



PEPP

FOCUS

Version 12 – Updated in October 2022

REGULATORY INITIATIVE	FOCAL POINTS
<p>Proposal launched on June 29th 2017 by the European Commission. Only 67 million (27%) individuals aged 25-59 years in the EU have a voluntary pension plan. (Source EIOPA). Solution to the pension problem for EU Member States.</p>	<p>Benefits of the PEPP: Portable between member States: savers will be able to continue contributing to their PEPP when moving to another Member State. Easy use of private pension option as an additional employee benefit for employers. Additional flexible form of retirement savings for ordinary citizens.</p>
<p><u>PEPP in short:</u></p> <ul style="list-style-type: none"> ✓ Dedicated to retail investors <ul style="list-style-type: none"> ✓ Highly standardized <ul style="list-style-type: none"> ✓ Simple ✓ Transparent ✓ Safe ✓ Strong consumer protection <ul style="list-style-type: none"> ✓ Efficient governance ✓ Maximum cost 1% 	<p><u>For investors:</u></p> <ul style="list-style-type: none"> ✓ Empower people to save for retirement and could keep it invested. ✓ To purchase an annuity. ✓ To start taking distributions from the accumulated balance. ✓ Ability to invest in the PEPP through a variety of distribution channels.

2017

2018

2018

2019

2019

2019

2024
2022/2023

29.06.2017
EC proposal for
PEPP

June 2018
Proposal voted by
European Council

3.09.18
Final text agreed by
European Parliament
during trilogue

4.04.19
European Parliament
adopts final text

14.06.19
Council adopts final
text

25.07.19
Final text publication
in the OJ of the EU

First PEPP
launch?

❑ Pension product launched by the EC

Updated on 15 October 2022

STATEMENT

- ❑ Commission recommends equal tax treatment with local personal pension products.
- ❑ 4th April 2019 the European Parliament adopted the text as agreed between Council, Parliament and Commission (trilogue agreement) on the EU Regulation on the PEPP.
- ❑ 14th June 2019 the Council adopted the final PEPP regulation that has been published **on 25 July 2019** in the OJ of the EU in order to come into force 20 days after its publication. A period of 2 years has been estimated between the entry into force and when providers will start proposing the PEPP. 25th February 2020 EIOPA organized a Public Hearing on implementing the regulation for the PEPP and let the industry express their concerns. The deadline for submission of feedback is **17 June 2020**.
- ❑ The Delegated Regulation on PEPP was published in the Official Journal on 22 March 2021. PEPP Regulation 2019/1238 as of 20 June 2019 is applicable on **22 March 2022**. The remaining Level II texts were published on 4 June 2021.
- ❑ PEPP must comply with EU 2019/2088 regulation (SFDR – Sustainable Finance Disclosures Regulation).
- ❑ PEPP was introduced into Luxembourg Law of 25 February 2022.

FOR YOUR CONSIDERATION

- ❑ **PEPP objective is** to close the pension gap faced by most European citizens and improve the retirement income of those citizens. PEPP needs to cross borders and fit with each member state's pension system and mindset of retirement savings.
- ❑ The Investment Fund industry can help making PEPP a success creating the PEPP brand like the UCITS brand.
- ❑ As of today, there is no PEPP registered in the EU even though 21 Undertakings (mainly asset managers and insurance companies) said they will propose a PEPP. **First PEPP launch more likely in 2023.**

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