Pensioenfederatie's response to the EIOPA Consultation on Pension Dashboards

Questions to Stakeholders

1) Do you have suggestions for other sources of pensions data covering EU Member States that EIOPA should consider?
   ☒ Yes
   ☐ No
   If yes, please provide these suggestions.

It could be worth to consider the useful reports delivered by private parties. The best example being the yearly Mercer-Melbourne report ("Mercer Index"). It might be worthwhile to check whether these reports use different data, as well to have a look into the methodologies used. It would be helpful if the final advice from EIOPA to the Commission makes explicit if these reports and/or methodologies should be taken into account or not.

Apart from Eurostat, perhaps national statistical sources could be helpful (statistical bureaus like CBS in NL and planning & forecasting institutions like CPB in NL).

EIOPA mentions SHARE (para 58). It might be worthwhile to verify whether other academic sources exist for data and/or whether academic literature exists that should be taken into account.

2) Do you agree that data on long-term savings instruments is not available as there is no commonly agreed definition?
   ☒ Yes
   ☐ No
   Please explain.

   If such information were to be collected, which definition would you consider and which products should be included under its scope?

Many forms of economic and human capital can help the elderly to live a decent life. However, it would be best to start the dashboard with combining public pensions with occupational pensions (provided by IORPs and insurance companies).

Adding further financial (pension)products could be done for those member states where such products are nationally of a substantial importance. An example would be occupational pensions that are financed on a PAYG basis, like in France, or occupational pensions that are currently not in scope of IORP2 or Solvency2. Important pension systems should at least be dealt with in a qualitative manner. Quantitative information which is not readily available, can perhaps be added at a later stage after more clarity can be achieved about which additional products are sufficiently similar to pensions.

3) Could you give an indication of the costs (high, medium, low, none, don't know) of collecting the following data directly from private pension providers (IORPs, insurers, other), distinguishing DB, hybrid and DC as well as occupational and personal pensions?

Institutions for Occupational Retirement Provision (IORPs)

	High	Medium	Low	None	Don't know
Number of members			X		
- Breakdown by age			x		
- Breakdown by gender			x		
Number of products/plans			X		
Liabilities			X		
- Breakdown by age			x		
- Breakdown by gender			x		
Assets			X		
- Breakdown by age			x		
- Breakdown by gender			x		
Asset allocation			x		
Investment return			x		

Costs and charges			x		
Contributions			X		
- Breakdown by age			x		
- Breakdown by gender			x		
Benefits			x		
Cash flows DB/hybrid pension obligations			x		
Sensitivity analysis DB/hybrid pension obligations			x		

Please explain your assessment of the costs of collecting the data from IORPs, where possible b providing estimates.

Since much of this information already has to be provided by IORPs, certainly in the Netherlands, to NCAs, costs for IORPs would probably be limited. In particular, if in as far as possible classifications, definitions and contract boundaries that are common in the market will be used.

We have noticed that in recent EIOPA consultations (on DC Risk Management and on Stress Test methodologies) EIOPA deviates from the common definitions. Alignment with the work of OECD in this respect remains important.

Representing Dutch IORPs we refrain from making estimates for costs of other financial institutions.

Insurance undertakings

	High	Medium	Low	None	Don't know
Number of members					
- Breakdown by age					
- Breakdown by gender					
Number of products/plans					
Liabilities					

- Breakdown by age					
- Breakdown by gender					
Assets					
- Breakdown by age					
- Breakdown by gender					
Asset allocation					
Investment return					
Costs and charges					
Contributions					
- Breakdown by age					
- Breakdown by gender					
Benefits					
Cash flows DB/hybrid pension obligations					
Sensitivity analysis DB/hybrid pension obligations					

Please explain your assessment of the costs of collecting the data from insurance undertakings, where possible by providing estimates.

Other private pension providers

	High	Medium	Low	None	Don't know
Number of members					
- Breakdown by age					
- Breakdown by gender					
Number of products/plans					
Liabilities					
- Breakdown by age					

- Breakdown by gender					
Assets					
- Breakdown by age					
- Breakdown by gender					
Asset allocation					
Investment return					
Costs and charges					
Contributions					
- Breakdown by age					
- Breakdown by gender					
Benefits					
Cash flows DB/hybrid pension obligations					
Sensitivity analysis DB/hybrid pension obligations					

Please explain your assessment of the costs of collecting the data from other private pension providers, where possible by providing estimates.

4) Do you agree that the identified minimum set of quantitative data and more qualitative information are necessary to enable the preparation of long-term pension projections?
☒ Yes
☐ No
Please explain.

5) Do stakeholders have experience with making long-term pension projections that may be beneficial to the discussion on - for example - minimal data needs, making assumptions, the level of granularity that is most rewarding and taking into account the effects of government policy?
☒ Yes
☐ No
If yes, please share that experience.

Yearly PBSs provided by Dutch IORPs and insurance undertakings to members and beneficiaries contain pension projections at retirement date, as well as variants based on adverse developments. Dutch citizens have a permanent access to their public and occupational pension entitlements through the Dutch National Pension Tracking Service.

6) Do you agree that a live dashboard should be developed to present the pensions data as proposed in the draft advice?
☒ Yes
☐ No
Please explain.

A live dashboard would certainly provide added value to the existing reports. Nevertheless, integrating pension adequacy and pension sustainability plus reporting on a yearly basis, as well as the use of clear visual formats, would already help a lot. Information provided should be as up to date as possible, also for first pillar pensions.

Main purposes should be to find an objective and accepted source for discussions on pensions between the EU institutions and the Member States, as well as for pension discussions within Member States. Also from the perspective of the CMU, the timely development of such a dashboard is more important than a more detailed approach.

7) Do you agree that all relevant adequacy and sustainability indicators employed by the European Commission are reflected in the draft advice?
☒ Yes
☐ No
If not, please explain what indicators should be added/removed.

Some indicators are more important to adequacy than to sustainability (or the other way around), but are nevertheless indeed necessary for coming to an integrated dashboard.

8) Do you agree on the indicators proposed by EIOPA to complement the existing indicators of the European Commission: coverage, financial variables relating to private pension providers, diversification between pay-as-you-go and funded pensions?
☒ Yes
☐ No
If not, please explain what indicators should be added/removed.

However, we find it important that a proportionality check is done on any new reporting requirement that may follow for IORPs. In those cases costs and benefits have to be weighted.

9) Do you have methodological suggestions for aggregating the various indicators in order to obtain a single indicator per Member State?
☐ Yes
☒ No
Please explain.

This is a very important question. Integrating the relevant indicators into a single indicator, may imply taking a value judgment about which aspects of pension policy are most important. For this reason we would find it important that the most important sub-indicators are presented as well.

In the context of an EU Pension Dashboard, adequacy will refer to an average and not to individual members (which will be the role for national pension tracking systems). It might be of importance to find a way to take account of the level of variance amongst members, if this can be done without undue costs.

Measure of inadequacy should not only cover poverty (avoidance), but also measures like replacement ratios and purchasing power (so inflation (risk) is an important measure). Next to poverty avoidance, consumption smoothing over the life cycle of citizens and maintaining a level of wealth/welfare is also important to avoid getting into (financial) troubles after retirement.

In the end it is up to Member States to decide on, for instance, eventual trade-offs between adequacy and sustainability. The dashboard should facilitate discussions on pension policy to be fact-based, rather than prescribe any specific outcomes.

10) Do you agree with the draft advice not to include indicators for other long-term savings instruments in the dashboard at this point in time, but instead to consider variables like homeownership, wealth and individual savings?
☒ Yes
☐ No
Please explain.

See also answer to question to Q2

11) Do you agree that the use of pension dashboards should not be postponed until comprehensive data is available for all indicators?
☒ Yes
☐ No
Please explain.

Developing national pension systems takes more time than many other public policy issues. Raising awareness of the options available and choices that will have to be made at the national level, in particular in a context of ageing, should not be postponed.

12) Could you give an indication of the benefits (high, medium, low, none, don't know) of collecting the following data directly from private pension providers (IORPs, insurers, other), distinguishing DB, hybrid and DC as well as occupational and personal pensions?

Institutions for Occupational Retirement Provision (IORPs)

	High	Medium	Low	None	Don't know
Number of members					
- Breakdown by age					
- Breakdown by gender					
Number of products/plans					
Liabilities					
- Breakdown by age					
- Breakdown by gender					
Assets					
- Breakdown by age					
- Breakdown by gender					

Asset allocation					
Investment return					
Costs and charges					
Contributions					
- Breakdown by age					
- Breakdown by gender					
Benefits					
Cash flows DB/hybrid pension obligations					
Sensitivity analysis DB/hybrid pension obligations					

Please explain your assessment of the benefits of collecting the data from IORPs.

Since EIOPA rightly indicates that for IORPs many data are already reported to NCAs and to EIOPA, it is not easy to answer how much additional value can be achieved by direct reporting from IORPs and/or what the additions should be.

In general we feel that it could be useful to obtain similar information from insurance undertakings and other private providers, but as a representative organisation of Dutch IORPs we believe that we should leave the best modus for this to others.

EIOPA correctly notices that many people may have pension products with several pension providers, which may make it complicated to report on coverage rates (para 209). EIOPA may want to consider a role for national pension tracking systems in this respect.

Insurance undertakings

	High	Medium	Low	None	Don't know
Number of members					
- Breakdown by age					
- Breakdown by gender					
Number of products/plans					
Liabilities					
- Breakdown by age					
- Breakdown by gender					
Assets					
- Breakdown by age					
- Breakdown by gender					
Asset allocation					
Investment return					
Costs and charges					
Contributions					
- Breakdown by age					
- Breakdown by gender					
Benefits					
Cash flows DB/hybrid pension obligations					
Sensitivity analysis DB/hybrid pension obligations					

Please explain your assessment of the benefits of collecting the data from insurance undertakings.

Other private pension providers

	High	Medium	Low	None	Don't know
Number of members					
- Breakdown by age					
- Breakdown by gender					
Number of products/plans					
Liabilities					
- Breakdown by age					
- Breakdown by gender					
Assets					
- Breakdown by age					
- Breakdown by gender					
Asset allocation					
Investment return					
Costs and charges					
Contributions					
- Breakdown by age					
- Breakdown by gender					
Benefits					
Cash flows DB/hybrid pension obligations					
Sensitivity analysis DB/hybrid pension obligations					

Please explain your assessment of the benefits of collecting the data from other private pension providers.

13) Do you have suggestions for more or less additional data to be collected for the purpose of the dashboard indicators and the preparation of long-term projections of supplementary pensions?

☒ Yes
☐ No
Please explain.

We have no suggestions for additional data to be collected at this stage. The EIOPA draft report appears to be well-balanced and due to the fact that the consultation took place over summer, we had in practice less time to go into details.

14) Do you agree that the additional data should be collected by NCAs (at national level) and subsequently be submitted to EIOPA (at EU level), even though not all the data may be necessary from a supervisory perspective?
☐ Yes
☒ No
Please explain

Reporting via NCAs could be useful if any extra reporting is integrated into existing reporting requirements and if the Commission were to task EIOPA with the maintenance of a European Pension Dashboard. We are of the opinion that finding pragmatic solutions for the most proportionate implementation of a dashboard, is more important than the question whether information that is not immediately needed for prudential and supervisory purposes can be collected by NCA's and EIOPA.

15) Do you have any other comments on the draft technical advice?
☒ Yes
☐ No
If yes, please provide these other comments.

An EU Pension Dashboard be a building block for a European narrative on funded pensions. Hopefully it will help explain that, in particular in ageing societies, well designed pension systems are multi-pillar, and rely to a considerable degree also on capital based additional pensions. These pension savings will turn into investments. Experience in Member States that already operate such systems demonstrates that a considerable part of these investments will flow across the EU, which in turn helps developing the CMU and stabilize the monetary union.

EIOPA states that developing tools being used in its IORPs stress test can be used/developed (p. 44/93). We recognise that this could be a useful approach, thereby aligning data collection with stress test purposed, improving the data quality and insights by the pension sector, EIOPA and NCAs. The pension sector is willing and ready

to cooperate with EIOPA in that area, as we have done in the past and are currently doing in developing relevant stress test tools.