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Parliament gives green light to handy EU-wide pension product

The EU Parliament has given its blessing to a deal reached between the EU institutions on the creation of a pension product that would be available in all EU countries and to all consumers, regardless of the country they live in or move to.

The pan-European Pension Product (PEPP) offers a simple and cost-effective option that will offer pension savers more choice when saving up for their retirement.

Monique Goyens, Director General of The European Consumer Organisation (BEUC), said:

“The pensions market is full of complex products where the returns are heavily eaten into by fees. The creation of this pan-European pension product will provide people up and down Europe with an option that is both interesting and simple.

“In an age where people are expected to start saving for retirement earlier and earlier, this could be a very useful addition to the market. It will hopefully nudge pension product providers to offer more cost-effective products that are in the consumer’s interests.”

The biggest advantage of the pan-European Pension Product is that it places a cap on the fees that providers can apply for the basic version of the pension product at 1%. Fees can have a significant impact on the final pension pot that a saver accumulates [1]. In order to ensure that the product is truly cost-effective for consumers, BEUC believes that both the fees and all of the costs associated with the pension product should be capped [2].

ENDS

[1] A [study](#) by Forbrugerrådet Tænk (the Danish Consumer Council) shows the high impact that fees can have on investment returns. According to the study, a difference of just a single percentage point in the costs of a consumer’s pension savings may mean that the average Danish consumer would need to stay for four more years in the labour market in order to be able to attain the same pension.

[2] Under the legislation, the European Insurance and Occupational Pensions Authority (EIOPA) will be required to draft Regulatory Technical Standards (RTS) specifying the types of costs and fees which should be included within the cap for the basic PEPP. To ensure that this product is truly a cost-effective option for consumers, BEUC believes that all the costs associated with the pension product should be included within the cap, including the commission paid by the product manufacturer to future distributors.

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