



***PensionsEurope's Position Paper on the Non-Legislative Part: Pension Package of Supplementary Pensions***

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[www.pensionseurope.eu](http://www.pensionseurope.eu)

## **Executive Summary**

- PensionsEurope welcomes the publication of the pension package and remains positive on the non-legislative recommendations.
- PensionsEurope believes that the structure and use of PTS should remain a responsibility of the Member States and should adapt to the information needs of the population of the respective Member State.
- PensionsEurope believes that a dashboard must offer a forward-looking perspective on the development of pensions. However, the creation of cross-country rankings or benchmarks can have negative effects.
- PensionsEurope stresses that autoenrollment can be a very useful tool to increase pension coverage. However, successful autoenrollment must not only achieve broad participation but also ensure that contribution levels are sufficient to provide adequate pensions.
- PensionsEurope agrees that Member States should introduce tax incentives, considering the existing fiscal limitations.
- PensionsEurope believes that legally non-binding policy tools could be used for monitoring national reforms and exchange of best practice.

## **Introduction**

PensionsEurope welcomes the publication of the pension package aimed at boosting supplementary pensions, with the intention of helping to ensure adequate retirement income (communication available [here](#)).

PensionsEurope stresses that pension funds are long-term investors with the primary objective of delivering adequate pensions to their members and beneficiaries. For this reason, pension funds require a well-designed regulatory framework to operate effectively.

In principle, PensionsEurope remains positive on the non-legislative recommendations as proposed by the European Commission. Those can provide proper guidance to Member States for pursuing the right policy, aiming to increase pension coverage and boost information for the public.

In this position paper, we aim to express our views on each specific recommendation. Please see below our views in detail for each one of those.

### **1. PensionTracking Systems**

A Pension Tracking System (PTS) is a useful tool that can, under the right conditions, enhance individuals' capacity to plan their retirement. PensionsEurope believes that the structure and use of PTS should remain a responsibility of the Member States. PTS should also adapt to the information needs of the population of the respective Member State.

PensionsEurope supports the Commission's recommendation that each Member State incorporates all pension pillars in a PTS. In that way, individuals can have a holistic approach concerning their future

pension entitlements. In Member States with less developed PTS, the main remaining challenge is that parts of the pension system are not included in the PTS.

It is important, though, to note that the existence of legal information requirements for members of pension schemes has proven to be a very helpful if not indispensable prerequisite for successfully establishing a PTS. Such information requirements are helpful as they narrow down the data requirements of the PTS to information that is already readily available and at the same time meaningful for retirement planning in a national pension context. Such an approach would also meet the requirements of data impartiality and reliability. Nevertheless, PensionsEurope believes that the extent and the level of the information that is covered by a pension tracking system should remain an issue to be decided by the Member States.

We think that the requirements that a national PTS ought to meet according to Article 2 to 4 are much too detailed and prescriptive. A shorter and more principle-based wording of the recommendations would have been more helpful and adequate.

Projections scenarios, as an exemplary topic mentioned in the recommendations, can indeed be very useful, but the specific information included should be primarily determined by the features of the pension scheme in question: DB or DC (as the determining factor for the extent of the risk borne by members and beneficiaries, options relating to retirement (early retirement, decumulation options), existence or non-existence of investment choices of a member, etc. Member States should have flexibility in the type of information included, apart from the structure.

PensionsEurope agrees that PTS should be free for users. The cost of providing information to the PTS for pension schemes should be kept low too. Overall, creating and maintaining a PTS should be as cost-effective as possible. This would be in line with the public good attributes of PTS that have been correctly identified by EIOPA's technical advice in December 2021.

Additionally, a simple approach to information presentation and quick access to the platform are essential elements. To achieve these objectives, users should take part in testing during development. Establishing a PTS help desk can help less digitally skilled people to acquire access to their data.

PensionsEurope believes that maintenance and governance of the platform do not represent a major difficulty if the PTS is operated professionally. Finally, we agree with the recommendation concerning the integration of the national pension tracking service with the European Tracking Service. We believe that the European Tracking Service on Pensions will make pension tracking services across Member States interoperable. For mobile and cross-border workers, this is a major easement.

## **2. Pension Dashboards**

PensionsEurope is convinced that it is important for future pension policy in the Member States to consider all three pillars—statutory pensions, occupational pensions, and private personal pension provision.

PensionsEurope believes that a dashboard must offer a forward-looking perspective on the development of pensions across parts of the pension system during the following decades. Future

action will be more challenging the longer it is delayed. An unbiased public discussion should also be possible with a visible dashboard.

In general, the creation of cross-country rankings or benchmarks that ignore the diversity of MS's pension systems can have negative effects. Pension dashboards can be valuable national policy support tools if based on subsidiarity, built on existing data (the Ageing Report and Pension Adequacy report, as well as data that is already collected at the respective national level), and designed to enhance transparency and informed debate, rather than to harmonize or compare. Therefore, we are critical of the recommendation to develop a common methodology at EU level to enable comparisons between Member States.

Moreover, we doubt whether most of the Member States collect data in the granularity outlined by the European Commission for all three pillars. Some of the indicators have no or only a limited relevance for all systems (e.g., investment returns and costs and charges for DB schemes), meaning that some of the data may not be available.

### **3. Autoenrollment**

PensionsEurope shares the Commission's recommendation that autoenrollment can be a very useful tool to increase pension coverage. In general, autoenrollment has proven effective in expanding pension coverage in some countries. However, successful autoenrollment must not only achieve broad participation but also ensure that contribution levels are sufficient to provide adequate pensions

In this context, PensionsEurope would like to stress that autoenrollment represents a very efficient policy measure to deliver a real and structural boost to supplementary pensions across the European Union.

- Although autoenrollment is currently framed as a recommendation and therefore does not impose a binding obligation on Member States, its widespread adoption can:
  - (i) significantly expand the number of individuals covered by supplementary pension arrangements, thereby helping to close the gap between statutory pension replacement rates and pre-retirement earnings; and
  - (ii) increase the assets under management of pension funds, enabling them to play a stronger role as long-term institutional investors in European capital markets.

This is particularly relevant in Member States where the second pillar remains underdeveloped or residual. In many countries, occupational pension coverage remains significantly below the EU average, with assets under management representing roughly 10% of the GDP, compared to well above 50% in a few Member States with mature occupational or other funded pension systems.

We agree that the integrity of well-established and functioning pension systems should be respected. We believe that implementing autoenrollment could be advantageous in countries where occupational pensions are optional and not common. Member States need flexibility to evaluate whether to introduce and how to organise autoenrollment.

PensionsEurope appreciates that the Commission recognises the importance of social partners. PensionsEurope supports the inclusion of social partners in establishing supplementary pensions where possible, as this improves stability and trust. They can contribute to a more collective and cost-efficient approach for funded pensions. Furthermore, when social partners manage the pension scheme independently of the government, it reduces the risk of nationalization of pension funds or other types of government interventions and increases the stability of the pension system.

We agree with the Commission that the inclusion of the self-employed and non-standard workers is very important. We believe that granting the right incentives for participating in private personal pensions is important when mandatory public or collective schemes for these groups of people are not available.

Concerning the design of the system of autoenrollment, PensionsEurope believes that its primary characteristics should be similar to current pension schemes. Depending on the national context, they may include no withdrawal during the accumulation phase, decumulation as a mandatory (variable or fixed) annuity, lump sums or other decumulation options, comparable information requirements, inclusion in the pension tracking system, etc. If the pension scheme is set up as a pure individual DC arrangement, we also strongly recommend a lifecycle approach to investing. We are satisfied that those elements are recognised as essential by the Commission.

We draw attention to the fact that a requirement to introduce auto-enrolment into third-pillar pensions via the employer is very problematic in some Member States – as it would create e.g. unclear boundaries between labour and consumer protection and competition law.

Importantly, the Commission recognises the importance of contribution levels. It's critical to set contributions at the appropriate level. Auto-enrolments use of inertia can make it effective, as people do not opt out. However, it can also mean that many will not proactively choose to increase their contribution levels if auto-enrolment contributions are inadequate.

#### **4. Tax and other incentives**

PensionsEurope agrees with the Commission's recommendations that Member States should introduce tax incentives, considering the existing fiscal limitations. Indeed, tax incentives are not merely complementary tools but a structural component of any effective strategy to foster long-term retirement savings. By their nature, supplementary pension products require individuals to defer present consumption and accept limited liquidity in exchange for future income security. Appropriate and stable fiscal treatment helps compensate for this trade-off and strengthens participation. Conversely, frequent or unpredictable changes to tax rules undermine confidence and reduce trust in the pension system.

Financial incentives are a key policy instrument for promoting retirement savings. They are effective in raising retirement savings and helping people diversify their sources of retirement income.

#### **5. Monitoring and reporting**

It is essential that the Commission recognises that pension policy and the design of pension systems are a Member State competence, and the role of the EU is limited. However, it is important to note that the European Union has successfully used the European Semester and other non-legislative policy tools in reforming public social security pensions during the past two decades, even though these pensions are fully the competence of the Member States. These legally non-binding policy tools have this far only very seldom been used in supplementary pensions. In our answer to the Call for Evidence in March 2025 we stated that auto-enrolment has significant potential to address Europe's retirement challenges and we encouraged the European Commission to incorporate auto-enrolment into its country-specific recommendations within the European Semester cycle, endorsed by the Member States. PensionsEurope supports that they will be used for monitoring national reforms and exchange of best practices as formulated in Article 14. In particular, the implementation of auto-enrolment and the design of fiscal incentives for supplementary pensions should form part of the policy dialogue within the European Semester framework, given their relevance for long-term fiscal sustainability and capital market development.

#### **6. Supervisory capacity and intervention powers**

PensionsEurope believes that current supervision by NCAs already provides sufficient tools. The prudential regulation, governance, cost efficiency, and flexibility of pension schemes ensure value for money even without additional capacities and powers for NCA and EIOPA.