

INTERVIEW

At last year's European Pensions Conference, secretary general of the Cross-Border Benefits Alliance-Europe (CBBA-Europe), Francesco Briganti, stood up to tell delegates about an idea the alliance had to boost cross-border pension provision in the European occupational space.

One year on, and the realisation of a project of a European Union (EU) vehicle known as the Pan-European Occupational Pension (PEOP) is a few steps closer to reality.

At what stage are you with your proposals?

We are working on a detailed reflection paper that outlines a new legal framework for a pan-European/cross-border occupational pension, which we believe is needed in the European pensions occupational space.

We are proposing to the European institutions the creation of a PEOP, which would be the corresponding occupational vehicle to the existing Pan-European Personal Pension (PEPP), the recent product created by the EU. The paper will be sent to the EU and published on the CBBA website in the following weeks.

Why is this vehicle necessary?

We think this vehicle would overcome many of the obstacles deriving from the IORP Directive. For several reasons, cross-border activities under the IORP Directive are quite complicated because of the authorisations needed, because of the compliance with social labour law – there are numerous reasons; and many operators, even employers, are reluctant to create cross-border activities using the IORP Directive.

We believe we can develop something that is similar to the PEPP, but for the occupational space. Like

A new cross-border occupational pensions vehicle on the horizon



Francesca Fabrizi speaks to secretary general of CBBA-Europe, Francesco Briganti, about the development of a Pan-European Occupational Pension (PEOP)

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the PEPP, the PEOP would be a second EU legal regime, a voluntary regime, so not mandatory. Local pensions would not have to comply with new regulation, so it would cohabit with existing national occupational/workplace pensions.

What are the other key features?

Like the PEPP, the PEOP would work on a defined contribution (DC) basis, be fully portable across EU member states, so workers moving from one country to another would have the right to take and transfer their money to a new country of destination, which is not the case with the IORP Directive.

Also, even if it will be a DC vehicle, it will have the possibility of offering guaranteed investment options, again like the PEPP, and also the option to cover biometric needs.

As for the investment, governance and information requirements, here we think that many rules would be the same as already prescribed by the IORP II Directive and the PEPP regulation.

Could any aspects be regulated by the national jurisdictions?

Yes, there will be some areas where member states can have a say – where this would not undermine the

smooth functioning of the PEOP vehicle throughout Europe. For example, in relation to the level of pension contributions; the pay-out options and the retirement age.

What are the advantages of this new proposal?

First of all, large employers/multi-national companies would finally make significant savings in managing their workplace pensions across Europe, because they could operate with new economies of scale, they would have the centralisation of governance, common administration and investment policies and so on.

Furthermore, the development of the PEOP could encourage further occupational pensions coverage in Europe, especially in the countries where IORPs almost do not even exist. SMEs could also join the pan-European vehicles. Finally, members themselves would have the big advantage of being mobile without any problem around the portability of their pensions.

Also, we can assume that, if everyone is benefiting from greater economies of scale, this will mean lower costs all round which should mean larger pension pots in the long run for the members themselves. ■