

The European insurance sector **welcomes the European Commission (EC)'s commitment to supporting the further uptake of supplementary pension schemes** as part of the Savings and Investment Union (SIU) strategy. This comes at a critical moment for Europe, which faces a convergence of major challenges. First, there is a need to strengthen investment capacity to finance sustainable growth and innovation. Second, Member States must address mounting pressure on public pension systems caused by demographic change. Third, citizens must be offered ways to benefit from an adequate and reliable income in retirement.

To meet these challenges, Europe must urgently expand and strengthen its supplementary pension landscape. Beyond improving retirement outcomes and easing the burden on public finances, robust supplementary pension schemes will deepen capital markets and unlock long-term investments essential for Europe's growth and innovation. Achieving this vision requires coherent policy measures at both EU and national levels to support the wider uptake of supplementary pensions.

What do we offer?

As leading providers of occupational and personal pensions, insurers are uniquely positioned at the intersection of social protection and capital markets. They play a vital role in closing the pension savings gap, offering individuals financial security while supporting the sustainability of public systems. Through guarantees, innovative risk-sharing mechanisms, tailored decumulation options — including lifetime annuities — insurers deliver dependable, flexible solutions that adapt to citizens' evolving needs.

The €9.5 trillion in assets managed by the industry, with 70% invested within the EU, makes insurers one of Europe's largest institutional investors and a cornerstone of stable, large-scale and long-term funding for infrastructure, the green, digital, and demographic transitions, and innovation projects aligned with EU goals. As recognised by the EC in its SIU strategy, some Member States already have relatively developed supplementary pensions, and it is not by coincidence that they also have more developed capital markets. This should become a reality all over the EU.

What policy measures could leverage and strengthen insurers' contribution to the SIU objectives?

The European supplementary pensions landscape is highly diverse, shaped by distinct national contexts, regulatory frameworks, and market structures. The steps planned by the EC to provide guidance to Member States on tools, such as pension tracking systems and pensions dashboards, and auto-enrolment are welcome and rightly acknowledge this diversity.

One key element of the Commission's plan is the **review of the Pan-European Pension Product (PEPP) framework**. While the PEPP has the potential to boost private pensions across Europe, the current complexity of requirements has hindered its success. For the PEPP to succeed, it is essential that the framework is simplified and focused on key objectives. This includes targeting long-term retirement outcomes, rather than short-term investment performance, thereby meeting savers' needs and contributing to the long-term investment objective. In light of the differences between countries, the PEPP should work for different markets. The Basic PEPP should be designed in such a way that it works well for savers and providers alike. Making the basic PEPP work should be a priority of the review, and the insurance industry stands committed to making that objective a reality.

We look forward to contributing our experience and expertise to ensure that the upcoming EC pension package delivers for savers, investors and society alike and enables insurers to play their full role as providers of pension solutions and institutional investors.

Making the PEPP work

1. Risk mitigation techniques: one default option does not serve different consumer needs

- Risk mitigation is essential for any pension product, but it can take various forms. Lifecycleing is one possible technique, but it should not be prescribed as the default risk mitigation technique.
- We support EIOPA's view that guarantees should be recognised as an eligible risk mitigation tool within the Basic PEPP. Guarantees at maturity can and do play an important role in mitigating risk.
- Partial guarantees should also be included as an eligible risk mitigation technique.
- A flexible, principles-based framework allows providers to design solutions that best support long-term retirement outcomes for savers, combining guarantees, lifecycleing, or other approaches.

2. Duty of advice

- In practice, a Basic PEPP will only succeed if it is effectively promoted, explained, and positioned alongside other retirement savings products. As most other retirement savings solutions involve personalised advice, the Basic PEPP should take a similar approach.
- Personalised advice also ensures that savers understand the product, can navigate their options, and make choices suited to their individual circumstances. Online tools can complement advice, but cannot replace the tailored guidance many savers expect for their pension decisions.
- Any approach that reduces or removes the duty of advice risks undermining both uptake and the effectiveness of the PEPP.

3. Value for Money

- We welcome and strongly support the removal of the fee cap, which has proved too restrictive.
- To move the PEPP forward, we support a VfM approach as one of the mechanisms that can help ensure the product delivers value for customers. Other approaches identified by EIOPA may also serve this purpose. The mechanism adopted should be principles-based and defined at national level, giving Member States the flexibility to reflect their own market structures, consumer needs, and regulatory environments, while allowing providers to design effective solutions.
- Maintaining flexibility and avoiding prescriptive rules or additional rigid benchmarks will encourage innovation, support market entry, and help providers deliver long-term value for savers.

4. Decumulation

- We support annuities as a potential default decumulation option, while ensuring individuals retain the flexibility to choose other/alternative solutions.
- Member States should be encouraged to provide tax incentives for such solutions, which protect savers against the risk of outliving their savings.

5. Focus on national markets to ensure PEPP success

- We welcome EIOPA's view that the mandatory requirement for PEPP providers to offer sub-accounts in multiple Member States should be eliminated. PEPP can only succeed if it works well at national level, where providers can navigate local regulations, tax frameworks, and consumer needs effectively.
- Allowing savers to access any PEPP provider without requiring multi-country sub-accounts keeps operations simpler for providers and encourages broader take up. While cross-border portability of pension rights could remain an option, the focus should be on making the product successful and accessible within each national market first.

6. Pensions require a long-term perspective

- Because pensions are inherently long-term savings, a long-term approach is essential to achieve their objectives.
- While PEPP allows for a provider change after five years, this is a relatively short timeframe that does not reflect the long-term nature of retirement savings and may create unrealistic expectations about potential outcomes.
- The product's effectiveness depends on savers maintaining a long-term perspective, without requiring a specific timing mandate, to achieve meaningful results.

7. Pragmatic supervisory approach

- We support a pragmatic supervisory approach for the PEPP, which is key to building trust and supporting market development.
- Concretely, this means avoiding different supervisory approaches for different pension products (eg Basic PEPP vs non-basic PEPP and non-PEPPs), as this could create unnecessary administrative complexity.