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Responding to the Consultation Paper on Pension Tracking Systems

Fields marked with * are mandatory.



Responding to the paper

EIOPA welcomes comments on the Consultation Paper regarding its Technical Advice on the development of Pension Tracking Systems.

Comments are most helpful if they:

- respond to the question stated, where applicable;
- contain a clear rationale; and
- describe any alternatives EIOPA should consider.

Please send your comments to EIOPA using the EU Survey tool by Wednesday, 08 September 2021 23:59 CET by responding to the questions below.

Contributions not provided using the EU Survey tool or submitted after the deadline will not be processed and therefore considered as if they were not submitted.

Publication of responses

Your responses will be published on the EIOPA website unless: you request to treat them confidential, or they are unlawful, or they would infringe the rights of any third party. Please, indicate clearly and prominently in your submission any part you do not wish to be publicly disclosed. EIOPA may also publish a summary of the survey input received on its website.

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[1] Public Access to Documents (https://www.eiopa.europa.eu/about/accountability-and-transparency/public-access-documents_en)

Declaration by the contributor

By sending your contribution to EIOPA you consent to publication of all information in your contribution in whole/in part – as indicated in your responses, including to the publication of your name/the name of your

organisation, and you thereby declare that nothing within your response is unlawful or would infringe the rights of any third party in a manner that would prevent the publication.

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About the respondent

*Please indicate the desired disclosure level of the responses you are submitting.

- Public
 Confidential

*Stakeholder name

Bund der Versicherten (BdV - German Association of Insured)

*Type of Stakeholder

- Association
 Industry
 Ministry
 Supervisor
 EU Organisation
 Consumer representative
 NGO
 Other

*Contact person (name and surname)

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*Contact person email address

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Questions

Scope of a national PTS

1) Do you agree with the main goal, the scope and the attributes of a national PTS defined by EIOPA (please explain why)? If not, what is missing or what workable alternative would you propose which meets the principles set out in this consultation?

- Yes
 No

Please add an explanation

We generally agree with EIOPA's proposals for best practices of the setting up a national pension tracking tool, an online application that will provide citizens with an overview of their future retirement income, based on their entitlements from all pension schemes in which they participate.

Additionally we refer to existing mandatory information duties of life-insurers and IORPs in Germany as example for regular non-digital information to customers (question 5).

We disagree only upon two points: exclusion of non-pensions long-term investment products (question 4) and provision of cost disclosures only at the second layer of information (question 8).

In Germany in February 2021 the national law on the "digital pension overview" ("Digitale Rentenübersicht") has been coming into effect. It stipulates a phase of testing before the definite launch of this digital overview, which shall be the PTS including all three pillars of the pension system. In August 2020 BdV had the opportunity for giving comments on the draft legislation act insisting mainly on the necessity not to restrain the general approach on "pensions" but generally on "retirement provision". Only by doing so, the dominant position of insurers as product providers will be overcome and other non-pensions long-term investment products will be more focussed. For more details see our comments on the questions mentioned above.

2) What do you consider to be the main costs in the establishment of a PTS?

3) EIOPA views a PTS as a public good, considering the need for public intervention to address market failures stemming from limited rationality. Do you agree with the public good framework as preferred option to provide objective and impartial pension information to citizens (please explain why)? If not, what is missing or what workable alternative would you propose which meets the principles set out in this consultation?

- Yes
 No

Please add an explanation

4) Do you agree that the PTS should provide personal information on statutory and supplementary pensions and should exclude the provision of information on other financial products that do not constitute a pension (please explain why)? If not, what would be the desirability, feasibility and benefits for bringing non-pensions long-term investment products into scope of the PTS?

- Yes
 No

Please add an explanation

No, we do not agree. Especially insurance-based pension products (being part of IBIPs/PRIIPs) belong to the most complex and multi-layered financial products offered to financial users. For years now in its annual reports ("Pension Savings - The Real Return") Better Finance shows that the real return of these products are often even negative.

BF-website: <https://betterfinance.eu/publication/pension-savings-the-real-return-2020-edition/>

In most European countries there is an ongoing over-arching development that private retail investors tend more and more to use other financial instruments in order to profit from the growth of the global financial markets, even if there is a higher volatility (ETFs, direct investments in shares, bonds etc.; cf. regular publications of OEE - Observatoire de l'Épargne Européene in Paris).

OEE-website: <http://www.oeefr/1021-1-Overview+of+Savings+in+Europe.html>

In its comments on the draft legislation act for establishing a national PTS ("digital pension overview" / "Digitale Rentenübersicht") in Germany in August 2020, BdV has strongly insisted on the necessity not to restrain the general approach on "pensions" but on the much broader "retirement provision". Other financial products ready for private retirement provision like long-term saving plans (banks, stocks, and other securities), bonds and real estates should be taken into consideration as well. Additionally there must not only be one pay-out option (the life-long annuity), but private pension savers should have the individual freedom to choose at least amongst lump sums, drawdown payments, annuities or a combination of these options (like for the PEPP, cf. article 58: Forms of out-payments, of Regulation (EU) 2019/1238 of 20 June 2019). Only by doing so, the dominant position of insurers as product providers will be overcome and other non-pensions long-term investment products will be more focussed.

BdV-website: <https://www.bunderversicherten.de/files/stellungnahme/pdf/de/2020-08-10-stellungnahme-bdv.pdf>

That is why we advocate bringing non-pensions long-term investment products into the scope of the PTS. Especially mutual funds are products under the PRIIPs regulation, so standardized data are available.

5) Do you agree that MSs should assess to what extent a (digital) PTS may exclude some citizens and, depending on the outcome, consider offering alternative ways to facilitate PTS access to the digitally excluded citizens (please explain why)? What workable solutions would you propose to either make the PTS also available to non-digital or digitally excluded citizens or to make the PTS information available in a non-digital format?

- Yes
 No

Please add an explanation

In Germany the national insurance contract law (§ 155 (1) VVG) stipulates that the life-insurers have to send the annual pension benefit statement "in Textform", i.e. either as a traditional letter by post or as an e-mail. IORPs have the same information duties (following to the national IORPs law: § 4a (4) BetrAVG).

Front-end design of a national PTS

6) EIOPA has identified a set of behavioural principles which should drive the front-end design of the PTS. Do you agree with this approach (please explain why)? If not, what other behavioural principles should apply to the front-end design of the PTS?

- Yes
 No

Please add an explanation

7) Do you agree that the PTS has a broader scope than the PBS? Whilst the PBSs can be used to feed the back-end, the front-end of the PTS should not be constrained by (all) the content or format of the PBSs.

- Yes
 No

Please add an explanation

8) Do you agree that the information on costs and investment funds should not be part of the front-end of the PTS and that it is a good practice for the PTS to provide a link to the website of each pension provider?

- Yes
 No

Please add an explanation

No, we do not agree upon this proposal. Costs have a major influence on the real return of any pension product, especially due to the ongoing low interest rate phase. There should be the minimum requirement of disclosing a cost summary indicator already at the front-end of the PTS by using the calculation method recently fixed in the PEPP regulation ("reduction in wealth": cf. Annex III, Part III., No. 30 (Methodology for the calculation of costs, including the specification of summary indicators) of Commission Delegated Regulation (EU) 2021/473 of 18 December 2020).

9) Do you agree that the landing page (layer 1) of the PTS should display the expected monthly retirement income and the retirement date in a simple manner whilst the accrued entitlements and pension providers (i.e. breakdown by source) should be disclosed in a second layer easily accessible to users wanting to know more? If so, do you have supportive evidence? If not, what would you propose as the key elements for the landing page (Layer 1) and those for subsequent layers (Layers 2 and 3) considering the scope of the PTS and individuals' behavioural and cognitive biases set in this consultation?

- Yes
- No

Please add an explanation

10) Do you agree that difficult concepts, such as inflation, purchasing power, communication of projections, etc. should be accompanied by with visual aids, such as short movies, use of metaphors, pictures or additional explanations (pop-up windows)? Do you have supportive evidence and any examples of such "aids"? If not, what is missing or what workable alternative would you propose considering the scope of the PTS and individuals' behavioural and cognitive biases set in this consultation?

- Yes
- No

Please add an explanation

11) Do you agree that information on the assumptions used to calculate projections or projections with scenarios should be placed in second or third layer? If so, do you have supportive evidence and any examples? If not, what is missing or what workable alternative would you propose considering the scope of the PTS and individuals' behavioural and cognitive biases set in this consultation?

- Yes
- No

Please add an explanation

12) Do you agree that additional information that is not linked to the goal of the PTS, such as ESG factors, should be accessed via signposting to the pension provider or placed in the third layer of the PTS? If so, do you have supportive evidence and any examples? If not, what is missing or what workable alternative would you propose considering the scope of the PTS and individuals' behavioural and cognitive biases set in this consultation?

- Yes
- No

Please add an explanation

13) Do you agree that the PTS should ultimately help the user understand if he is saving enough for his retirement such that its role is clearly not to provide financial advice, but to show the user in a neutral manner the types of actions he can take, especially if it is integrated in a wider strategy (e.g. support auto-enrolment reforms, improve financial capability)? If so, do you have supportive evidence and any examples? If not, what is missing or what workable alternative would you propose considering the scope of the PTS and individuals' behavioural and cognitive biases set in this consultation?

- Yes
- No

Please add an explanation

14) Do you agree that the PTS, by designing a smooth user-journey, can help reduce the time and effort to take actions towards more sensible financial decisions, if facilitated through the use of nudges, interactive tools and signposting to where users can find more help or information? If so, do you have supportive evidence and any examples? If not, what is missing or what workable alternative would you propose considering the scope of the PTS and individuals' behavioural and cognitive biases set in this consultation?

- Yes
 No

Please add an explanation

Back-end design of a national PTS

15) The main advantage of a live access model is the increased data protection. Do you agree that if one can start the PTS from a 'blank page', if it is technologically feasible and if the only aim of the PTS is to show the data to the user, then a live access model is the optimal solution?

- Yes
 No

Please add an explanation

16) Do you agree that a pilot project should be conducted to test its technological feasibility? In which circumstances would it not be necessary to conduct a pilot?

- Yes
 No

Please add an explanation

17) Which additional principles should apply to ensure a secure digital access to the PTS?

18) Do you agree that a PTS in its bare minimum could consist only of the following fields: user ID, provider ID, accumulated savings/accrued entitlements, projected retirement income, retirement age and provider email or telephone number? If not, which elements are missing and should be added to operate the PTS? What would be the impact on providers of pension data to the PTS?

- Yes
 No

Please add an explanation

19) Can the PBS be used as a basis to define the data needs for the PTS related to occupational pensions? Which elements would need to be added, which are redundant? What would be the impact on providers of pension data to the PTS?

Contributions by employers should be added if there are any.

20) Do you agree that setting the data standards (data standardisation, transmission) should be done by an independent body after consulting the various stakeholders?

- Yes
 No

Please add an explanation

21) EIOPA recommends that data standardisation should be structured, include clear definitions, make use of a uniform reference date, align with agree technical standards and determine the necessity. Do you agree with this approach? If not, what other principles should apply to data standardisation? What would be the impact on providers of pension data to the PTS?

- Yes
 No

Please add an explanation

22) Primarily EIOPA stresses that the methodology for projections included in the PTS should not differentiate across pension sources.. It also referred to solutions in case there could be a differentiation in projection methodologies or assumptions used. However, EIOPA also suggests a legal analysis to assess if there is scope for coherent projections of statutory and supplementary pensions. What are your views about coherent projections between statutory and supplementary pensions and uniform projections for supplementary pensions? Which barriers should be removed to achieve coherent projections for all pension products? What would be the impact on providers of pension data to the PTS?

The assumptions and projections of life-expectancy should be equivalent for statutory and supplementary pensions.

23) Are the following assumptions commonly used for calculating projections complete: interest (discount) rate, the return on investments, contributions paid during the year, real wage growth, inflation, the volatility of asset classes, correlations between asset classes and state incentives – tax discounts, costs of pension plan and retirement products, assumed longevity?

Yes, we agree.

24) EIOPA recommends that data quality checks are the responsibility of both the provider and the PTS. The data transmitted to the PTS should be complete, timely updated and consistent. Which other principles would further enhance the data accuracy of PTS?

Yes, we agree-

25) Do you agree that there should be a level playing field on data transmission between all pension providers meaning that if a certain product or product category is included in the scope of the PTS, then the protocol for the exchange of information should apply to all providers of these products, independent from the provider type, their size and their technological capacities? What would be the impact on providers of pension data to the PTS?

- Yes
 No

Please add an explanation

26) Notwithstanding that the requirements on data exchange identified in this consultation are not specific to PTSs, what other safety certificates and requirements would ensure the security of the PTS?

27) Do you agree with the recommendations made by EIOPA on the connectivity with the ETS? Which other recommendations would be needed to make the ETS a success?

- Yes
 No

Please add an explanation

28) To what extent do you see the technological developments identified in this consultation as enablers for the development of future PTSs? Which other technological developments could enhance the establishment of PTSs or support the connection to the ETS?

Governance and implementation of a national PTS

29) To foster citizens' trust, do you agree that the governance structure of the PTS should be set in national measures, which should specify the development and delivery of a non-profit, independent, credible and transparent service run through a public-private partnership or by a public entity? If not, what is missing or what workable alternative would you propose which meets the principles set in this consultation?

30) To ensure full participation in PTS, do you agree that MSs planning to implement a PTS should introduce national measures specifying the modalities for setting up and funding the PTS as well as the legal duties and responsibilities of both the PTS and the different parties involved in the PTS? What would be the impact of this approach on your organisation/sector? If not, what is missing or what workable alternative would you propose which meets the principles set in this consultation?

31) To facilitate the effective implementation of the PTS, do you agree with a progressive roll-out of the PTS over time based on a well-defined strategy which accounts for data providers' different readiness levels and adjustments to new requirements ensuring the complete and accurate transmission of personal data to the

PTS? What would be the impact of this approach on your organisation/sector? If not, what is missing or what workable alternative would you propose which meets the principles set out in this consultation?

Yes, we agree.

32) Do you agree that the PTS should be free of charge for users, hence the PTS should be financed through general taxation, or a levy on providers of supplementary pensions or a combination of both whilst MSs should also consider how these costs may be shared between government and relevant partner organisations? What would be the impact of this approach on your organisation/sector? If not, what is missing or what workable alternative would you propose which meets the principles set in this consultation?

- Yes
 No

Please add an explanation

33) Do you agree that the successful implementation of the PTS necessitates integrating the PTS in a wider strategy (e.g. support auto-enrolment reforms, improve financial capability) which also aims to provide useful tools for the development of the PTS (e.g. national guidance on pension communication/language)? If not, what is missing or what workable alternative would you propose which meets the principles set in this consultation?

- Yes
 No

Please add an explanation

Final comemnts

34) Do you have any other comments to share with EIOPA?

Contact

Contact Form (/eusurvey/runner/contactform/Consultation_Paper_PTS)
