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# Call for Evidence to inform the development of a DC pensions toolkit

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## Background Call for Evidence

The Call for Evidence aims to gather information and insights to inform the DC pensions toolkit that EIOPA is currently developing.

The DC toolkit seeks to foster the development of supplementary DC pensions as well as enhance existing DC arrangements.

Aimed at policymakers, social partners, regulators and supervisors, the DC toolkit will provide practical guidance, principles and (non-legally binding) recommendations to help Member States address the pensions gaps.

The DC toolkit should offer options on tackling DC pensions issues for Member States' consideration, depending on national specificities, including state pensions in the first pillar, and the nature of the pensions gap. Amongst others, this work will consider options and solutions that:

- improve the adaptability of DC pension systems to changing labour markets (e.g. more self-employed, multiple jobs over one’s working life, broken career paths);
- offering guidance throughout the accumulation and decumulation phases with regard to behavioural and cognitive biases with the aim to secure adequate retirement outcomes;
- enhance the protection of DC pension savers and foster trust and confidence in supplementary DC pensions;
- provide value for money to DC pension savers.

## Responding to this Call for Evidence

To respond to this Call for Evidence, please use this EUSurvey questionnaire, which allows you to upload supporting documents to provide additional context and evidence to your response, such as examples and case studies, data and statistics, research reports, lessons learned from international experiences.

We kindly request that you submit your responses **by 28 November 2025, 23:59 CET**.

Contributions not provided via EUSurvey or after the deadline will not be processed. In case you have any questions, please do not hesitate to contact us at pensions@eiopa.europa.eu.

Your input will help shape the development of the DC pensions toolkit and ultimately contribute to the improvement of supplementary DC pensions in the EU.

**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.

Please note that EIOPA is subject to Regulation (EC) No 1049/2001 regarding public access to documents and EIOPA's rules on public access to documents.

Declaration by the contributor

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

**Data protection**

Please note that personal contact details (such as name of individuals, email addresses and phone numbers) will not be published. EIOPA, as a European Authority, will process any personal data in line with Regulation (EU) 2018/1725. More information on how personal data are treated can be found in the privacy statement at the end of the public Call for Evidence document.

**Remarks on completing the survey**

EU Survey supports the last two versions of Microsoft Edge and the latest version of Mozilla Firefox and Google Chrome. Using other browsers might cause compatibility issues.

After you start filling in responses to the survey there is the option to save your answers. However, please note that the use of the online saving functionality is at the user's own risk. As a result, it is strongly recommended to complete the online survey in one go (i.e. all at once).

Should you still proceed with saving your answers, the online tool will immediately generate and provide you with a new link from which you will be able to access your saved answers.

It is also recommended that you select the "Send this Link as Email" icon to send a copy of the weblink to your

email - please take care of typing in your email address correctly. This procedure does not, however, guarantee that your answers will be successfully saved.

You can share any supporting material at the end of the survey by clicking on "Select file(s) to upload". Several documents (e.g. Word, Excel, Pdf) can be uploaded. However, note that each document / file is limited to 1MB or less in size.

You will have the possibility to print a pdf version of the final responses to the survey after submitting it by clicking on "Download PDF". You will automatically receive an email with the pdf file. Do not forget to check your junk / spam mailbox.

## About the respondent

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

- (●) Public
- ( ) Confidential
- ( ) Partly confidential

* Stakeholder name

European Financial Planning Association (EFPA)

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## Questions to stakeholders

### Topic 1: Coverage and contributions

1. What financial incentives (e.g. tax advantages) and non-financial incentives (e.g. auto-enrolment) should the design of the supplementary DC pension system contain to ensure high participation? How can young people be incentivised to save in DC pension systems as early as possible and with sufficient contributions?

Based on evidence from EFPA-certified financial advisors and planners operating across Member States, we highlight the following key levers:

- Balanced incentive frameworks – Tax advantages remain the strongest motivator for voluntary participation. EFPA recommends simplified, transparent, and portable tax relief systems across Member States, including harmonized treatment between occupational and personal DC schemes.
A new system could also allow temporarily increased tax deductibility of contributions in the early years (first three years) of a DC pension scheme perhaps confined to 20-25 years old to encourage younger people to join a scheme. Supplement this with a marketing campaign demonstrating the impact of the 'power of compounding' on fund valuation.

- Automatic enrolment with opt-out – Countries such as the UK and Italy demonstrate that auto-enrolment, when coupled with clear default options and quality employer engagement, substantially increases participation rates. Ireland is another example that has an auto-enrolment scheme, which is new and become effective from 1 January 2026, to supplement the State social welfare scheme for those on a salary between 20'000 and 80'000 that are not otherwise in an employer or private scheme. Opt- out is permitted.

- Financial literacy and advice – Early engagement through financial education and access to certified financial planners (EFP, EFA, EIP) is critical to sustain contributions and prevent opt-outs. EFPA advocates integrating financial literacy modules into national curricula and workplace onboarding.

- Digital onboarding and micro-savings tools – Encouraging the use of digital platforms and "round-up" micro-contributions can make saving more intuitive, especially for younger cohorts and non-standard workers.

- Incentives for employers – Fiscal incentives and simplified compliance can motivate SMEs to sponsor occupational schemes and facilitate payroll-based savings.

- Portable, pan EU products for mobile youth. Promote PEPP—with sub accounts for cross border careers, capped costs in the Basic PEPP, standardized KID—through workplace distribution and payroll deduction.
It may be worthwhile including provisions whereby 'transfer values' out of schemes reflect 'market values' and there is thus no unjustifiably high penalty for transferring between schemes, whether domestically or across the EU.

- Authorized underlying assets – Offering a wide range of investment opportunities in part linked to funds that younger people would be interested in (e.g. Tech funds etc…)/ Identification with the asset classes of the DC fund would potentially enhance engagement.

To encourage younger people to join need for national marketing campaigns demonstrating the problems of ageing populations and the lack of long-term economic sustainability of state welfare pension schemes.

EFPA stresses that sustainable participation in DC systems depends on trust, financial capability, and accessible, high-quality advice — principles embedded in EFPA's professional standards.

2. How can the design of supplementary DC pension systems ensure that contributions are sufficiently high to ensure that DC members receive adequate retirement income?

EFPA would like to highlight the following points:

Default contribution levels with auto-escalation – Establishing clear default contribution rates that automatically increase with tenure or income growth encourages consistent savings behaviour without requiring continuous

engagement from members.
The Dutch Wtp's flat rate contributions (tax capped ~30%) with life cycle investing provide a reference. Spain's employer incentives (social security reduction + corporate tax deduction up to thresholds) can be replicated to lift employer matches in SMEs.

Matching mechanisms – Employer or state-matching contributions provide a tangible and immediate incentive for participation and help reinforce saving discipline, particularly among lower- and middle-income earners.

Personalised financial advice and goal setting – Regular, tailored guidance from certified financial planners (EFP, EFA, EIP) helps members align contribution rates with long-term adequacy goals. EFPA advocates embedding advice touchpoints within pension onboarding and review processes.

Integrated digital dashboards – Transparent, real-time pension dashboards that project future income based on current contribution levels empower individuals to make informed adjustments and strengthen engagement with the system and elevate financial literacy.
Importance of provision of a flexible digital pension fund calculator, so that contributors can easily see the impact of their contributions on the expected final value of the fund in retirement (with an emphasis of illustrations demonstrating the importance of the 'power of compounding' on fund value).

Potential link here to Capital Market Union and Savings and Investment Union: Need for the provision of funds with different ESMA risk levels, including funds in part-financed by governments (e.g. EU strategic funds associated with investment in AI, Infrastructure, etc...), to structure public-private partnership in European productive investments and offer derisking approaches to the retirement savers, with a part of the risk supported by the states like in inclusive finance products.
These will have higher risk levels and may be more illiquid. However, over the longer term they will provide a higher return thus contributing to enhanced fund value at retirement.

Simplified enrolment and contribution processes: Make the processes as convenient and accessible as possible for people to participate and contribute in order to save for retirement.

Financial literacy and behavioural nudges – Continuous education and behavioural interventions, such as reminders, visual progress tracking, and "save more tomorrow" features, help maintain contribution persistency and adequacy.

3. What role should respectively occupational pensions and personal pensions play in the design of supplementary DC pension systems in order to provide a stable and secure retirement income? What should be the role of employers and/or the social partners?

From the financial advisors and planners operating across Member States perspective, we understand that:

Complementary roles of occupational and personal pensions – Occupational (second pillar) pensions should serve as the backbone of supplementary retirement provision, offering collective risk-sharing, efficiency, and stability.
Personal (third pillar) pensions should complement this by providing flexibility and inclusiveness for individuals outside traditional employment structures, such as the self-employed and mobile workers.

Clear and coherent regulatory coordination – Harmonized frameworks between occupational and personal DC schemes are essential to ensure consistency in consumer protection, tax treatment, and portability across Member States. EFPA supports closer alignment with initiatives such as the Pan-European Personal Pension Product (PEPP).

Engaged employers and social partners – Employers and social partners play a critical role in facilitating enrolment, ensuring regular contributions, and promoting financial education in the workplace. Fiscal and administrative incentives should encourage their active participation, especially among small and medium-sized enterprises (SMEs).
With tax incentives for the employees and the employers, the fiscal policy can support the dialogue between the social partners and the employers and create the basis for the implementation of an occupational pension system.
Attract by fiscal deductions, the employers can complement the contribution of the employees, with potential caps, while the social partners strengthen financial literacy on a potential Pan-European Occupational Plan.

Inclusive design and flexibility – Systems should enable seamless interaction between occupational and personal pensions, allowing individuals to consolidate savings, maintain portability across borders, and adapt to career changes or non-standard employment patterns.

Diversification of Retirement Savings: By offering both occupational pensions (employer-provided) and personal pensions (individually purchased), individuals have the opportunity to diversify their sources of retirement income. Having multiple pension accounts can spread risk and increase the likelihood of a stable and secure retirement.

Flexibility and Choice: Personal pensions provide individuals with the flexibility to contribute additional funds beyond their occupational pension contributions. This allows individuals to tailor their retirement savings strategy to meet their specific needs and goals.

Portability: Personal pensions offer portability, as individuals can carry their pension benefits with them when they change jobs or move between different occupational pension schemes.

Supplemental Savings: Personal pensions can serve as a way for individuals to supplement their occupational pension benefits and bridge any potential gaps in retirement income. By contributing to both types of pension plans, individuals can enhance their overall retirement savings.

Tailored Investment Options: Personal pensions often provide a wider range of investment options compared to occupational pension schemes. This enables individuals to customize their investment strategy based on their risk tolerance, time horizon, retirement goals and their investment preferences

Individual Control: Personal pensions give individuals greater control over their retirement savings empowering them to actively manage their pension funds.

EFPA stresses that an effective supplementary DC system relies on the synergy between collective, employer-supported mechanisms and individual empowerment through personal pensions — underpinned by consistent regulation, transparency, and access to trusted, professional financial advice.

## Topic 2: Participation and contribution persistency of specific groups

4. How can supplementary DC pensions be designed to encourage pension participation and contribution persistency of specific groups of workers that often do not have access to occupational pensions, particularly the self-employed and workers with non-standard contracts? How can financial and non-financial incentives be adapted to non-standard workers and the self-employed?

Flexible and portable personal pension frameworks – Create adaptable DC pension structures that follow individuals throughout their careers, allowing contributions from multiple income sources. EFPA supports the expansion of portable personal accounts, aligned with the PEPP framework, to ensure continuous accumulation despite irregular work patterns. Similar structures could allow transfer from one structure to another, according to the best interest of the final savers, allowing to build a pension saving in more sustainable and concrete way.

Simplified enrolment and contribution processes – Introduce digital self-enrolment tools and simplified contribution mechanisms (e.g., percentage-based or micro-contributions) that fit the cash flow realities of freelancers, gig workers, and the self-employed.

Auto-Enrolment for Self-Employed Workers: Implement auto-enrolment mechanisms specifically tailored for self-employed individuals to encourage participation in supplementary pension schemes. Provide incentives or matching contributions by government to incentivize self-employed workers to save for retirement.

Collaboration with Industry Partners: Work with industry stakeholders, such as trade associations, professional organizations, and financial institutions, to promote pension participation among workers with non-standard contracts or who are self-employed.

Tailored tax and social incentives – Offer proportionate tax relief or matching contributions for self-employed and non-standard workers, with progressive incentives that reward sustained saving behaviour over time.

Financial literacy and professional guidance – Targeted financial education campaigns can help non-standard workers understand the long-term benefits of regular pension contributions and how to integrate them into personal financial plans.

Digital solutions and behavioural nudges – Use mobile platforms, pension apps, and behavioural prompts (e.g., “auto top-up” or “round-up” savings features) to facilitate regular saving habits in fragmented employment situations.

Broadening participation among self-employed and non-standard workers requires systems that are portable, digitally accessible, and supported by trusted professional advice — ensuring inclusion, simplicity, and long-term adequacy in supplementary DC pension saving.

5. Should there be strategies in place to encourage pension participation and contribution persistency of people of working age, and most notably women, who take a career break or are otherwise inactive (e.g. carers), in unpaid work or unemployed and, if so, what strategies?

Career-break contribution continuity – Introduce mechanisms that allow pension contributions to continue during caregiving, parental leave, or periods of inactivity. Examples include state-funded “care credits” or matching contributions that maintain pension accruals and prevent long-term adequacy gaps.

Automatic resumption and catch-up features – Establish default mechanisms for contributions to automatically restart when individuals return to paid employment and allow flexible “catch-up” options for missed contributions without penalties.

Household-level financial planning – Encourage couples and families to adopt shared financial planning approaches, guided by financial professionals, to maintain household pension adequacy during periods when one partner is not earning income.

Targeted financial education for women and carers – Design awareness campaigns and workplace seminars

addressing the impact of career breaks on retirement income and promoting early, consistent pension saving habits.

Employer and policy incentives – Provide fiscal incentives to employers who contribute to pension schemes during parental or caregiving leave and recognise unpaid caregiving periods within state pension calculations.

Bridging pension gaps for women, carers, and other inactive workers requires integrated policies that combine flexible contribution options, targeted education, and professional financial guidance — ensuring that temporary breaks in paid work do not translate into permanent retirement income inequality.

6. Are there other specific groups, such as individuals from ethnic minority backgrounds and those with disabilities at risk of accruing no or insufficient statutory pension rights over their working life and, if so, what strategies could encourage pension participation and contributions persistency in supplementary DC pensions for these people in particular?

Inclusive pension system design – Ensure that all individuals, regardless of employment status, disability, or migration background, can easily access supplementary DC schemes. Simplified enrolment procedures, multilingual materials, and accessibility standards should be embedded in system design.

Targeted outreach and communication – Partner with local communities, NGOs, social partners, and employers to deliver culturally sensitive and accessible information campaigns that raise awareness of pension rights and encourage long-term participation among underrepresented groups.

Financial literacy and personal guidance – Provide tailored financial education and advisory programmes through professionals who are trained to address the specific needs of vulnerable or marginalised groups. These initiatives should emphasise long-term planning and the benefits of small, regular contributions.

Supportive fiscal and policy incentives – Introduce state or employer matching contributions, or contribution subsidies, for individuals with disabilities, low earnings, or irregular employment histories, ensuring equity in pension accumulation opportunities.

Accessible digital solutions – Develop user-friendly digital pension platforms with accessibility features (e.g. voice support, simplified navigation, translation tools) to facilitate participation and engagement across diverse populations.

Improving inclusion in DC pension systems requires not only financial incentives but also accessible information, trusted professional guidance, and system designs that actively remove behavioural, cultural, and structural barriers to long-term saving.

## Topic 3: Scale and portability

7. Should economies of scale be considered in the design of supplementary DC pensions, most notably to enhance efficiency and raise retirement benefits of DC pension savers? If so, how and through which area(s) of the supplementary DC pension system (or value chain) can its design effectively generate scale? Is there a trade-off between the promotion of scale and competition?

Promote master trusts/industry wide schemes and publicly promoted funds to pool administration, investment, and governance—without stifling competition.

Collective investment and administration platforms pro and cos–
Pro: Aggregating pension assets through collective investment structures or shared administrative platforms can significantly reduce costs, improve efficiency, and deliver better net returns to members, particularly in smaller markets.
Cos: The aggregation of assets through collective investment structures may also destroy value for certain clients in specific situations, limiting the value of a client centric approach. It cannot adapt to all the specific characteristics and needs of different clients (like ESG preferences), nor can it access all asset classes (due to highest investment sizes), which may limit the returns offered to clients.
In all cases, the advice of a certified financial professional is crucial to build trust, raise financial literacy and allow the final client to understand where his/her saving goes.

Standardisation and interoperability – Harmonised data standards, reporting formats, and digital interfaces across Member States can enable cross-border pooling of assets and facilitate scale while maintaining transparency and comparability.

Public–private partnerships and master trusts – Encouraging the creation of large, well-governed pension master trusts or public–private DC platforms can help smaller employers and self-employed workers access cost-effective, professionally managed pension solutions.
Encouraging the development of “dated-funds”, with evolutive asset allocation and scheduled terms aligned to clients’ retirement dates, can also simplify the cohabitation between collective investment, client centric approach, and capital market union.
More largely, expanding the range and depth of investment opportunities (enabling, inter alia, diversification of risk, opportunities for higher returns e.g. strategic EU AI funds, sustainability funds, infrastructure funds etc…) at EU level is the supply side of the equation. Demand will come from the DC pension schemes. The wider to range of investment opportunities generated and available at various ESMA risk levels will address the issues raised in the Draghi report etc and enhance growth in national income (GNP) in the EU.

Balanced approach to scale and competition – While economies of scale are desirable for cost efficiency, EFPA emphasises the importance of preserving a diverse and competitive provider landscape to foster innovation, service quality, and member choice. Supervisory frameworks should monitor market concentration to prevent excessive dominance. It should also adapt to different market, without following a “one size fit all” approach.

Professional governance and oversight – Larger pension structures must be supported by strong governance, independent oversight, and transparent reporting to ensure that cost savings from scale are passed on to members and do not erode accountability.

8. Should the design of supplementary DC pensions allow for switching between providers within national systems and, e.g. to facilitate labour mobility across Member States, portability across borders in the EU and, if so, how?

- Intra-national switching: Principles and mechanisms

Supplementary defined contribution (DC) pension systems must support both intra-national switching and EU-wide portability. This is essential for today’s mobile workforce, where frequent job changes and cross-border careers are common. Without such mechanisms, individuals face fragmented entitlements, higher costs, and poor retirement outcomes. EFPA’s Code of Ethics, which emphasizes client interests and continuity of advice, upholds portability as a pillar of sound pension planning.
Switching within national systems should be simple, transparent, and low-cost. Standardized protocols must ensure timely transfers (e.g., within 30 days) and cap exit fees to avoid lock-in. Transfers should maintain the member’s investment profile via asset mapping and, where feasible, allow in-kind transfers to avoid forced

liquidation. Secure digital infrastructure is vital—providers should use APIs for real-time data exchange and integrate with national dashboards like the Netherlands' Mijnpensioenoverzicht or Germany's Digitale Rentenübersicht. Pre-transfer disclosures must clearly explain costs, guarantee impacts, and investment risk changes, aligned with PRIIPs and PEPP standards.

- Cross-border portability: EU-level coherence

EU-level alignment is key to cross-border portability. The PEPP Regulation offers a strong model, enabling savers to hold one product with multiple national sub-accounts—combining cost caps, standard disclosures, and seamless portability. Directive 2014/50/EU protects dormant rights and ensures fair vesting for mobile workers, but enforcement must improve. The European Tracking Service (ETS), developed via Findyourpension, should be expanded to consolidate pension entitlements across Member States and enable direct portability requests.

- Operational and investment considerations

Portability must align with long-term investment strategies, including illiquid assets. In-kind transfers and scheduled transfer windows (e.g., quarterly) can prevent forced sales and support rebalancing. Cost efficiency must be preserved through scale—public platforms like Spain's FPEPP and master trusts can deliver both portability and value, provided supervisors enforce cost benchmarks.

- Governance and advice

Effective portability depends on strong governance and professional advice. EFPA-certified advisors (EFA, EFP, EIP) should conduct suitability checks under MiFID II and IDD, factoring in sustainability preferences and retirement income projections. Pension simulators should illustrate these impacts clearly. Disclosure standards must be harmonized across pension types to ensure comparability and clarity for savers.

- Consumer Choice and Competition

Allowing individuals to switch providers nationally and across borders fosters competition and innovation. Consumers benefit from better returns, lower fees, and improved services, while providers are incentivized to enhance their offerings.

- Diversification and Risk Management

Portability enables savers to diversify across providers and countries, spreading risk and accessing broader investment options.

- Harmonization and Standardization

Cross-border portability drives alignment of pension rules, disclosures, and consumer protections, advancing a unified EU pension market.

- Digital Solutions and Technology Integration

Digital tools and platforms simplify transfers, improve transparency, and empower individuals to manage their pensions actively. Integrated systems make switching easier and enhance engagement in retirement planning.

Several Member States offer useful examples

- Netherlands: The Future Pensions Act supports consolidation and dashboard-based portability.
- Spain: Law 12/2022 introduces public employment funds with digital transfer features.
- Germany: The BRSG allows transfers between social-partner DC schemes.
- Italy: COVIP enforces clear transfer rules and promotes awareness via the INPS portal.

EFPA recommendations

EFPA urges EIOPA to include a “Portability Protocol” in its DC Toolkit—standardizing data formats, timelines, and cost disclosures across the EU. Portability should be part of value-for-money assessments, penalizing schemes with high frictions or opaque fees. Pension tracking systems and the ETS should evolve into interactive platforms where members can view and transfer entitlements directly.

Conclusion

Portability and switching are essential—not optional—for a modern, fair, and efficient DC pension system. Achieving this requires digital infrastructure, regulatory alignment, and qualified advice to protect savers and uphold trust.

9. How can switching and portability be balanced with the need for long-term investments (e.g. illiquid assets) and the need for scale in supplementary DC pensions? Are there specific considerations on switching and portability within the second pillar, within the third pillar and between the second and third pillars?

Balancing Portability with Long-Term Investment and Scale

Designing DC pension systems that balance portability and switching with long-term investment strategies and economies of scale is a major challenge. Portability must protect member rights and build trust, but it must not compromise schemes’ ability to invest in illiquid, high-return assets or maintain cost efficiency. Engagement periods may help address behavioral biases.
Long-term assets—like infrastructure, private equity, and real estate—are vital for sustainable returns and inflation protection. Yet their illiquidity means frequent transfers can trigger premature sales, reduce value, and raise costs. EFPA proposes a layered solution:

- Scheduled transfer windows (e.g., quarterly) aligned with rebalancing cycles to manage liquidity.
- In-kind transfers of units instead of cash liquidation to preserve pooled exposure.
- Liquidity buffers—small allocations to liquid assets—to absorb exits without disrupting portfolios.

Preserving Economies of Scale

Scale is essential for cost control and access to advanced asset classes. Collective vehicles like master trusts and public platforms (e.g., Spain’s FPEPP, Netherlands’ sectoral funds) show that scale can coexist with portability. Member States should promote such models, with supervisors ensuring portability doesn’t fragment assets into inefficient pools.

Pillar-Specific Considerations

- Second pillar: Occupational schemes involve collective risk-sharing and long-term commitments. Portability should respect these while enabling transfers during job changes, using harmonized IORP II protocols.
- Third pillar: Personal pensions (including PEPP) are more flexible. PEPP’s sub-account structure supports portability.
- Inter-pillar transfers: Should be allowed but carefully managed to avoid arbitrage or loss of guarantees. Pre-transfer disclosures must clarify governance, risk-sharing, and cost differences.

Digital Infrastructure and Professional Advice

Digital tools are key to balancing portability and investment strategy. Pension tracking systems and the European Tracking Service should enable not just viewing entitlements but initiating transfers—with clear

timelines and transparent costs. EFPA-certified advisors should guide members through suitability assessments under MiFID II and IDD, ensuring portability aligns with long-term goals.

Segmentation of Investment Options

DC schemes should offer segmented investment options based on liquidity and horizon. Members could allocate part of their savings to liquid assets (e.g., equities, bonds) for flexibility, and another part to illiquid assets (e.g., infrastructure, green energy, private equity) for long-term growth.

Lifecycle Investment Strategies

Schemes should adjust asset allocation based on age, risk tolerance, and retirement horizon. Lifecycle funds can gradually shift from high-risk growth assets to stable, income-generating ones as retirement nears.

Lock-in Periods and Redemption Restrictions

Illiquid investments may require lock-in periods or redemption limits to ensure long-term commitment. This aligns with EU-level strategic investment goals under CMU and the S&I Union, addressing competitiveness and innovation as highlighted in the Draghi Report.

Education and Guidance

Members need clear education and financial guidance on illiquid assets. Understanding the long-term nature and risks of such investments empowers informed decisions and better retirement planning.

Conclusion

Portability and switching can coexist with long-term investment and scale if supported by scheduled windows, in-kind transfers, liquidity buffers, and strong governance. Harmonized EU protocols and qualified advice will safeguard member rights while preserving the investment horizon essential for adequate retirement outcomes.

## Topic 4: Design of the accumulation and decumulation phase

10. What are the key features that should be covered in the design of the accumulation phase of DC pensions? Should the design prescribe measures, or provide DC members the choice of options, to mitigate investment risk, such as life cycling, guarantees and collective risk-sharing arrangements to smooth returns? Should DC members be provided with choice, i.e. investment options possibly combined with a default option, or will one investment strategy suffice for all members?

The accumulation phase is the cornerstone of any defined contribution pension system because it determines the long-term growth of retirement savings. EFPA's position is that the design should combine robust default strategies with limited, meaningful choice, supported by clear disclosures and professional advice. This approach reflects behavioural research, which shows that most individuals do not actively select investment options and often make suboptimal decisions when faced with excessive complexity.

The default investment strategy should be based on life-cycle principles, gradually reducing exposure to higher-risk assets as members approach retirement.

Such a model is widely adopted in advanced systems, such as the Netherlands under the Future Pensions Act, where age-based glide paths are combined with collective risk-sharing mechanisms to smooth volatility. Collective buffers, such as solidarity reserves, can help mitigate shocks without imposing costly guarantees that erode returns. Guarantees should be used sparingly and only near retirement, as they tend to increase costs and reduce expected outcomes over the long term.
At the same time, with increased longevity, pension fund investors should be able to keep a higher proportion of funds in equities once they retire since they have potentially many more years ahead to ride out volatility rather than being forced through regulation to alter substantially their portfolio on retirement.

Choice architecture is equally important. EFPA recommends offering a limited menu of options—for example, three to five risk-graded portfolios—alongside the default life-cycle strategy. This ensures that members who wish to exercise choice can do so without facing overwhelming complexity. A single investment strategy for all members would ignore differences in risk tolerance and financial circumstances, while an unrestricted menu would lead to decision paralysis and poor outcomes. Therefore, a balanced approach is essential.

Risk mitigation should be embedded in the design through diversification, dynamic asset allocation, and, where feasible, collective smoothing mechanisms. These features reduce the likelihood of extreme outcomes and support adequacy. Transparency is critical: members should receive clear, standardized projections of expected retirement income under different scenarios, presented in a format aligned with PRIIPs and PEPP Key Information Document standards. This empowers informed decisions and reinforces trust.

Digital tools and behavioural nudges can further enhance the accumulation phase. Pension tracking systems, such as Mijnpensioenoverzicht in the Netherlands or Digitale Rentenübersicht in Germany, should integrate with providers to display real-time progress toward retirement goals. These platforms can prompt members to increase contributions or adjust risk exposure when appropriate. EFPA-certified professionals should play a central role in guiding members through these decisions, ensuring suitability under MiFID II and IDD and incorporating sustainability preferences where relevant.

11. What are the key elements that should be considered in the design of the decumulation phase of DC pensions? Should the design prescribe a specific payout strategy or should DC members have a choice between different types of pay-out solutions, such as annuities, programmed withdrawals and lump sums, possibly combined with a default strategy? What payout strategies can effectively help DC pension savers secure adequate retirement income? Should DC members be allowed to withdraw pension savings before the retirement age for specific purposes, like buying a house, and, if so, under what conditions?

The decumulation phase is where accumulated savings are transformed into retirement income, and its design is critical for adequacy, sustainability, and member confidence.

EFPA's position is that the system should offer structured flexibility: a robust default payout strategy combined with a limited set of alternative options, supported by clear disclosures and professional advice. This approach balances behavioural realities—most members prefer defaults—with the need for individual choice.

The default strategy should prioritize income stability and longevity protection. EFPA recommends a hybrid model that combines programmed withdrawals with a deferred annuity or longevity insurance starting at an advanced age (e.g., 80). This structure provides flexibility in early retirement while safeguarding against outliving assets. Such hybrid solutions are increasingly recognized as best practice because they mitigate sequencing risk and longevity risk without locking members into rigid annuity products from day one.

Members should also have access to a small menu of alternatives: lifetime annuities, variable annuities, phased

drawdown, and partial lump sums. However, these options must be accompanied by standardized projections of income sustainability and risk, presented in a format aligned with PRIIPs and PEPP Key Information Document standards. This ensures comparability and transparency across products. EFPA-certified professionals should conduct suitability assessments under MiFID II and IDD before any choice is finalized, incorporating sustainability preferences and household circumstances.

Early withdrawals before retirement age should be permitted only under strict conditions to prevent erosion of retirement adequacy. EFPA supports allowing withdrawals for socially valuable purposes, such as first-home purchase or severe hardship, but these should be capped (e.g., 10–20% of accumulated savings) and linked to mandatory "re-fill" plans or contribution catch-ups. Without such safeguards, early access risks undermining the primary goal of income security in old age.

- Education Expenses: Consider enabling early withdrawal of pension savings to cover qualified education expenses, including tuition, fees, and related costs for the member, spouse, or dependents pursuing higher education. Specify eligible educational institutions and programs for which withdrawals are permitted.
- Disability or Illness: Facilitate early access to pension savings for individuals facing significant disability or serious illness that impairs their ability to work or meet essential financial obligations. Implement medical assessments or certification requirements to validate eligibility for early withdrawal due to disability or health-related issues.
- Long-Term Care Needs: Allow early withdrawal of pension savings to fund long-term care expenses for the member or qualifying family members, especially in cases of chronic illness, disability, or caregiving responsibilities. Establish conditions and documentation requirements to demonstrate the necessity of accessing funds for care purposes.

Country practices offer useful guidance. Italy mandates partial annuitization of supplementary pension balances, ensuring a baseline income stream. Spain's reforms emphasize sectoral defaults with life-cycle features, while the Netherlands is developing flexible decumulation options under the Future Pensions Act. These examples show that hybrid models and structured choice are feasible within EU frameworks.

In summary, the decumulation phase should be designed around a strong default hybrid payout strategy, complemented by limited alternatives, clear disclosures, and professional advice. Early withdrawals should be exceptional and conditional. This balanced approach promotes adequacy, flexibility, and trust, aligning with EFPA's ethical standards and EU regulatory principles.

12. Are there interdependencies that should be considered in the design of the accumulation and decumulation phase? If so, what are these interdependencies and how should they impact on the design of the accumulation and decumulation phase to ensure that DC pension savers secure adequate retirement income?

The accumulation and decumulation phases of a DC pension system are deeply interconnected, and their design must reflect this relationship to deliver adequate and sustainable retirement income. Treating these phases in isolation risks creating misaligned strategies that undermine member outcomes. EFPA's position is that the system should adopt an integrated, life-cycle approach where investment design, risk management, and payout structures are coordinated from the outset.

One critical interdependency is risk capacity and glide path alignment. The investment strategy during accumulation should anticipate the intended payout method. For example, if the default decumulation option includes a deferred annuity or longevity insurance, the accumulation phase should incorporate interest-rate hedging and liability-driven investment techniques as retirement approaches. Conversely, if programmed withdrawals are the default, the glide path should maintain moderate growth assets post-retirement to support flexible drawdowns. This alignment reduces sequencing risk and ensures that the portfolio structure supports the payout strategy rather than forcing abrupt reallocations at retirement.

Another key linkage is liquidity planning. Decumulation often requires phased withdrawals or lump sums, which means accumulation portfolios must include liquidity sleeves or mechanisms to meet these needs without disrupting long-term allocations. This is particularly important in systems that invest heavily in illiquid assets such as infrastructure or private equity. Scheduled transfer windows and in-kind unit transfers can help maintain exposure to these assets while accommodating payout requirements.

Investment Strategies and Risk Tolerance: The choice of investment options, asset allocation, and risk management strategies during the accumulation phase can significantly impact the level of retirement savings and income available during the decumulation phase. Balancing risk and return objectives, adjusting investment allocations over time, and considering members' risk tolerance and time horizon are critical interdependencies to address.

Longevity Risk and Withdrawal Risk: Managing longevity risk and withdrawal risk related to the volatility in retirement income due to market fluctuations are interconnected. Offering solutions such as guaranteed income products, annuities can help mitigate these risks.

Inflation Protection: Addressing inflation protection and cost-of-living adjustments in retirement income during the decumulation phase is crucial to maintain the purchasing power of retirees over time. Incorporating inflation-linked benefit increases, or diversified investment strategies can help mitigate the impact of inflation on retirement.

Communication and disclosure also span both phases. Members need consistent projections of retirement income throughout their savings journey, updated as they move from accumulation to decumulation. These projections should reflect the chosen payout strategy and be presented in standardized formats aligned with PRIIPs and PEPP Key Information Document requirements. Pension tracking systems should integrate both phases, showing not only accumulated capital but also expected income streams under different decumulation options.

Finally, advice and suitability assessments must bridge the two phases. EFPA-certified professionals should provide holistic planning that considers contribution levels, investment choices, and payout preferences as part of a single continuum. MiFID II and IDD suitability rules should apply across the entire life cycle, ensuring that decisions made during accumulation do not conflict with decumulation objectives, including sustainability preferences.

## Topic 5: Value for Money

13. How can Value for Money be measured and assessed effectively and consistently across supplementary DC pensions and what quantitative and qualitative criteria (or indicators) should be used for assessing value for money, distinguishing between the strategies offered for the accumulation and decumulation phase? How can supervisors create and publish composite benchmarks for DC pension plans on the basis of such criteria to improve transparency and competition?

VfM reflects the retirement income a saver can expect per euro contributed, adjusted for risk and service quality. It should also consider personal factors—risk tolerance, financial literacy, behavioural biases, and capacity to invest. As advisors integrate extra-financial criteria, regulators should do the same, including financial health sentiment (e.g., EFPA’s index) and trust in financial markets.

EFPA supports a standardized, multi-metric VfM framework covering performance, costs, risk, service, and

sustainability—adapted for both accumulation and decumulation. Supervisors should publish benchmarks by product cluster using a shared data model to ensure fair comparisons and proportionate oversight.

1) A Standardized, Multi-Metric VfM Framework
Core Indicators
Net performance vs. risk: Multi-period net returns after costs, with volatility, drawdown, and risk-adjusted metrics.
Costs & charges: All-in cost disclosures (% of assets and reduction in yield), aligned with PRIIPs/PEPP templates.
Service & governance: Track transaction accuracy, complaints, communication quality, and governance skills (e.g., CPD).
Sustainability of retirement income: Assess income shortfall risk, volatility, annuitization, and drawdown durability.
Financial literacy impact: Reflect how advice improves understanding and decision-making.

Phase-Specific Metrics
Accumulation: Emphasize net returns, risk-adjusted performance, cost transparency, and default design (e.g., glidepaths).
Decumulation: Focus on income sustainability, longevity protection, liquidity, and payout-specific fees.

Consumer-Centric Presentation Use dashboards showing projected income per €1,000/year contributed, with uncertainty bands—aligned with EIOPA's cluster-based VfM supervision.

2) Composite VfM Benchmarks for Supervision
DC schemes should be grouped by design (e.g., lifecycle, multi-asset, hybrid) and assessed using standardized metrics like net returns, cost medians, IRR bands, and service quality. EIOPA's method—clustering, indicator definition, and data calibration—helps identify underperformers and enable fair comparisons. Authorities should publish annual VfM rankings, inspired by the UK's red/amber/green model, to boost transparency and competition. Benchmarks should trigger proportionate actions: disclosures for mild issues, action plans for amber cases, and transfers for persistent underperformance.

3) Data Foundations & Disclosure Alignment
A unified reporting template—covering performance, costs, risk, demographics, and service KPIs—should be used across IORP II, Pension Benefit Statements, and PRIIPs/PEPP KIDs. Publishing machine-readable VfM data enables independent analysis. National dashboards should display simplified VfM scores next to projections to guide consumer decisions.

Open Data & Dashboards Machine-readable VfM datasets enable independent analysis. National dashboards (e.g., mijnpensioenoverzicht.nl, rentenuebersicht.de) should display simplified VfM scores alongside projections to guide consumer choices.

4) Calibration & National Examples
•Netherlands (Wtp): Sectoral funds with risk-sharing; benchmarks should compare net outcomes post-smoothing.
•Spain (Law 12/2022): Public employment funds and digital platforms support centralized data and fee caps.
•Italy (COVIP): Standardized reporting enables cost/return comparisons and cluster medians.
•Germany (BRSG): Pure DC models shift focus to outcomes; VfM should highlight risk-adjusted returns and drawdown sustainability.

5) Role of Advice & Governance
VfM depends on governance and advisor quality. EFPA recommends public attestation of board skills and

CPD, and that advice be delivered by certified professionals (EFA/EFP/EIP) aligned with MiFID II/IDD standards. This enhances product governance and reduces mis-selling.

Summary
A robust EU-wide VfM regime should:
•Use standardized, multi-metric indicators for both accumulation and decumulation
•Apply cluster-based benchmarks for fair comparisons and targeted supervision
•Align with EU rules (IORP II, PRIIPs/PEPP, MiFID II/IDD) for transparency
•Include non-financial criteria like:
Member satisfaction via surveys and feedback //Communication effectiveness in clarity and accessibility // Risk management practices and contingency planning //Service quality across support and digital tools // Financial health sentiment, such as EFPA's index .

EIOPA's VfM methodology provides the foundation; supervisors can enhance it with dashboards and ratings to boost competition and improve retirement outcomes—while recognizing the value of certified financial advice.

14. Are there any specific scheme design features or innovations that could improve value for money in supplementary DC pensions, distinguishing between occupational and personal DC pensions and the accumulation and decumulation phase?

Improving value for money (VfM) in DC pensions requires innovations that reduce costs, enhance net returns, and deliver better retirement outcomes without adding complexity for members and the industry.

EFPA's position is that these innovations should be embedded in both occupational and personal pension designs, tailored to the distinct characteristics of the accumulation and decumulation phases, without ignoring the unmaterial added value generated by a certified financial advisor.

In the accumulation phase, one of the most effective innovations is the use of scale-based platforms. Publicly promoted master trusts or pooled funds, such as Spain's Fondos de Pensiones de Empleo de Promoción Pública (FPEPP), demonstrate how centralized administration and digital onboarding can dramatically lower fees for SMEs and self-employed workers. Similarly, the Netherlands' sectoral funds under the Future Pensions Act leverage collective risk-sharing and life-cycle investment strategies to deliver higher net returns at lower cost. These models show that pooling assets and standardizing governance can achieve economies of scale without sacrificing member choice.

Another key feature is smart default design. Defaults should combine life-cycle investment strategies with collective smoothing mechanisms where permitted, reducing volatility and improving long-term outcomes. Innovations such as algorithmic rebalancing and dynamic glide paths—adjusted for market conditions and longevity trends—can further optimize risk-return profiles. Digital engagement tools integrated with pension tracking systems allow members to monitor progress and receive personalized nudges to increase contributions, improving adequacy at minimal cost.

For personal pensions, the Pan-European Personal Pension (PEPP) introduces important VfM innovations: capped costs for the Basic PEPP, standardized Key Information Documents, and portability across Member States. These features reduce complexity and ensure comparability, fostering competition and transparency. EFPA recommends that Member States complement PEPP with tax-neutral treatment and digital distribution channels to maximize uptake and cost efficiency.

In the decumulation phase, hybrid payout structures offer significant VfM benefits. Combining programmed withdrawals with deferred annuities or longevity insurance provides flexibility while protecting against longevity

risk, avoiding the high cost of full annuitization. Innovations such as dynamic spending rules—which adjust withdrawals based on market performance—help sustain income without expensive guarantees. Digital calculators embedded in pension dashboards can illustrate the impact of different payout strategies, empowering informed decisions.

Finally, governance and advice are critical to VfM. EFPA advocates mandatory competence standards for trustees and advisors, aligned with MiFID II and IDD, and recommends that retail-facing advice be delivered by EFPA-certified professionals (EFA, EFP, EIP). This ensures suitability assessments are robust and reduces mis-selling risks that erode value.

In summary, VfM improvements hinge on scale-based platforms, smart defaults, digital engagement, hybrid decumulation models, and strong governance. These innovations, combined with transparent disclosures and qualified advice, can significantly enhance outcomes for members while maintaining simplicity and trust across the EU.

15. To what extent do governance and oversight models impact on value for money in supplementary DC pensions and overall DC outcomes, distinguishing between occupational and personal DC pensions and the accumulation and decumulation phase?

Governance and oversight are decisive factors in determining the value for money (VfM) and adequacy of outcomes in DC pension systems.
EFPA's position is that strong governance frameworks—anchored in competence, transparency, and accountability—are as critical as investment design or cost control. Poor governance can erode returns, inflate costs, and expose members to operational and conduct risks, while robust governance enhances efficiency, protects members, and fosters trust.

In occupational DC pensions, governance typically rests with boards of trustees or social-partner committees. These bodies oversee investment policy, risk management, and member communications. Their decisions directly influence VfM by determining whether default strategies are cost-efficient, whether economies of scale are achieved, and whether risk-sharing mechanisms are implemented effectively. For example, the Netherlands' sectoral funds under the Future Pensions Act demonstrate how collective governance can deliver low fees and sophisticated life-cycle strategies, while Spain's publicly promoted employment funds (FPEPP) illustrate how centralized oversight can standardize processes and reduce administrative costs. Conversely, fragmented governance in small schemes often leads to higher charges and weaker risk controls.

In personal DC pensions, governance shifts to providers and distributors, making conduct regulation and product governance rules under MiFID II and IDD essential. Here, VfM depends on whether providers design products aligned with client needs, disclose costs transparently, and avoid conflicts of interest. EFPA emphasizes that suitability assessments and ongoing advice must be delivered by qualified professionals—such as EFPA-certified advisors (EFA, EFP, EIP)—to ensure that personal pensions complement occupational arrangements and support holistic retirement planning.

Governance impacts both accumulation and decumulation phases. During accumulation, oversight determines the quality of default investment strategies, cost control, and contribution management. In decumulation, governance influences payout design, longevity risk protection, and communication of income sustainability. Weak governance can result in poorly structured drawdown options or opaque annuity pricing, undermining adequacy and VfM.

Transparency and accountability are essential across all models. Boards and providers should publish annual VfM assessments, including net performance, cost breakdowns, and service quality indicators, aligned with

EIOPA's VfM methodology. It could also highlight the added value generated on the client's financial literacy level compare to the average population, the financial health sentiment of the client and other extra-financial measures allowing to better measure the VfM.

Supervisors should enforce governance standards under IORP II for occupational schemes and MiFID II/IDD for personal pensions, complemented by operational resilience requirements under DORA. EFPA recommends that governance frameworks include mandatory competence standards for decision-makers and advisors, supported by continuous professional development and ethical codes.

In summary, governance and oversight models profoundly shape VfM and member outcomes. Effective governance ensures cost efficiency, robust risk management, and transparent communication, while poor governance magnifies risks and costs. Embedding competence, accountability, and harmonized EU standards—supported by EFPA's professional certifications—will strengthen governance and deliver better retirement outcomes across both occupational and personal DC pensions.

## Topic 6: Information provision and transparency

16. What are the main elements on which DC pension savers should be informed before being enrolled in a DC plan and after their enrolment? How can information provision to DC members and beneficiaries benefit from digitalisation and insights from behavioural research?

Clear, timely, and comprehensible information is fundamental to building trust and enabling informed decisions in DC pension systems. EFPA's position is that information provision should follow a layered, standardized approach, combining regulatory disclosures with behavioural insights and digital tools to overcome complexity and inertia.

Before enrolment, savers should receive concise, comparable information on the key features of the plan. This includes the contribution structure, employer match (if applicable), investment strategy and risk profile, expected costs expressed as an all-in percentage and reduction in yield, and projected retirement income under standardized assumptions. These disclosures should be presented in a Key Information Document (KID) format aligned with PRIIPs and PEPP standards, ensuring consistency across occupational and personal pensions. The KID should highlight the default option, explain its rationale, and outline the limited alternative choices available. Behavioural research shows that framing defaults as "recommended" and illustrating long-term benefits in simple income terms significantly improves participation and contribution adequacy.

After enrolment, members should receive ongoing, personalized updates through annual Pension Benefit Statements (as required under IORP II) and digital dashboards. These updates should show accumulated savings, projected income at retirement, and the impact of potential actions such as increasing contributions or adjusting investment risk. Projections should include uncertainty ranges to convey risk realistically. Digitalisation enables real-time access to this information via mobile apps and national pension tracking systems, such as Mijnpensioenoverzicht in the Netherlands or Digitale Rentenübersicht in Germany. These platforms can integrate occupational, personal, and statutory entitlements, providing a holistic view of retirement readiness.

Behavioural insights should inform both content and delivery. For example, personalized nudges—such as reminders to increase contributions after salary growth or alerts about projected shortfalls—can significantly improve outcomes. Pre-commitment tools, like auto-escalation agreements, can be offered digitally to reduce procrastination. Visual aids, such as income replacement charts and goal trackers, help members understand abstract concepts like compounding and longevity risk.

EFPA-certified professionals play a crucial role in complementing digital tools with tailored advice. Advisors should explain disclosures, assess suitability under MiFID II and IDD, and incorporate sustainability preferences where relevant. This human-digital combination ensures that members not only receive information but also act on it in ways aligned with their financial goals.

In summary, effective information provision requires standardized disclosures before enrolment, dynamic and personalized updates after enrolment, and the integration of behavioural nudges through digital platforms. Combined with qualified advice, these measures empower savers, enhance engagement, and support adequate retirement outcomes across the EU.

17. How can communication and behavioural insights, and particularly pension tracking systems, support citizens to make informed decisions for their retirement income? Are there other good practices in communications to reach out to people and make them aware of insufficient pension savings?

Communication and behavioural insights are powerful tools for improving engagement and decision-making in DC pension systems. EFPA's position is that effective communication should combine clarity, personalization, and digital accessibility, while leveraging behavioural science to overcome inertia and cognitive biases that often lead to under-saving.

Pension tracking systems (PTS) are central to this strategy. By aggregating information from statutory, occupational, and personal pensions, PTS provide individuals with a holistic view of their retirement prospects. Platforms such as the Netherlands' Mijnpensioenoverzicht, Germany's Digitale Rentenübersicht, and the EU-supported European Tracking Service (ETS) demonstrate how transparency can empower citizens. These systems allow users to see projected retirement income, compare scenarios, and identify gaps early. When integrated with mobile apps and interactive calculators, PTS become actionable tools rather than passive information sources.

Behavioural insights enhance the effectiveness of these platforms. For example, personalized nudges—such as alerts when projected income falls below a target replacement rate—prompt timely action. Visual framing matters: showing future income as a monthly amount rather than a lump sum improves comprehension and urgency. Pre-commitment features, like auto-escalation agreements or "save more tomorrow" options, reduce procrastination and help individuals increase contributions gradually. Default settings, such as automatic enrolment and life-cycle investment strategies, remain the most powerful behavioural lever, but they must be complemented by clear opt-out processes and transparent communication.

Good practices in outreach include multi-channel campaigns that combine digital notifications with workplace seminars and advisor-led sessions. Italy's INPS portal and Spain's "Tu Seguridad Social" simulator illustrate how public platforms can integrate calculators and educational content. EFPA-certified professionals should play a key role in these initiatives, translating complex projections into actionable advice and ensuring suitability under MiFID II and IDD.

Finally, communication should be layered and standardized. Initial messages should be simple and visual, while detailed disclosures—such as cost breakdowns and risk metrics—should be available for those who seek them. Aligning these practices with PRIIPs and PEPP Key Information Document standards ensures consistency across products and Member States.

In summary, pension tracking systems, combined with behavioural nudges and clear communication, can transform passive awareness into active engagement. When supported by qualified advice and harmonized EU standards, these tools help citizens make informed decisions and close adequacy gaps effectively.

18. What practical tools are already in place to understand and identify the drivers and barriers to DC pension adequacy for the design of supplementary DC pensions? What practical tools could be developed to help Member States design and enhance supplementary DC pensions?

Tools for Diagnosing DC Pension Adequacy
Across the EU, several tools help identify DC pension adequacy drivers and barriers, though coverage varies. At EU level, EIOPA's DC toolkit [1] and Call for Evidence [2] aim to offer practical guidance. Its proposed pensions adequacy tool would show how contributions and costs affect retirement income—an analytic base Member States can adopt.

Nationally, pension tracking systems (PTS) are the most advanced. The Netherlands' mijnpensioenoverzicht.nl [3] offers a consolidated view of state and occupational pensions, authenticated via DigiD/eIDAS. Germany's Digitale Rentenübersicht [4], mandated by law and operated by Deutsche Rentenversicherung, provides a unified digital overview of all pillars. Italy's INPS "La mia pensione futura" [5] and Spain's Seguridad Social simulator [6] offer personalized projections and retirement estimates. These tools help detect adequacy gaps and encourage higher contributions.

For mobile workers, the European Tracking Service (ETS) [7], via Findyourpension.eu, links entitlements across borders. With renewed EU funding and governance via the ETS Association, it addresses a key barrier: fragmented, hard-to-locate rights and inconsistent disclosures.

EIOPA's Value for Money (VfM) methodology [8] for unit-linked and hybrid products—enhanced with extra-financial criteria—uses product clustering and benchmarks (e.g., reduction in yield, IRR) to spotlight net performance and cost impacts. IORP II has improved governance and disclosure through the Pension Benefit Statement [9]. The PEPP regime [10] adds standardized KID-style disclosures and a cost-capped Basic PEPP, aiding cross-border comparability.

Digital resilience is also critical. The DORA Regulation [11] strengthens ICT risk management, incident reporting, and third-party oversight across pension entities. Robust infrastructure is essential for analytics and scalable PTS/ETS interoperability.

Recent reforms have introduced new platforms. Spain's FPEPP [12] and digital portal support onboarding, fee transparency, and centralized reporting. The Netherlands' Future Pensions Act (Wtp) [13] has driven innovation in lifecycle and solidarity/flexible DC designs, generating rich data for adequacy analysis.

What Should Be Built Next
EFPA recommends a cohesive EU-level analytics and data toolkit to support policy, supervision, and member-level decision-making:

EU adequacy simulator: A modular engine to test policy changes (e.g., contribution rates, auto-enrolment, cost caps, default glidepaths) on projected replacement rates by age, income, and sector. Calibrated with anonymized data from IORPs and personal pensions, and linked to PTS/ETS feeds, it would enable ex ante reform evaluation.

VfM & outcomes data hub: Standardize scheme-level reporting (multi-horizon net returns, all-in costs, risk and service KPIs) to power public benchmarks and league tables. This mirrors EIOPA's clustering method and isolates key adequacy barriers like high cost/low return combinations. Methodology must be transparent so advisors can explain product performance.

Open data standards & transfer SLAs: Define EU-wide APIs, data dictionaries, and service agreements for intra- and cross-border transfers. Support in-kind unit transfers and scheduled windows to protect long-term investment strategies and scale. Standards should align with PTS/ETS integration and DORA expectations.

Behavioural & advice toolkits: Provide a shared library of nudges (e.g., auto-escalation, shortfall alerts), visual patterns (income bands), and suitability workflows. These improve contribution persistency and member engagement. EFPA recommends embedding advisor competence checks (EFA/EFP/EIP) and sustainability preference capture.

Decumulation design lab: A supervised sandbox to test hybrid payout models (e.g., drawdown with deferred annuity), dynamic spending rules, and disclosure formats. Outputs would help Member States close adequacy gaps at retirement.

Public dashboards in PTS/ETS: Enrich trackers with VfM indicators (e.g., green/amber/red vs. benchmarks) and "what if" sliders to show the impact of contribution increases or delayed retirement—turning dashboards into decision tools.

Cybersecurity playbooks: Provide DORA-aligned governance checklists for pension entities and ICT providers, covering logging, incident reporting, and resilience testing.

EFPA's Contribution
EFPA can support implementation by: (i) aligning advisor competencies and CPD with toolkit needs; (ii) co-creating suitability and disclosure templates aligned with MiFID II/IDD; and (iii) supporting financial education via PTS and workplace channels.
(See reference list at the end)

## Topic 7: Emerging trends, regulation and supervision

19. How will emerging trends (e.g. market) and innovations (e.g. AI) positively and/or negatively impact supplementary DC pensions in the future?

From EFPA's perspective, three structural forces will shape supplementary DC pensions: (i) data-driven innovation—especially artificial intelligence (AI); (ii) digitalisation and platformisation of pensions; and (iii) market innovations that expand access to long-term assets while tightening resilience and sustainability standards. Each can improve adequacy and value for money if governance, transparency, and qualified advice are in place.

AI and Data-Driven Innovation
AI can boost participation and contribution persistency through personalised nudges, conversational guidance, and improved suitability. It also streamlines administration, fraud detection, and risk management—lowering unit costs. But risks include bias, opacity, over-reliance, and privacy exposure. In May 2024, ESMA clarified that firms using AI must still meet MiFID II duties and remain accountable for AI-assisted decisions [1]. This applies directly to personal pensions and robo-advice. In August 2025, EIOPA issued an Opinion on AI governance for insurance and pension distributors under IDD [2], aligning oversight with the AI Act and sectoral rules. It emphasises proportionality, data governance, explainability, and human oversight. EIOPA's 2024 digitalisation report also notes rising AI use, with chatbots and hybrid models expected to grow [3].

Digitalisation of Member Communication
National PTS and EU-level platforms are turning static disclosures into dynamic decision tools. The

Netherlands' mijnpensioenoverzicht.nl and Germany's Digitale Rentenübersicht offer real-time views of entitlements, supporting contribution, switching, and decumulation decisions [4][5]. For mobile workers, the European Tracking Service (ETS) is scaling connectivity across Member States [6]. While these tools improve transparency, they increase reliance on ICT third parties—raising operational and concentration risks, especially during market stress.

Operational Resilience: DORA's Baseline
The Digital Operational Resilience Act (DORA), in force since January 2025, embeds ICT risk management, incident reporting, and third-party oversight across financial entities, including IORPs [7]. The ESAs' July 2025 guide outlines EU-level supervision of critical ICT providers via Joint Examination Teams [8]. For DC pensions, DORA reduces outage risk but raises compliance demands—requiring board-level cyber literacy and potentially driving consolidation among providers.

Market Innovation in Long-Term Assets
The ELTIF 2.0 framework (effective January 2024) expands eligible assets and redemption mechanics, making long-term funds more usable for DC savers [9]. With liquidity sleeves and in-kind transfers, ELTIFs can enhance diversification and returns. But valuation, fee transparency, and fair transfer rules require strong governance to avoid mismatch risks. EIOPA's IORP II review advice (2023) highlights the need for better liquidity management and cost transparency as illiquid allocations grow [10].

Sustainability and Greenwashing Risk
DC pensions face evolving sustainability rules. The SFDR regime, updated with ESAs Q&As (July 2024) and editable templates, standardises disclosures on sustainability impacts [11]. This complements MiFID II suitability rules (in force since 2023) and may channel capital into transition assets. But it also raises conduct risk if claims are exaggerated. EIOPA's 2024/2025 work programmes prioritise greenwashing and consumer protection, requiring better data lineage and advice processes [12].

RIS
The EU's RIS, with Council mandates adopted in June 2024 and trilogues ongoing, aims to improve value for money, streamline disclosures (PRIIPs KID + MiFID/IDD), and regulate inducements [13]. If phased well, RIS could reduce disclosure "sludge" and promote cost-effective defaults. But abrupt changes may disrupt SME and independent distribution unless backed by adviser standards and guidance tools.

Scale, Platforms, and Public Infrastructure
Spain's FPEPP and digital platform show how shared infrastructure can compress fees, accelerate SME onboarding, and improve supervisory data [14]. The trade-off is governance complexity and the need for robust APIs and cybersecurity across a growing ecosystem.

Implications for Policy and Practice
Emerging trends can benefit DC pensions if three conditions hold:
AI must operate within governance aligned to ESMA and EIOPA expectations—preserving explainability and human accountability.
Digital resilience must be demonstrable across pension entities and vendors, with DORA-grade incident and concentration risk oversight.
Access to long-term assets (e.g., ELTIF 2.0) must be paired with value-for-money benchmarks and liquidity rules that protect members during transfers and decumulation.

20. To what extent should prudential regulation and supervision evolve in an environment where occupational and personal DC pensions are expected to increasingly contribute toward securing an adequate and secure retirement income?

Prudential Rules for a DC Reality

Prudential rules should evolve materially—but proportionately—to reflect the DC reality: member-borne investment and longevity risk, growing exposure to illiquid assets, heavier reliance on ICT and data flows, and increasing cross-border mobility. EFPA recommends updating the IORP II framework and related EU rulebooks to: (i) embed liquidity and decumulation risk management for DC; (ii) strengthen data-driven supervisory convergence; (iii) integrate digital operational resilience (DORA) across the DC value chain; (iv) align prudential expectations for personal pensions (e.g., PEPP by insurers, investment firms, AIFMs) to ensure consistent risk oversight. These steps can be achieved via minimum harmonisation, preserving national specificities while ensuring EU-level coherence.

Today's Baseline

IORP II provides governance, own risk assessment (ORA), and disclosure duties for occupational schemes. But the shift from DB to DC, use of illiquid assets, and need for cost transparency and cross-border activity were flagged by EIOPA in its 2023 technical advice. For personal pensions, oversight depends on provider type (Solvency II, UCITS/AIFMs, investment firms). The PEPP Regulation adds a pan-EU wrapper (Basic PEPP, cost cap, standardised KIDs), but core prudential rules remain sectoral—creating form-driven differences in how DC risks are supervised.

What Could Evolve

(i) Liquidity and transfer frameworks As DC defaults shift toward illiquid assets, regulation should require liquidity ladders, anti-dilution tools, transfer windows, and in-kind unit transfers—reviewed in ORA and supervision, especially under ELTIF 2.0.

(ii) DC-specific Own Risk Assessment (ORA DC) Extend ORA to model decumulation paths (drawdown, annuity, hybrid), sequence risk, and cohort effects. Codify an ORA DC annex with scenarios and governance tests.

(iii) Supervisory stress testing Add EU-level stress tests for large DC schemes and PEPP, simulating shocks to unit pricing, transfer queues, and income sustainability.

(iv) Data standards and dashboards Create harmonised templates (liquidity buckets, cost look-through, net returns, member flows, KPIs) to support cross-country analytics and supervisory convergence.

(v) Cross-border supervision Standardise transfer approvals and supervisory colleges. Monitor shared ICT dependencies and ensure compliance with DAC, double-tax treaties, and FASTER.

(vi) Digital resilience as prudential hygiene Embed DORA compliance—ICT governance, incident reporting, penetration testing, third-party risk—into ongoing prudential reviews.

(vii) Align expectations across manufacturers Define activity-based standards for liquidity, valuation, and decumulation risks across insurers, AIFMs, and investment firms to avoid prudential arbitrage.

(viii) Cost and outcome transparency Use VfM metrics (IRR, reduction in yield) to flag outliers for deeper review—whether from unsustainably low fees or value erosion.

(ix) Sustainability risk integration Assess how sustainability risks affect asset allocation and long-term liquidity. SFDR governs disclosures; prudential focus is on risk management.

(x) Skills and peer convergence Pair upgraded expectations with board competence (ICT, cyber, private markets) and EIOPA-led peer reviews to align practices across NCAs.

Pillar-Specific Considerations
Occupational DC (pillar 2): Large master trusts (e.g., Netherlands under Wtp) combine scale and collective risk sharing. Reviews should assess allocation rules, buffers, and liquidity during regime transitions. Spain's FPEPP adds digital infrastructure and fee discipline—prudential focus should be on data quality, vendor oversight, and continuity.

Personal DC (pillar 3): PEPP's architecture (Basic PEPP, KIDs, portability) is strong. Supervision should ensure asset-liability consistency and liquidity aligned with transfer rights across Solvency II, UCITS/AIFMD, and MiFID.

Why This Matters for Adequacy
Prudential frameworks that anticipate DC-specific risks—liquidity under switching, decumulation sustainability, digital dependency, and private market complexity—are essential to deliver stable, reliable income. Europe already has the building blocks: IORP II, PEPP, DORA, ELTIF 2.0, SFDR, and EIOPA's VfM agenda. The next step is to connect these around the real risk profile of DC, using data and supervisory colleges to ensure secure, good-value lifetime income—regardless of provider type or Member State.

21. To what extent should conduct regulation and supervision evolve in an environment where occupational and personal DC pensions are expected to increasingly contribute toward securing an adequate and secure retirement income?

Updating the Conduct Rulebook for a DC-Heavy World
As DC becomes the main source of retirement income, conduct rules under MiFID II and IDD must reflect pension-specific risks: long horizons, path dependency, pooled longevity, and complex defaults. ESMA's 2023 Guidelines clarify firms' duties to act in clients' best interests. Supervisors should apply these consistently to DC advice and at-retirement guidance.

The EU's Retail Investment Strategy (RIS) aims to improve value for money, simplify disclosures, and curb misleading marketing. Conduct supervision should align product governance, cost testing, and disclosures across channels. Value for Money must reflect long-term horizons—pension advice cannot be short-term.

Clearer Disclosures and Advice
Pre-contract and ongoing information must support income-focused decisions:
Use PRIIPs/PEPP KIDs for personal pensions
Enforce IORP II PBS for occupational DC

Both should use plain language and income projections. Supervisors should audit digital-first formats and consistent assumptions. RIS aims to streamline disclosures and reduce costs. DC statements must show net outcomes and all-in charges.

Suitability and Professionalism
Advice-driven choices (e.g., switching defaults, PEPP selection) have lasting impact. ESMA's Guidelines require firms to explain suitability and train staff. Supervisors should extend these to hybrid journeys and IDD pensions.

EFPA recommends recognising EFPA-aligned certifications (EIP/EFA/EFP) and CPD to raise advice standards. Reviews should test how firms frame defaults and trade-offs. Combining qualified advice with digital tools improves outcomes.

Value for Money and AI Conduct
EIOPA's VfM benchmarks (e.g., IRR, yield reduction) can be adapted to DC defaults. Supervisors should require firms to show pricing fairness and apply interventions for poor outcomes. RIS supports regular benchmarking and standard VfM tests.

AI must meet MiFID II duties. Supervisors should assess AI use in advice and marketing, including bias testing and explainability. Hybrid journeys remain key; conduct rules must ensure escalation to qualified humans and guard against opaque digital nudges.

Greenwashing, Portability, and Resilience
Supervision must police sustainability claims. Firms must back claims with data and disclose adverse impacts. DC supervisors should coordinate across sectors.

Switching rules should ensure clear comparisons, confirmation, and alignment with liquidity. DORA and ICT oversight must be embedded in conduct reviews to protect consumers.

EFPA's recommendations for the DC Toolkit (conduct chapter)
1. Adopt a common EU "DC conduct grid" mapping MiFID II/IDD duties to pension use cases (auto enrolment, switching, decumulation), with minimum checks for disclosures, suitability, and marketing.
2. Publish enriched VfM composite benchmarks and dashboards for defaults (net performance, costs, service), with an intervention ladder for poor outcomes and with the inclusion of extra-financial criteria.
3. Issue AI conduct safeguards (based on ESMA/EIOPA guidance): bias testing, explainability standards, human in the loop, and audit trails for AI nudged or AI assisted advice.
4. Greenwashing playbook for pensions aligning SFDR templates with PBS/KID language; require evidence files for sustainability claims.
5. Switching/portability code of conduct: standard cost/impact sheets, time limits, cooling off and error correction rules; ensure alignment with PEPP portability and IORP II information.
6. Digital resilience & consumer harm: embed DORA incident to customer protocols (notifications, compensation rules) into conduct handbooks for pension providers and platforms.
7. Advisor competence: encourage adoption of EFPA aligned certifications (EIP/EFA/EFP) and CPD for pension advice and at retirement guidance.

## Other comments

22. Do you have any other comments and suggestions which EIOPA should consider for the future DC toolkit to help foster the development of adequate supplementary DC pensions?

- (●) Yes
- ( ) No

Please provide these other comments and suggestions.

References mentioned in the response:
(1) https://www.eiopa.europa.eu/document-library/consultation-paper/consultation-paper-dc-pensions-toolkit_en

(2) https://www.eiopa.europa.eu/media/news/eiopa-launches-call-evidence-defined-contribution-pensions_en

(3) https://www.mijnpensioenoverzicht.nl/

(4) https://www.rentenuebersicht.de/

(5) https://www.inps.it/servizi/mia-pensione-futura/

(6) https://sede.seg-social.gob.es/wps/portal/sede/sede/Ciudadanos/simuladores/calculoPension

(7) https://www.findyourpension.eu/

(8) https://www.eiopa.europa.eu/document-library/report/report-value-money-unit-linked-and-hybrid-pension-schemes_en

(9) https://www.eba.europa.eu/sites/default/documents/files/documents/10180/1720738/7f4b6c6f-7d6e-4c9b-9a4b-3f6a6c5f4e3f/EIOPA-BoS-17-270_PBS%20guidelines.pdf

(10) https://www.eiopa.europa.eu/tools-and-data/pan-european-personal-pension-product-pepp_en

(11) https://finance.ec.europa.eu/publications/digital-operational-resilience-act-dora_en

(12) https://www.boe.es/eli/es/l/2022/06/30/12/con

(13) https://www.rijksoverheid.nl/onderwerpen/pensioen/toekomst-pensioenstelsel

## Upload of any supporting documents

Please upload any supporting documents to provide additional context and evidence to your response, such as examples and case studies, data and statistics, research reports, lessons learned from international experiences.

**46bc9778-f6d3-4cbc-b7cc-07d528a07726/2025_EFPA_CfEDCtoolkit_v1.docx**

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