



PensionsEurope Position paper on the pan-European Personal Pension Product (PEPP) review proposal

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PensionsEurope strongly supports the European Commission's objective to increase funded pensions in the EU, given the demographic challenges. Tackling the barriers that prevented its uptake can play a role in addressing shortcomings in the PEPP framework and, therefore, contribute to the objective of providing a good income at old age. However, demand-side issues also need to be considered to properly understand the low uptake of the PEPP.

A workable PEPP may play a role, especially in Member States with less developed workplace pension systems, as well as a potential solution for self-employed and workers in new forms of employment, or where personal pensions offered at the national level are not reliable or attractive.

The review of the PEPP could improve supplementary retirement savings, in particular in Member States with underdeveloped personal pension systems or limited workplace pension coverage. On the other hand, in countries with a well-developed retirement system, there is a risk that the implementation of the workplace PEPP will interfere with the correct functioning of systems that already ensure high-quality standards or are under development. The PEPP review should not hamper or reverse the development of third, second pillar, or 1st pillar bis pension plans.

Personal pensions can have a role to play in linking long-term savers with long-term investment opportunities, helping to channel savings towards capital markets and benefit investment and growth in the EU. By facilitating greater participation of pension savers in capital markets, these pension products contribute to achieving broader Commission objectives of mobilising household savings for productive investment and increasing the pool of European capital markets.

PensionsEurope hopes that the PEPP review proposal will lead to a measurable growth of the number of European citizens saving for adequate pensions, accounting for both workplace and personal pensions: any form of substitution effect from 2nd pillar pensions to 3rd pillar pensions should be avoided, as well as the substitution effect between national personal pension product (PPP) – or 1st pillar bis – to the PEPP.

Basic and tailored PEPP (Articles 4, 28, 42, and 46)

Given the low uptake of the PEPP with only two providers on the market, it is clear that the Basic PEPP's current structure is not fit for purpose and too complex to ensure an uptake of the product, both for providers but also for savers.

PensionsEurope supports the EC's proposal for an embedded life cycle investment strategy for the Basic PEPP. We believe that it can be an appropriate solution if correctly implemented, as a lifecycle approach is a common practice for many PPPs, as we can see with the *Plan d'Épargne Retraite* (Savings Retirement Product) in France. Thus, adapting the investment allocation strategy from a risky to a less risky profile to consider the remaining time before retirement begins could enhance the attractiveness of the Basic PEPP.

A life cycle approach would align with the types of investments envisaged by the SIU policy agenda, which characteristically favour higher-risk assets, such as e.g. equities.

Removing the limit of five alternative options also helps enhance the product's attractiveness. Savers have diverse risk profiles and investment targets. Therefore, broader availability of alternative investment options allows them to match more accurately their individual strategies and investment horizons.

National compartments (Article 18)

We disagree with the proposal to delete the requirement to offer national sub-accounts for at least two Member States, i.e. enabling providers to offer a PEPP in only one Member State.

The EU added value in the PEPP lies in the cross-border dimension generated, among others, by the sub-account requirements. Therefore, removing national compartment requirements would alter the concept of the proposal, from a European product to a more national one.

This would also call into question the need for the EU to legislate on such products because the subsidiarity principle could be jeopardised. The benefit of creating a new product operating on a national basis is also questionable, given that there already exist several personal pension products across national levels.

Since the EU Commission also wants to legally stipulate that PEPP should receive the most favourable available tax treatment for third-pillar products in each Member State and also enable their use in a workplace context (see below for our position on these proposals), there is a risk that providers of pure savings products may rebrand their products as PEPPs and — thanks to the same tax incentives — partially cannibalize traditional third-pillar retirement products and workplace pension schemes.

Opening of a new sub-account (Article 20)

PensionsEurope is concerned about the current provision of Article 20(5)(b) of the PEPP regulation that allows savers to continue contributing to the last subaccount opened in case the PEPP provider is not able to ensure the opening of a new sub-account corresponding to the PEPP saver's new Member State of residence. This existing provision creates uncertainty for providers regarding the fiscal treatment of contributions paid by the savers in such cases and hinders the uptake of PEPP. PensionsEurope calls on the EU legislators to remove this current provision.

Workplace PEPP (Articles 33, 39a, 47, and 57)

PensionsEurope is dissatisfied with the new legal provisions, aimed at ensuring that Member States do not prevent employer contributions to a PEPP, and may allow including for auto-enrolment schemes, except for national social and labour law provisions that may be in place.

PensionsEurope is aware that the two PEPP providers¹ are offering the PEPP as a potential employee benefit, with the employer contributing to the PEPP, and employees being able to additionally contribute to the PEPP. Indeed, Article 36(1)e of the PEPP regulation allows savers to receive

¹ [Finax](#) and [Lifegoals](#)

contributions from “any third party”, hence potentially including employers. Thus, in those cases, the PEPP can be part of the benefit package that is offered to an employee.

Moreover, Article 6(1)c of the PEPP regulation stipulates that IORPs are one of the financial entities allowed to sell PEPPs, to the extent that the national law in which the IORP operates allows it to sell PPPs. In addition, at the national level, tax incentives can be given for those contributions. Therefore, a PEPP regulatory framework to allow employer contributions already exists.

While the PEPP is already used in some workplace contexts, we believe that explicitly pushing the use of PEPP in a workplace context can create legal uncertainty in Member States with well-developed pension systems. Such workplace products would risk destabilising those pension schemes whose success depends on the pension policy that is decided at the national level and not at the EU level. These pension systems can rely on compulsory participation of employers in certain sectors, which can be undermined by the PEPP’s voluntary nature (for the employer). The need for such a workplace PEPP is also absent, given that the establishment of pension schemes is often rooted in collective bargaining systems and a solid triangular relationship between the employee, the employer, and the pension provider.

Depending on the national context, the introduction of a workplace PEPP could also lead to unintended risk and cost issues for employers in the areas of consumer protection and/or labor law. Furthermore, the experience of some Central and Eastern European countries (CEEC) that achieved broad coverage of employment-related pension schemes through the 1st pillar bis rather than through collective bargaining underscores the need to consider national specificities. This diversity of types of pension plans reinforces the need for national discretion and argues against an EU-level push for workplace PEPP.

In conclusion, we do not see added value in changing the PEPP regulatory framework to make it explicit that it can be used in a workplace context. Member States should have the option to prevent the PEPP from functioning as a second pillar (or workplace) product.

Tax treatment (Article 3)

Tax incentives are an important factor for the successful development of personal pensions. They should be user-friendly, with simplified procedures and coherence across regulations.

However, PensionsEurope disagrees with the legal assessment of the European Commission to introduce tax provisions in the proposal itself, instead of using a non-binding instrument such as a recommendation.

Using Article 114 of the TFEU (internal market) as the legal basis of the proposal to amend the tax treatment of PEPPs by requiring Member States to ensure that PEPPs receive a tax treatment that is not less favourable than the most favourable treatment granted to comparable national personal pension products is a clear overstep of EU competences.

To recall, in 2017, the EC issued a recommendation² to encourage Member States to grant PEPPs the same tax treatment as the one granted to national PPPs, once PEPPs are launched on the personal pension market, even in those cases where the PEPPs features do not match all the national criteria required by the Member State to grant tax relief to PPPs.

As acknowledged by the European Commission, in 19 Member States, “*tax incentives are available for savers for contributions made to PEPPs as it is the case for other national PPPs*”³. Those Member States adapted their national tax legislation, reacting to a recommendation that is a flexible instrument, which should be the standard for tax provisions, given the sensitivity of such issues.

Tax and pension policy are a prerogative of the Member States as part of their core sovereignty. Pension systems differ widely across the EU, there are differences between the different pillar pension provisions, and not least between the individual’s ability to save. The economic conditions of Member States vary widely, as do their options for offering tax incentives on pension savings. National governments can design tailored tax policies that align with their unique institutional and financial frameworks.

POG requirements and Value for Money (Article 25)

PensionsEurope supports the removal of the 1% mandatory cap on costs for the Basic PEPP. We want to stress that the cost cap for the Basic PEPP is acting as a barrier to the development and market uptake of PEPP across the EU. While the 1% fee cap was designed for consumer protection purposes, we believed it was not sufficiently balanced with the objective of developing a new market for pension products.

Indeed, the providers must deal with advice and distribution costs, which is hardly feasible with a strict limit of 1% as we indicated in our answer to the 2019 EIOPA consultation on PEPP level 2 measures⁴. It is also important to note that second pillar pension plans can operate well below the 1% fee cap, due to the lack of or the much lower level of distribution costs and economies of scale in asset management and pension administration.

However, replacing the fee cap with a Value for Money approach (VfM) through supervisory benchmarks developed by EIOPA is not an appropriate solution. Using adjustments to the approach used for VfM benchmarks for insurance-based investment products (IBIPs) under the Insurance Distribution Directive (IDD)⁵ would not properly tackle the specificities of the PEPPs, which are dedicated to retirement savings, while IBIPs can be used for different purposes.

² [COMMISSION RECOMMENDATION](#) on the tax treatment of personal pension products, including the pan-European Personal Pension Product, June 2017

³ [Commission staff working document](#), Enhancing the capacity of the EU supplementary pension sector to improve retirement income and supply long-term capital to the EU economy, November 2025

⁴ [PensionsEurope's answer](#) to the EIOPA’s Consultation Paper on the proposed approaches and considerations for EIOPA’s Technical Advice, Implementing and Regulatory Technical Standards under Regulation (EU) 2019/1238 on a Pan-European Personal Pension Product (PEPP)

⁵ As modified by the [Retail Investment Strategy trilogue agreement](#), 18 December 2025

A VfM-approach generally takes into account costs and returns/performance. However, this is overly simplistic and hence inadequate for retirement products that cover (various) biometric risks, as these risks are hard to quantify.

Instead of a fee cap, we think that full transparency on cost can give consumers the right information to make an informed decision. Nevertheless, if the VfM is finally retained, it must remain a tool for supervisory purposes only to avoid a price-fixing mechanism. Thus, supervisors can address poor market practices without micromanaging pricing.

Distribution regime (Articles 34 & 43)

In principle, we believe the PEPP framework should aim to establish uniform distribution rules applicable to all PEPPs to create equal treatment among different providers, as well as among the same providers established in different Member States.

However, the workplace PEPP, as indicated above, blurs the lines between the second and the third pillar, and therefore could create legal uncertainty on the application of distribution rules for the second pillar schemes. Furthermore, in many Member States, IORPs are not allowed to distribute personal pension products to individuals and are often not-for-profit. Thus, those IORPs should not be subject to distribution rules.

PensionsEurope believes that a balance needs to be struck between reducing distribution costs for the Basic PEPP, which needs to be a simple and cost-efficient product, as well as ensuring that the consumer receives appropriate advice. PensionsEurope stresses that removing the requirement for mandatory advice would contribute to reducing the cost of PEPPs and tackle the providers' ability to cover distribution expenses.

However, the impact on cost is not the only element to consider. Other factors, such as ensuring sufficient investor protection and maintaining product suitability, must also be taken into account when assessing the consequences of removing the mandatory advice requirement.

PEPP Benefit Statement (Article 36)

PensionsEurope is not favourable of including more detailed information on the PEPP Benefit Statement with additional information regarding the inclusion of all costs for the previous 12 months and over the entire contract term. We fear that it would overcomplicate current information rules and be hardly interpretable for consumers.

Having clear information is crucial. Thus, adding new detailed risks creates information overload for the consumer and administrative burden for PEPP providers.

Supervisory powers (Articles 63-65)

PensionsEurope believes that supervision rules (both at product and financial entity levels) of the PEPP need to remain at the national level, as NCAs have the necessary expertise to do so. Doing it at the

level of EIOPA would not provide added value. Therefore, we oppose the new powers granted to EIOPA to directly intervene (as part of product intervention powers) if there is a “*consistent failure to offer value for money*”.

New provisions granting new supervisory powers to EIOPA could potentially circumvent national prudential legislation and lead to serious conflicts between provisions stemming from the EU and national levels, as well as raise questions concerning subsidiarity, especially regarding the workplace PEPP.

Thus, giving EIOPA the possibility of establishing at its own initiative and coordinating collaboration platforms, « *including in the case of justified concerns about potential harm to the interests of PEPP savers and PEPP beneficiaries* » is also concerning. It would undermine NCAs' supervisory work and not provide added value.

Investment rules (Article 41)

PensionsEurope believes that an appropriate level of investment freedom should be allowed for PEPP providers, without any investment limitations.

We don't see the benefit of changing the 'prudent person' rule by the “prudent person” principle, and question the rationale of the Commission to use a prudential investment principle for a product.

Furthermore, given the low uptake of the PEPP, it is not possible to identify any potential deficiency arising from the prudent person rule.

Transfer from national PPPs to PEPPs (Article 56b) and transfer from a PEPP to a national PPP or another PEPP in case of deregistration (Article 56a)

Introducing new provisions preventing Member States from putting administrative obstacles in the transfer between personal pension products to PEPP would not help to grow the total amount of supplementary pension savings across the EU.

First of all, we would like to highlight that the transferability between existing pension products of different Member States is an important challenge, as it is technically difficult due to different national tax and social security frameworks.

Given that PPPs are heterogeneous across the EU and therefore not comparable to the PEPP, this option would not be a reasonable choice. Indeed, allowing transferability without full comparability may undermine trust in the supplementary pension system and widen the pension gap.

We also want to point out that the proposal only intends to facilitate transferability from a national PPP to PEPPs, not on the other side, since there is no general right to transfer a PEPP to a national PPP, only in the case of deregistration of a PEPP.

PensionsEurope does not support the proposals on transferability between PPPs and PEPPs and stresses that the PEPP review proposal should lead to a measurable growth of the number of European citizens saving for adequate pensions: any form of substitution from existing 3rd pillar pensions to the PEPP should be avoided, and the latter should only complement them.

Additionally, we point out that transfers always entail costs and hence make pension saving more expensive. Savers should therefore not be overly incentivised to transfer their pension capital between different products. An excessive focus on making transfers as easy as possible is also at odds with the SIU's objective of promoting more long-term investment in the EU.

Pensions tracking system (Article 51a)

We are concerned about the EC proposal to ensure that, where pension tracking systems are already in place, they cover PEPP accrued retirement entitlements.

In principle, this would be helpful because a national pension tracking system helps to raise awareness in personal pension situations and aims to consolidate pension information. It would contribute to giving a more comprehensive overview.

However, given that PTSs are heterogeneous across the EU, with some including three-pillar products and others not, we believe that including PEPP accruals in PTSs could create legal uncertainty and additional costs for issues that should be decided at the Member State level.

Indeed, the structure and use of PTSs should remain an issue for the Member States with national specificities that should be properly taken into consideration. No one-size-fits-all solution would fit properly in national contexts.

The proposed amendments to the PEPP Regulation may result in very differently structured products, all marketed as PEPP products, being available on the market. Some of these products may not meet the definition of "old-age provision" used by some Member States for their respective pension tracking systems. This also argues in favor of a national regulation on the extent to which PEPPs should be included in national tracking systems.

About PensionsEurope

PensionsEurope represents national associations of pension funds and similar institutions for workplace and other funded pensions. Some members operate purely individual pension schemes. PensionsEurope has **21 member associations** in 16 EU Member States and 3 other European countries⁶.

PensionsEurope member organisations cover different types of workplace pensions for **over 65 million people**. Through its Member Associations, PensionsEurope represents over **€ 2,5 trillion of assets** managed for future pension payments. In addition, many members of PensionsEurope also cover personal pensions, which are connected with an employment relation.

PensionsEurope also has **13 Corporate and Supporter Members**, which are various service providers and stakeholders that work with IORPs.

PensionsEurope has established a **Central & Eastern European Countries Forum (CEEC Forum)** to discuss issues common to pension systems in that region.

PensionsEurope has established a **Multinational Advisory Group (MAG)**, which delivers advice on pension issues to PensionsEurope. It provides a collective voice and information sharing for the expertise and opinions of multinationals.

What PensionsEurope stands for

- A regulatory environment encouraging workplace pension membership.
- Ensure that more and more Europeans can benefit from an adequate income in retirement.
- Policies which will enable sufficient contributions and good returns.

Our members offer

- Economies of scale in governance, administration and asset management.
- Risk pooling and often intergenerational risk-sharing.
- Often “not-for-profit” and some/all of the costs are borne by the employer.
- Members of workplace pension schemes often benefit from a contribution paid by the employer.
- Wide-scale coverage due to mandatory participation, sector-wide participation based on collective agreements and soft-compulsion elements such as auto-enrolment.
- Good governance and alignment of interest due to participation of the main stakeholders.

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