

# Pan-European personal pension product (PEPP)

2017/0143(COD) - 25/07/2019 - Final act

**PURPOSE:** to lay down the measures concerning the creation of a pan-European personal pension product (PEPP) that will offer consumers a new pan-European option to save for retirement.

**LEGISLATIVE ACT:** Regulation (EU) 2019/1238 of the European Parliament and of the Council on a pan-European Personal Pension Product (PEPP).

**CONTENT:** this Regulation lays down uniform rules on the registration, manufacturing, distribution and supervision of personal pension products that are distributed in the Union under the designation ‘pan-European Personal Pension product’ or ‘PEPP’.

In its [resolution](#) of 19 January 2016, the European Parliament stressed that ‘an environment must be fostered that stimulates financial product innovation, creating more diversity and benefits for the real economy and providing enhanced incentives for investments, and that may also contribute to the delivery of adequate, safe and sustainable pensions, such as, for example, the development of a pan-European Pension Product (PEPP), with a simple transparent design’.

## New personal pension products

This Regulation enables the creation of a personal pension product which will have a long-term retirement nature and will take into account environmental, social and governance (ESG) factors as referred to in the United Nations-supported Principles for Responsible Investment, insofar as possible,

This new type of product is designed to give savers more choice and provide them with more competitive products, while enjoying strong consumer protection. It could be offered by a broad range of financial providers such as insurance companies, asset managers, banks, certain investment firms and certain occupational pension funds.

## EU passport

PEPP suppliers shall benefit from an EU passport allowing them to sell PEPPs in different Member States. They shall be able to access the entire EU market with a single product registration to be granted on the basis of a single set of rules. To market a product under the designation ‘PEPP’, candidate PEPP suppliers shall be required to apply for registration with their competent authorities.

## Portability

PEPP savers shall have the right to use a portability service that gives them the right to continue contributing into their existing PEPP account, when changing their residence to another Member State. The portable PEPP with a long-term retirement nature will increase its attractiveness as a product, particularly to young people and mobile workers.

After the initial choice made upon the subscription of a PEPP, the PEPP saver shall have the possibility to modify that choice after a minimum of five years from the subscription of a PEPP (it shall be possible for PEPP providers to allow PEPP savers to modify the chosen investment option more frequently).

The total fees and charges applied by the transferring PEPP provider to the PEPP saver for the closure of the PEPP account held with it shall be limited to the actual administrative costs incurred by the PEPP

provider and shall not exceed 0.5 % of the corresponding amounts or monetary value of the assets-in-kind to be transferred to the receiving PEPP provider.

#### Protection of savers

The Regulation ensures that savers know the key features of a PEPP. Before proposing a PEPP to savers, the PEPP provider must produce a key information document (PEPP KID) and publish this document on its website.

The PEPP provider shall review the information contained in the PEPP KID at least annually and shall promptly revise the document where the review indicates that changes need to be made.

#### Information during the term of the contract

PEPP providers shall be required to draw up a PEPP benefit statement addressed to PEPP savers, in order to present them with key personal and generic data about the PEPP and to ensure up-to-date information on it.

The PEPP benefit statement should be clear and comprehensive and should contain relevant and appropriate information to facilitate the understanding of pension entitlements over time and across pension products. The PEPP benefit statement should also contain key information on pension benefit projections based on that date, and a disclaimer that those projections may differ from the final value of the PEPP benefits received.

PEPP providers should inform PEPP savers two months before the dates on which PEPP savers have the possibility of modifying their pay-out options about the upcoming start of the decumulation phase, the possible forms of out-payments and the possibility of modifying the form of out-payments.

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