Basic information

2017/0143(COD) COD - Ordinary legislative procedure (ex-codecision procedure) Regulation	Procedure completed
Pan-European personal pension product (PEPP) **Subject** 2.50.03 Securities and financial markets, stock exchange, CIUTS, investments 2.50.05 Insurance, pension funds 4.10.11 Retirement, pensions 4.60.06 Consumers' economic and legal interests	

Key players

European Parliament

Committee responsible	Rapporteur	Appointed
ECON Economic and Monetary Affairs	IN 'T VELD Sophia (ALDE)	06/07/2017
	Shadow rapporteur HAYES Brian (PPE) SORU Renato (S&D) FOX Ashley (ECR) SCHIRDEWAN Martin (GUE/NGL) EICKHOUT Bas (Verts/ALE) ANNEMANS Gerolf (ENF)	

Committee for opinion	Rapporteur for opinion	Appointed
BUDG Budgets	The committee decided not to give an opinion.	
EMPL Employment and Social Affairs	BECKER Heinz K. (PPE)	03/10/2017
ITRE Industry, Research and Energy	The committee decided not to give an opinion.	
IMCO Internal Market and Consumer Protection	COLLIN-LANGEN Birgit (PPE)	25/09/2017
JURI Legal Affairs	The committee decided not to give an opinion.	

Council of the European Union	**Council configuration** / **Meetings** / **Date** Employment, Social Policy, Health and Consumer Affairs / 3699 / 2019-06-14
European Commission	**Commission DG** / **Commissioner** Financial Stability, Financial Services and Capital Markets Union / DOMBROVSKIS Valdis
European Economic and Social Committee	

Key events

Date	Event	Reference	Summary
29/06/2017	Legislative proposal published	COM(2017)0343	Summary
11/09/2017	Committee referral announced in Parliament, 1st reading		
03/09/2018	Vote in committee, 1st reading		
03/09/2018	Committee decision to open interinstitutional negotiations with report adopted in committee		
06/09/2018	Committee report tabled for plenary, 1st reading	A8-0278/2018	Summary
10/09/2018	Committee decision to enter into interinstitutional negotiations announced in plenary (Rule 72)		
12/09/2018	Committee decision to enter into interinstitutional negotiations confirmed by plenary (Rule 72)		
26/02/2019	Approval in committee of the text agreed at 1st reading interinstitutional negotiations	PE634.848 GEDA/A/(2019)001398	
04/04/2019	Decision by Parliament, 1st reading	T8-0347/2019	Summary
04/04/2019	Results of vote in Parliament		
04/04/2019	Debate in Parliament		
14/06/2019	Act adopted by Council after Parliament's 1st reading		
20/06/2019	Final act signed		
20/06/2019	End of procedure in Parliament		
25/07/2019	Final act published in Official Journal		

Technical information

Procedure reference	2017/0143(COD)
Procedure type	COD - Ordinary legislative procedure (ex-codecision procedure)
Procedure subtype	Legislation

Legislative instrument	Regulation
Legal basis	Treaty on the Functioning of the European Union TFEU 114
Mandatory consultation of other institutions	European Economic and Social Committee
Stage reached in procedure	Procedure completed
Committee dossier	ECON/8/10394

Documentation gateway

European Parliament

Document type	Committee	Reference	Date	Summary
Committee draft report		PE618.225	26/02/2018	
Amendments tabled in committee		PE621.054	30/04/2018	
Amendments tabled in committee		PE621.055	30/04/2018	
Amendments tabled in committee		PE621.113	30/04/2018	
Committee opinion	EMPL	PE620.734	29/06/2018	
Committee opinion	IMCO	PE618.145	06/07/2018	
Committee report tabled for plenary, 1st reading/single reading		A8-0278/2018	06/09/2018	Summary
Text agreed during interinstitutional negotiations		PE634.848	13/02/2019	
Text adopted by Parliament, 1st reading/single reading		T8-0347/2019	04/04/2019	Summary

Council of the EU

Document type	Reference	Date	Summary
Coreper letter confirming interinstitutional agreement	GEDA/A/(2019)001398	13/02/2019	
Draft final act	00024/2019/LEX	20/06/2019	

European Commission

Document type	Reference	Date	Summary
For information	C(2017)4393	29/06/2017	
Legislative proposal	COM(2017)0343	29/06/2017	Summary
Document attached to the procedure	SWD(2017)0243	29/06/2017	
Document attached to the procedure	SWD(2017)0244	29/06/2017	
Commission response to text adopted in plenary	SP(2019)443	12/06/2019	

National parliaments

Document type	Parliament /Chamber	Reference	Date	Summary

Contribution	IT_SENATE	COM(2017)0343	16/10/2017	
Contribution	RO_SENATE	COM(2017)0343	27/10/2017	
Contribution	PT_PARLIAMENT	COM(2017)0343	30/10/2017	
Contribution	RO_CHAMBER	COM(2017)0343	14/11/2017	

Other institutions and bodies

Institution/body	Document type	Reference	Date	Summary
EESC	Economic and Social Committee: opinion, report	CES3297/2017	19/10/2017	

Additional information

Source	Document	Date
European Parliament	Briefing	
European Commission	EUR-Lex	

Final act

Regulation 2019/1238
OJ L 198 25.07.2019, p. 0001 Summary

Delegated acts

Reference	Subject
2021/2570(DEA)	Examination of delegated act
2020/2936(DEA)	Examination of delegated act
2021/2569(DEA)	Examination of delegated act

Pan-European personal pension product (PEPP)

2017/0143(COD) - 04/04/2019 - Text adopted by Parliament, 1st reading/single reading

The European Parliament adopted by 338 votes to 143 with 139 abstentions, a legislative resolution on the proposal for a regulation of the European Parliament and of the Council on a Pan-European Personal Pension Product (PEPP).

Parliament's position adopted at first reading in the framework of the ordinary legislative procedure amended the Commission proposal as follows:

New personal pension products

The proposed 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".

The 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, will be simple, safe, reasonably-priced, transparent, consumer-friendly and portable Union-wide.

The PEPP is based on a contract between an individual saver and an entity on a voluntary basis and is complementary to any statutory or occupational pension product. It provides for long-term capital accumulation with the explicit objective of providing income on retirement and with limited possibilities for early withdrawal before that time.

PEPP passport

PEPP providers should have access to the whole Union market with one single product registration to be granted on the basis of a single set of rules. In order to market a product under the designation “PEPP”, applicant PEPP providers should apply for registration to their competent authorities. Competent authorities should take a decision for registration if the applicant PEPP provider has provided all the necessary information and if suitable arrangements to comply with the requirements of the regulation are in place.

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.

Without delay after being informed about the PEPP saver's change of residence to another Member State, the PEPP provider shall inform the PEPP saver about the possibility to open a new sub-account within the PEPP saver's PEPP account and about the timeframe within which such a sub-account could be opened.

Where a new sub-account is not available, the PEPP provider shall inform the PEPP saver about the right to switch without delay and free of charge and of the possibility to continue saving in the last sub-account opened.

If the PEPP saver intends to make use of the possibility to open a sub-account , the PEPP saver shall inform the PEPP provider of the PEPP saver's new Member State of residence and the date from which the contributions shall be directed to the new sub-account.

Switching service

PEPP savers have the right to switch to a different PEPP provider located in the same or another Member State, five years after the conclusion of the contract or after the last switch (or more frequently if the PEPP provider allows). Costs for the switching applied by the transferring PEPP provider should be limited to 0.5 % of the corresponding amounts or monetary value of the assets-in-kind to be transferred.

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 KID shall constitute pre-contractual information.

It shall be: (i) accurate, fair, clear and not misleading: (ii) clearly separate from marketing materials; (iii) focus on the key information that PEPP customers need; (iv) be presented and laid out in a way that is easy to read, using characters of readable size; (v) be written in the official languages, or in at least one of the official languages, used in the part of the Member State where the PEPP is distributed.

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 should 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:

- the earliest date on which the decumulation phase may start for any sub-account;

- 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. If the pension benefit projections are based on economic scenarios, that information shall also include a best estimate scenario and an unfavourable scenario, taking into consideration the specific nature of the PEPP contract;

- information on the past performance of the PEPP saver's investment option covering performance of a minimum of ten years or, in cases where the PEPP has been provided for less than ten years;

- summary information on the investment policy relating to environmental, social and governance factors;

The PEPP benefit statement must be provided once a year to the saver.

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.

Pan-European personal pension product (PEPP)

2017/0143(COD) - 06/09/2018 - Committee report tabled for plenary, 1st reading/single reading

The Committee on Economic and Monetary Affairs adopted the report by Sophia in't VELDs (ALDE, NL) on the proposal for a regulation of the European Parliament and of the Council on a Pan-European Personal Pension Product (PEPP).

The committee recommended that the European Parliament's position adopted at first reading under the ordinary legislative procedure should amend the Commission's proposal as follows.

Subject matter: the proposed Regulation shall lay down uniform rules on the authorisation, provision, distribution and supervision of personal pension products that are distributed in the Union under the designation pan-European Personal Pension product or 'PEPP'.

Members stressed that in Member States where the first and second pillar are insufficiently developed, PEPP might offer solutions for people who do not currently have access to adequate provisions. In Member States with highly developed pension markets, the PEPP could broaden the consumer choice, or offer solutions to mobile citizens.

However, **the PEPP should not aim to replace existing national pension systems**, since it is an additional and complementary product. Nor should it call into question the **fundamental responsibility** of Member States to ensure a decent minimum standard of living for their citizens in old age, or the urgent need to strengthen the capacity of public pension systems to provide a secure, substantial and effective social protection for all.

Portability: the portability service shall be defined as the right of PEPP savers to continue to contribute to a PEPP which they have already subscribed to from a provider while they change their place of residence by moving to another Member State.

When proposing a PEPP, the PEPP provider or PEPP distributor shall provide potential PEPP savers with information on the portability options and on which national compartments are available, either via the provider or from a registered partner. Immediately after receiving the PEPP savers request to use the portability service, the PEPP provider shall inform the PEPP saver about the options available to him or her, including the possibility to continue saving in a new compartment. Consequently, if no partnership or compartment is available, the PEPP provider shall inform the PEPP saver about the right of costless switching.

Key information document on PEPP: prior to the conclusion of a PEPP-related contract, the PEPP provider or distributor shall specify, on the basis of information obtained from the PEPP saver, the retirement-related demands and the needs of that PEPP saver and shall provide the PEPP saver with **objective information about the PEPP** in a comprehensible form to allow that PEPP saver to make an informed decision.

The key information document shall be accurate, fair, clear and not misleading; be consistent with any binding contractual documents; be a stand-alone document, clearly separate from marketing materials; be drawn up as a short document written in a concise manner using clear, succinct and understandable language, and contain the key information that PPIP investors need.

In addition to the PEPP key information document, PEPP providers and PEPP distributors shall provide potential PEPP savers with a summary of and references to relevant reports on the solvency and financial condition of the PEPP provider, allowing them easy access to this information. They shall also be provided with information on the past performance of investments related to the PEPP, covering the years the PEPP has been operating.

Information during the term of the contract: PEPP providers and distributors shall ensure a **high level of transparency** throughout the various phases of a scheme comprising pre-enrolment, membership (including preretirement) and post-retirement. In particular, information concerning accrued pension entitlements, projected levels of retirement benefits, risks and guarantees including risks relating to environmental, social and governance factors, and costs should be given.

The Pension Benefit Statement should be provided **annually** to the PEPP saver.

PEPP providers shall inform PEPP savers sufficiently in advance before retirement about their pay-out options and **at least one year before entering the decumulation phase**.

In the case of a national or cross-border change of supplier, PEPP providers shall inform the relevant national authorities of any switch of supplier services they offer to PEPP savers

Form of benefits: PEPP providers could make one or more of the following forms of benefits available to PEPP savers: **(a) payments for life, (b) payments made for a temporary period, (c) a lump sum, or (d) any combination thereof.**

For the Basic PEPP, in the first year a maximum of **30 %** of the total amount shall be permitted. The remaining capital may be drawdown payments, annuities or a combination thereof. In the case of a Basic PEPP with a capital guarantee as the investment option, a minimum of **35 %** of the out-payment will be in lifelong annuities.

Environmental, social and governance factors: the amended text underlines that PEPP savings shall be invested in line with the Union's climate and sustainability objectives as set out in the Paris agreement, sustainable development goals, and the United Nations guiding principles on business and human rights. Furthermore, PEPP providers shall adopt an investment exclusion policy in order to ensure that savings are not invested in the most controversial and harmful products or tax avoidance tactics.

Complaints: in order to strengthen consumer rights and to facilitate access to a complaints procedure, PEPP savers shall be able, either **individually or collectively**, to submit complaints through their own national competent authority, by way of 'one stop shop'. The competent authority where the complaint was submitted shall be responsible for the further steps in the complaints procedure.

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.

ENTRY INTO FORCE: 14.8.2019.

Pan-European personal pension product (PEPP)

2017/0143(COD) - 29/06/2017 - Legislative proposal

PURPOSE: to lay down the measures concerning the creation of a pan-European personal pension product (PEPP).

PROPOSED ACT: Regulation of the European Parliament and of the Council.

ROLE OF THE EUROPEAN PARLIAMENT: the European Parliament decides in accordance with the ordinary legislative procedure and on an equal footing with the Council.

BACKGROUND: market fragmentation prevents personal pension providers from maximising risk diversification, innovation and economies of scale. This reduces choice and attractiveness and leads to increased costs for pension savers. Some existing personal pension products are limited. An EU initiative on personal pensions could therefore **complement the current divergent rules at EU** and national level by adding a pan-European framework for pension, for individuals who wish to use this additional saving option.

The European Parliament, in its Resolution of 19 January 2016, expressed concern about the lack of available and attractive risk-appropriate (long-term) investments and cost-efficient and suitable savings products for consumers. It called for the development of a pan-European Pension Product (PEPP), with a simple transparent design. In September 2016, the Commission in its Communication Capital Markets Union — Accelerating Reform, in light of the strong support expressed by the European Parliament, stated that it would consider proposals for a simple, efficient and competitive EU personal pension product.

This framework is not intended to replace or harmonise existing national personal pension schemes. It will offer individuals a **new voluntary framework** for saving by ensuring sufficient consumer protection with regard to the essential features of the product.

In order to encourage Member States to grant tax relief on the PEPP, the Commission has adopted a Recommendation on the tax treatment of personal pension products, including the pan-European Personal Pension Product, alongside this proposal.

IMPACT ASSESSMENT: the choice of a PEPP framework was preferred as it offers an additional harmonised pan-European framework that complements the existing national regimes and can overcome the shortcomings identified by using targeted solutions that avoid excessive compliance costs.

CONTENT: the proposed Regulation lays down uniform rules on the authorisation, manufacturing, distribution and supervision of personal pension products that are distributed in the Union under the designation ‘pan-European Personal Pension product (PEPP).

It’s main objectives are threefold:

1. raise more capital and channel it towards European long-term investments in the real economy;
2. offer enhanced product features so that citizens benefit from a simple, safe and cost-effective personal pension product while being able to choose from different types of PEPP providers;
3. encourage PEPP cross-border provision and portability.

The proposal may be summarised as follows:

Authorisation: only financial undertakings already authorised at EU level by the competent authorities would be eligible to apply for authorisation to provide PEPPs (i.e. to create and distribute them). The authorisation to act as a PEPP provider, i.e. to use the ‘PEPP’ label for personal pension products, will be granted by a single EU authority, the European Insurance and Occupational Pensions Authority (EIOPA).

Existing personal pension products may be converted into PEPPs following authorisation by EIOPA, which must consult the competent supervisory authority of the financial undertaking before deciding whether to reject or approve its application.

Greater choice: PEPP savers will have more choice from a wide range of PEPP providers and benefit from greater competition. Savers will have the right to switch providers – both domestically and cross-border - at a capped cost every five years.

Product information: PEPP providers and distributors should provide clear and adequate information to potential PEPP savers and PEPP beneficiaries to support their decision-making about their retirement. In order to ensure optimal product transparency, PEPP manufacturers should draw up the **PEPP key information document** for the PEPPs that they manufacture before the product can be distributed to PEPP savers. All documents and information on PEPP will be provided to prospective PEPP savers and PEPP beneficiaries electronically. Upon request, PEPP providers and distributors must also provide those documents and information free of charge in a durable medium.

The proposal will create a quality **label** for EU personal pension products and increase trust among consumers.

Portability: this measure enables PEPP savers who change their domicile by moving to another Member State to continue paying into a PEPP that they have already taken out with a provider in the original Member State. In such a case, PEPP savers are entitled to keep all the advantages and incentives connected with continuous investment in the same PEPP.

EU passport: PEPP providers will benefit from an EU passport to facilitate cross-border distribution.

Monitoring: once the Regulation has entered into force, the Commission will monitor key mid-term performance indicators such as: (i) the uptake of personal pension products and the geographical and sectorial distribution of PEPP providers and investments in PEPPs; (ii) the number of providers using a passport for cross-border activity and the relative share of PEPPs.

BUDGETARY IMPLICATIONS: the proposal has implications for the EU budget. In particular, the additional tasks for the European supervisory authorities (ESAs) will require an increase in resources as well as certain operational investments. Costs of **EUR 1 000 000** have been estimated for **2019**, including a one-time investment for operational matters, and will total around EUR 1 200 000 per year by 2021.

Under the current co-financing arrangements of the ESAs, 40 % of this funding will be included in the EU budget and will, as such, not go beyond what is set out in the current multiannual financial framework that runs until 2020.

DELEGATED ACTS: the proposal contains provisions empowering the Commission to adopt delegated acts in accordance with Article 290 of the Treaty on the Functioning of the European Union.