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**Cross Border Benefits Alliance – Europe (CBBA-Europe)
Position Paper on the EC Proposed Revision of the Regulation (EU)
2019/1238 on a Pan European Personal Pension Product ("PEPP
Regulation")**

CBBA-Europe Mission:

The Cross Border Benefits Alliance Europe (CBBA-Europe) is a Brussels-based advocacy group with a mission to promote a more integrated EU and make it a truly great space of freedom and circulation for workers and employee benefit services as well as a hallmark of robust employee benefits coverage. We promote and support improved employee benefit solutions across Europe, bringing together the private sector, EU institutions and national authorities.

To do so, we monitor the EU ongoing policy initiatives and legislation, we collect input from our members via working groups, we draft position papers and prepare reports to submit to decision makers, making us a constructive and influential interlocutor representing the needs of all employee benefits actors in Europe.

Moreover, we host local national conferences as well as an annual conference in Brussels to discuss with all actors' best practices as well as obstacles in administering and deploying employee benefit solutions. We share latest trends, how different actors approach employee benefit solutions as well as common issues encountered that could be improved with changes to legislation.

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Introduction

On 20 November 2025, the European Commission published a legislative proposal on the revision of the Regulation (EU) 2019/1238 on a Pan European Personal Pension Product ("PEPP Regulation"). CBBA-Europe publishes this position paper on the proposed revision, in the context of the ongoing development of the EU Savings and Investments Union (SIU) and the broader Capital Markets Union (CMU). These initiatives take place against a backdrop of increasing concern about the structural weaknesses of the European economy, notably persistently low growth, insufficient investment in financial markets, and the limited mobilisation of long-term savings. As highlighted in the reports by Enrico Letta and Mario Draghi, many of these challenges had already been clearly identified well before the current geopolitical tensions and are now becoming even more pressing. In this context, strengthening the role of supplementary pensions—both occupational and personal—should be seen as a key component of the European strategy to enhance long-term investment capacity and support economic growth.

However, the persistent and often strong opposition by several Member States and interest groups to European legislative initiatives in this field reveals a deeper and unresolved issue: a fundamental ambiguity as to whether private pensions belong to the EU internal market.

CBBA-Europe believes that this ambiguity can no longer remain unaddressed and requires a clear and explicit response. From a legal perspective, private pensions—both occupational and personal—have long been recognised under EU Treaties and the jurisprudence of the Court of Justice as falling within the scope of the internal market. This does not negate the existence of important specificities, particularly in relation to labour law, social protection systems, collective bargaining agreements, and national frameworks, but it does establish a clear baseline: private pensions are economic activities operating within the internal market. What is increasingly problematic is the recurring tendency to reopen this settled question each time the European Union advances a legislative proposal, as if the internal market dimension of pensions were optional or conditional.

At the same time, CBBA-Europe fully recognises that occupational pension schemes remain subject to national social and labour law, and that no European initiative seeks to undermine collective bargaining arrangements, mandatory affiliation schemes, or genuinely solidarity-based pension funds. Pension schemes based on strong solidarity mechanisms have long been excluded from the application of EU competition law, following well-established rulings of the Court of Justice since the 1990s, and these exemptions remain fully valid. Claims that European pension initiatives would undermine such schemes therefore appear difficult to substantiate.

What is too often overlooked in this debate is the actual level of pension coverage across the European Union: only around 20% of the working-age population participates in occupational pension schemes, while personal pension coverage reaches approximately 18% of EU citizens, according to Eurobarometer data. This means that the majority of Europeans do not benefit from meaningful supplementary pension coverage. Even within occupational systems, schemes that are mandatory, based on sector-wide collective agreements, and strongly insulated from competition due to extensive solidarity and risk-sharing mechanisms represent only a limited share of the population, as they exist in only a small number of Member States. As a result, such arrangements remain the exception rather than the norm, while most occupational and personal pension schemes operate in practice within competitive and market-based environments. Designing European pension policy primarily around these exceptional cases risks overlooking the reality faced by the vast majority of citizens.

Recent high-level EU analyses converge on a consistent diagnosis: market fragmentation, insufficient economies of scale, limited competition, restricted consumer choice, and suboptimal investment outcomes. These are direct consequences of an internal market that remains incomplete, and continued resistance to integration in the private pension sector risks perpetuating these inefficiencies.

The reality is that, behind what are often presented as legitimate concerns—such as the defence of national social models—there may also be elements of economic protectionism.

By way of illustration, cross-border pension fund activities—despite being explicitly recognised, including in the Communication on the Savings and Investments Union—have never truly taken off. Importantly, these cross-border initiatives were not intended to concern

occupational pension schemes established through collective agreements with mandatory participation and strong solidarity features. Rather, they were primarily designed for companies employing workers across several EU Member States, seeking to establish pan-European pension arrangements in order to benefit from economies of scale in fund management and to facilitate worker mobility within the same corporate group across different countries. In practice, however, these initiatives have consistently faced significant obstacles, including regulatory barriers, delays in supervisory authorities' approvals, and, in the case of cross-border transfers of pension schemes, voting requirements for members and beneficiaries that are effectively impossible to meet in reality. As a result, cross-border activity has remained extremely limited. This situation points, once again, to a form of de facto protectionism, often justified under the broader objective of safeguarding national social systems.

The case of the tax treatment of the Pan-European Personal Pension Product (PEPP) is even more illustrative. While taxation remains largely a national competence, it should not be exercised in a way that undermines the functioning of the internal market. In the case of PEPP, where social and labour law considerations are not directly relevant, ensuring equal tax treatment between national personal pension products and the PEPP does not infringe upon fiscal sovereignty, but rather prevents the use of taxation as a tool to disadvantage a European product. Resistance to such tax neutrality, particularly in relation to third-pillar products, raises legitimate questions about the role of competition in these markets.

CBBA-Europe therefore considers that the time has come for a clear political choice: either Member States, which will soon take decisions on the European Commission's legislative proposals within the Council of the European Union, acknowledge that private pensions—both occupational and personal—form part of the EU internal market, with all the implications this entails, or they should explicitly recognise their reluctance to advance integration in this domain within the framework of the Savings and Investments Union.

Maintaining ambiguity and relying on selective arguments risks delaying necessary reforms, while a large share of Europeans remains without adequate pension coverage, long-term capital is insufficiently mobilised, economies of scale fail to materialise, and the structural weaknesses identified by EU institutions persist. Clarity is not only desirable—it is essential.

CBBA-Europe, in line with the very rationale of its creation, fully respects national specificities and well-functioning social systems, which no European initiative seeks to undermine. At the same time, however, it sees a significant untapped potential in the development of a genuine single market for private pensions—one that could enhance efficiency, improve investment returns (including in the real economy), financial markets, and ultimately strengthen both savings and future retirement outcomes for European citizens.

In a context where Europe is increasingly concerned about external trade barriers, it is worth recalling that, as highlighted by the International Monetary Fund—and echoed in high-level European debates, including by Mario Draghi and Ursula von der Leyen—the European Union faces internal barriers in the services sector equivalent to a tariff of around 110%,

largely driven by regulatory fragmentation, including national rules, authorisation procedures, professional requirements, and legal divergences. This striking figure illustrates the extent to which fragmentation continues to hinder the effective functioning of the internal market and constrain the full development of the European economy.

1. Executive Summary

CBBA-Europe welcomes the European Commission's initiative to revise the regulatory framework governing the Pan-European Personal Pension Product (PEPP) published on 20 November 2025. This position is fully consistent with the views already expressed by CBBA-Europe in its 2025 response to the European Commission targeted consultation on supplementary pensions¹. The proposed reform constitutes a timely and necessary step to address the limited market uptake observed since the entry into force of the original Regulation and to realign the framework with the operational realities of long-term savings markets across the European Union.

In particular, CBBA-Europe strongly supports the simplification measures introduced in the revised proposal. The removal of the mandatory guaranteed basic PEPP in favour of more flexible life-cycle investment strategies represents a significant improvement, better reflecting long-term investment principles and allowing for more efficient risk-return profiles over the accumulation phase. CBBA-Europe had already underlined in 2025 that overly rigid capital-protection features and related constraints risked limiting the attractiveness and scalability of the PEPP. Likewise, the elimination of the fee cap linked to mandatory advice — in parallel with making advice non-compulsory — reduces unnecessary constraints and enhances the commercial viability of the product.

CBBA-Europe also welcomes the streamlining of investment rules and the more pragmatic approach to national sub-accounts. In particular, allowing the creation of PEPPs operating within a single Member State, without the obligation to offer multiple national sub-accounts from the outset, represents a significant simplification. This flexibility is likely to reduce operational complexity and entry barriers for providers, facilitating market entry and enabling a gradual expansion towards cross-border provision over time. At the same time, CBBA-Europe underlines that the long-term objective of the PEPP should remain the development of a genuinely pan-European product, and that this increased flexibility should not lead to the fragmentation of the market into purely national solutions under a European label.

Most importantly, CBBA-Europe strongly supports the shift towards a legislative approach to ensuring equal tax treatment between PEPPs and national personal pension products. Moving beyond non-binding recommendations to a more robust framework for fiscal neutrality is essential to create a level playing field and to unlock the cross-border potential of the PEPP.

Finally, CBBA-Europe considers the introduction of an occupational PEPP as a particularly important and forward-looking development. Providing a clearer framework for employer-sponsored PEPP arrangements could significantly enhance uptake, facilitate broader

¹ https://www.cbba-europe.eu/wp-content/uploads/2024/08/02_CBBA-Europe_answer_to_EC_Consultation_on_pensions_2025_final_website.pdf

coverage, and contribute to the development of complementary funded pension pillars across Member States.

Overall, the proposed revision goes in the right direction by addressing key structural shortcomings of the original framework and introducing meaningful simplifications and innovations. CBBA-Europe encourages the European Parliament and the Council to preserve the core elements of the Commission's proposal throughout the legislative process. In particular, it is essential that the main innovations — including greater product flexibility, improved fiscal alignment, and the introduction of an occupational dimension — are not diluted during negotiations. Maintaining the integrity of these reforms will be critical to ensuring that the PEPP can finally develop into a viable and genuinely pan-European pension product.

More broadly, the present paper should be read as a continuation of the constructive positions already put forward by CBBA-Europe during the 2025 consultation process, now assessed in light of the Commission's legislative proposal.

Key recommendation

CBBA-Europe calls on the European Parliament and the Council to preserve the core simplifications and structural innovations introduced by the European Commission in the PEPP revision — in particular regarding product flexibility, the removal of unnecessary constraints, the move towards effective fiscal neutrality, and the introduction of an occupational PEPP — ensuring that the final framework remains operationally viable and capable of supporting the development of a truly pan-European pension market.

2. Life-cycle Investment Strategies

CBBA-Europe strongly supports the introduction of life-cycle investment strategies as the default approach within the PEPP framework, as reflected in the proposed amendments to Articles 42 and 46 of the PEPP Regulation. Extensive empirical evidence, including findings from the OECD Pensions Outlook 2024, confirms that life-cycle allocation represents a sound and effective model for long-term retirement savings, allowing for an appropriate balance between growth and risk management over the accumulation phase.

This approach reflects the position already advanced by CBBA-Europe in 2025, namely that life-cycle strategies constitute a more suitable default design for long-term retirement saving than mandatory capital-preservation mechanisms.

From a behavioural perspective, the design of the Basic PEPP as a default option is of particular importance. Extensive evidence in behavioural economics shows that a large majority of savers tend to remain in default arrangements over long periods of time. The structure of the default option therefore plays a decisive role in shaping long-term retirement outcomes. A well-designed life-cycle approach can support more appropriate long-term

investment behaviour by gradually adjusting risk exposure over time, while avoiding the need for complex and repeated investment decisions by individual savers.

In this context, CBBA-Europe also welcomes the removal of the obligation to rely on complex and costly stochastic modelling. Such requirements have proven to be operationally burdensome and of limited added value, particularly in a product that aims to achieve scale across diverse markets. Their removal constitutes an important step towards making the PEPP framework more proportionate, operationally feasible and attractive for providers.

From a market perspective, the adoption of life-cycle strategies as a default design significantly enhances the scalability and cross-border viability of the PEPP. A standardised, well-understood investment approach facilitates product replication across jurisdictions, reduces implementation costs and supports the development of pan-European solutions. This is particularly important in the context of the Savings and Investments Union, where the objective is to channel household savings into long-term, productive investments.

More fundamentally, the widespread prevalence of overly conservative allocation patterns across European household savings represents a structural weakness of the EU financial system. A significant share of savings remains concentrated in low-yield, short-term or unproductive assets, limiting both individual retirement outcomes and the capacity of the European economy to finance long-term investment. In this context, a life-cycle-based PEPP framework can play a corrective role by gradually reorienting savings towards growth assets, thereby contributing both to better pension adequacy and to broader capital market development.

At the same time, CBBA-Europe recognises that saver preferences across Member States remain heterogeneous, and that capital-protected solutions continue to play a role in certain markets. In this respect, it is appropriate that capital-protected options remain available within the PEPP framework. However, such features should not define the default design. A life-cycle-based Basic PEPP represents a more suitable structure for long-term retirement saving, while capital-protected variants should be offered as alternative options tailored to specific risk preferences.

Finally, ensuring transparency and informed choice remains essential. Providers and distributors should clearly inform savers of the different PEPP designs available, including capital-protected options, and provide accessible and comprehensible information on their characteristics, costs and long-term implications. This is particularly important in a cross-border context, where comparability and clarity are key to building trust and facilitating uptake.

Key recommendation

CBBA-Europe recommends establishing life-cycle investment strategies as the default design for the Basic PEPP, while ensuring that the regulatory framework remains sufficiently flexible and proportionate to support scalable and cross-border product development. In particular, the framework should avoid reintroducing complex or prescriptive requirements that would undermine provider participation. At the same time, capital-protected options

should remain available as alternative choices to accommodate diverse saver preferences, without shaping the default structure. This balanced approach is essential to improve long-term retirement outcomes, enhance the attractiveness of the PEPP for providers, and support the broader objectives of the Savings and Investments Union by facilitating a gradual reallocation of household savings towards productive investments.

3. Choice of Risk Profiles

In addition to the default design, CBBA-Europe considers it appropriate to allow savers to choose among a limited number of broad risk profiles (e.g. prudent, balanced, dynamic), in line with existing market practices. Similar approaches are already implemented in national frameworks such as the French PER, and are also widely used across occupational defined contribution (DC) pension schemes throughout Europe, where members are typically offered a structured set of investment options reflecting different risk-return preferences.

Such a framework strikes an appropriate balance between simplicity and flexibility. It preserves a clear and accessible product architecture while acknowledging the heterogeneity of saver profiles in terms of risk tolerance, financial literacy and retirement horizons. At the same time, limiting the number of options avoids excessive complexity and supports comparability across providers and jurisdictions.

From a market perspective, a standardised set of risk profiles enhances the scalability and cross-border viability of the PEPP. A harmonised product structure facilitates distribution, reduces implementation costs and allows providers to replicate offerings across multiple Member States. This is particularly relevant in the context of a European market increasingly characterised by the growth of defined contribution schemes, in which individuals bear investment risk and are therefore typically offered a range of investment options aligned with different risk profiles.

Furthermore, allowing more dynamic risk profiles enables a greater allocation to long-term and less liquid assets, including private and unlisted investments. This is fully consistent with the broader objectives of the Savings and Investments Union, as it supports the mobilisation of household savings towards long-term productive capital and strengthens the role of pension savings as a source of financing for the European economy.

Key recommendation

CBBA-Europe recommends complementing the default life-cycle strategy with a limited and standardised set of risk profiles (e.g. prudent, balanced, dynamic), aligned with established practices in European DC pension schemes and national frameworks such as the French PER. This approach ensures an appropriate balance between simplicity and flexibility, supports comparability across providers and Member States, and enhances the scalability and cross-border viability of the PEPP. At the same time, enabling higher-risk profiles to incorporate long-term and less liquid assets is essential to strengthen the contribution of

PEPP to the objectives of the Savings and Investments Union and to the financing of the European real economy.

4. Removal of Mandatory National Sub-Accounts

CBBA-Europe supports the removal of the current requirement under Article 18(3) for providers to offer national sub-accounts in at least two Member States. CBBA-Europe had similarly argued in 2025 for a more proportionate approach that would preserve the cross-border nature of the PEPP while reducing unnecessary barriers to market entry. Requiring a fully-fledged pan-European operational infrastructure has proven to be a significant barrier to market entry, particularly for smaller and mid-sized providers. Allowing providers to launch PEPPs in a single Member State and expand cross-border progressively reflects actual business models, reduces operational complexity and facilitates market development.

From a consumer perspective, CBBA-Europe considers that the functioning of the PEPP portability framework should remain as simple and user-friendly as possible for savers. The current system of national sub-accounts already provides mechanisms allowing portability across Member States, notably through the possibility to maintain existing sub-accounts, contribute to sub-accounts linked to a new Member State where available, or transfer to another PEPP provider where necessary.

At the same time, CBBA-Europe recognises that national sub-accounts remain closely linked to national fiscal frameworks and, in certain respects, to social and labour law specificities. In this context, their full replacement by a single pan-European structure does not currently appear realistic or necessarily desirable.

Nevertheless, the practical operation of the system should seek to minimise unnecessary administrative complexity and ensure that savers can easily understand and manage their retirement savings across borders. In particular, greater simplification, coordination and user-friendly implementation could further enhance the attractiveness and usability of the PEPP for mobile workers and internationally active savers, while fully respecting national competences and market realities.

At the same time, CBBA-Europe considers it essential to preserve the intrinsically cross-border nature of the PEPP. While the current revision appropriately removes rigid requirements, it also eliminates a structural element that ensured a minimum level of cross-border functionality under the original framework. In this respect, portability should not act as a precondition preventing product launch, but it should remain a core objective embedded in the design of the product.

A balanced approach would therefore consist in introducing a gradual and proportionate obligation for providers to extend their PEPP offering beyond the initial Member State within a reasonable timeframe. Compared to the current framework — which requires the availability of sub-accounts in at least two Member States within three years — a more flexible solution could be envisaged, such as requiring the availability of at least one

additional national sub-account over a longer transition period. This would preserve the pan-European character of the PEPP while ensuring that the framework remains operationally feasible and attractive for providers.

Such an approach would allow portability to develop in a realistic and market-driven manner, while avoiding the risk that the PEPP evolves into a purely domestic product operating under a European label. Maintaining a credible cross-border dimension is essential to safeguard the added value of the PEPP within the Single Market and to support its contribution to the objectives of the Savings and Investments Union.

CBBA-Europe also underlines the importance of ensuring legal and fiscal clarity in situations where savers relocate and continue contributing to an existing sub-account. In line with the Commission's proposal to ensure equal tax treatment between PEPPs and national personal pension products, contributions made in the Member State of residence should benefit from a tax treatment equivalent to that applicable to comparable national products. This is a key condition to ensure both fairness and effective portability in practice.

Finally, CBBA-Europe considers that the framework should allow for efficient and low-friction transfers between PEPPs and national personal pension products. In particular, where a saver establishes long-term residence in a given Member State, the possibility to transfer accumulated assets into a domestic pension product should be facilitated. Such flexibility would enhance consumer confidence, reduce perceived lock-in effects, and support the overall attractiveness of the PEPP without undermining its cross-border logic.

Key recommendation

CBBA-Europe recommends maintaining a gradual but binding cross-border dimension within the PEPP framework by introducing a proportionate obligation for providers to expand beyond a single Member State within a defined timeframe. In particular, while supporting the removal of overly rigid requirements, the framework should require the availability of at least one additional national sub-account over an extended transition period. This approach strikes a necessary balance between reducing entry barriers and preserving the core pan-European nature of the product. In parallel, the framework should ensure full fiscal neutrality for cross-border contributions and facilitate efficient transfers between PEPPs and national pension products, thereby enabling real and effective portability for savers across the Union.

5. Access to Advice

CBBA-Europe strongly supports the proposed amendments to Articles 34 and 43 removing the previous obligation to bundle personalised advice within the Basic PEPP framework. As already noted by CBBA-Europe in 2025, the combination of mandatory advice and rigid fee caps risked undermining the commercial viability of the PEPP for providers. While access to advice can play an important role in supporting informed long-term saving decisions, the previous framework, which combined mandatory advice with a strict fee cap, created a structurally unviable model for providers. In practice, it imposed the provision of advice while

simultaneously restricting the ability to recover its cost, thereby significantly undermining the commercial viability of the product.

The removal of this constraint represents a necessary correction. It allows for a more sustainable and realistic approach, whereby advice can be provided where appropriate, but without imposing rigid and economically distortive requirements on providers.

CBBA-Europe considers that providers should retain full flexibility in how advice is offered. This may include providing advice on a paid basis, offering it free of charge where economically viable, or distributing the product on an execution-only basis. In particular, where savers request advice, it is appropriate that such services are provided transparently and at a cost that can be clearly attributed, rather than implicitly embedded within product charges.

At the same time, it is important to distinguish clearly between advice and distribution. The costs associated with engaging, informing and onboarding potential savers are structurally different from those linked to the provision of personalised advice. The previous framework blurred this distinction, creating situations in which providers were required to deliver advice even where no product subscription ultimately took place, thereby generating unrecoverable costs. A more flexible framework allows providers to better manage these processes and align costs with actual product uptake.

Ensuring a level playing field between PEPPs and national personal pension products remains essential. The regulatory framework should not impose specific constraints on PEPP distribution or advice models that would place it at a disadvantage compared to domestic products. Providers should be able to operate under conditions equivalent to those applicable to comparable national products, adapting to local regulatory requirements where necessary.

CBBA-Europe supports a proportionate approach based on transparency. Savers should be clearly informed about the nature of the service provided and any relevant implications, enabling informed decision-making without restricting the range of available distribution models.

Finally, CBBA-Europe supports the development of digital channels and guidance tools, particularly in relation to advice and product selection. Digital solutions can offer significant efficiency gains, reducing costs for providers and, consequently, for savers, thereby improving overall accessibility and affordability of the PEPP.

However, digital channels should not be seen as the only or mandatory approach. The choice of distribution and advice model should remain with PEPP providers, who are best placed to determine the most appropriate combination of digital and in-person channels depending on their business model, target clients and market context. In many cases, in-person interaction remains an important component of the distribution process, particularly where advice and customer engagement are closely linked.

A well-functioning PEPP framework should therefore preserve full flexibility in distribution models, and when and if the advice is requested, avoiding prescriptive approaches and allowing providers to choose the most effective and sustainable way to reach and serve savers.

Key Recommendation:

CBBA-Europe recommends ensuring full flexibility in the provision of advice within the PEPP framework, without prescriptive requirements or mandatory cost bundling. Advice should be available upon request and may be offered on a paid or free basis, at the discretion of providers. It is essential to preserve a level playing field with national personal pension products, avoiding any regulatory asymmetry that would disadvantage PEPP providers. More broadly, providers should remain free to determine their distribution and advice models — whether digital, in-person or hybrid — in line with market practices and economic sustainability.

6. Use of PEPP in Workplace Arrangements

CBBA-Europe welcomes the possibility for Member States to allow the use of PEPPs in workplace pension arrangements. This is in line with CBBA-Europe's longstanding support, already expressed in 2025, for the development of an occupational or workplace dimension within the PEPP framework, while fully respecting national labour and social law traditions. It is important that such developments respect national social and labour law, including the role of social partners and the outcomes of collective bargaining agreements, particularly in Member States where occupational pension systems are well established.

At the same time, CBBA-Europe considers that, where occupational pension systems operate within a framework that allows for competition, including situations where schemes function as default options but do not exclude alternative arrangements, workplace PEPPs should be able to compete on an equal footing. In such contexts, restricting access to PEPP-based solutions would risk limiting innovation and reducing choice for both employers and employees. For example, in systems where occupational pensions are structured on a defined contribution basis and operate with individualised accounts, workplace PEPPs should be recognised as a natural complement within a broader competitive landscape. In such cases, ensuring openness to PEPP-based solutions would be consistent with the underlying logic of these systems.

This principle should also apply in auto-enrolment systems, where these operate within a competitive environment. Where multiple providers or schemes are permitted, PEPP-based workplace solutions should be allowed to participate under equivalent conditions, ensuring a level playing field and fostering efficiency and better outcomes for savers.

Beyond addressing coverage gaps, notably among SMEs, mobile workers and the self-employed, CBBA-Europe considers that workplace PEPPs may also offer significant value for large multinational companies. For employers operating across several Member States,

PEPP-based solutions could provide a scalable and cost-efficient framework to offer pension benefits to employees in different jurisdictions, while supporting workforce mobility and generating economies of scale.

Overall, CBBA-Europe considers that workplace PEPPs should be viewed not only as a complementary tool to extend coverage, but also as a flexible instrument capable of supporting the evolution of occupational pension provision in a more integrated and mobile European labour market, while fully respecting national specificities.

Key Recommendation:

CBBA-Europe welcomes the possibility for PEPPs to be used in workplace arrangements by employers across the European Union. CBBA-Europe recommends allowing workplace PEPPs to compete on an equal footing with existing occupational pension schemes wherever these operate within a competitive framework, including in auto-enrolment systems with multiple providers. At the same time, the framework should fully respect and preserve occupational pension arrangements established through collective agreements and made mandatory under national law. This balanced approach is essential to safeguard well-functioning systems while enabling innovation, supporting cross-border workforce mobility, and allowing PEPP-based solutions to contribute to a more integrated and efficient European occupational pensions landscape.

7. Flexibility to Offer Basic and/or Tailored PEPP

CBBA-Europe notes that the Commission's proposal introduces a simplified Basic PEPP alongside more flexible Tailored PEPP options, while removing several structural constraints embedded in the original framework. This evolution towards a more flexible product architecture suggests a shift away from rigid design requirements. In this context, it can reasonably be inferred that providers should no longer be required to offer both a Basic and a Tailored PEPP but should instead be allowed to focus on one or the other, depending on their business model and market positioning.

CBBA-Europe supports this increased flexibility for providers in designing and offering PEPP products. Removing rigid product design requirements is essential to lower entry barriers, accommodate different business models and foster innovation in the market.

A prescriptive "one-size-fits-all" approach has proven to be one of the key factors limiting the initial uptake of the PEPP. Allowing providers to focus on the product segment that best aligns with their expertise, distribution model and target market enhances the overall attractiveness and scalability of the framework.

At the same time, it is important to ensure transparency for savers. Where a provider offers only a Tailored PEPP, which may involve higher costs or more complex features, this should be clearly communicated, enabling consumers to make informed choices and, where relevant, compare with Basic PEPP offerings available from other providers.

More broadly, the PEPP framework should remain neutral with respect to business models and product design, avoiding regulatory constraints that could place PEPP providers at a disadvantage compared to national personal pension products. Ensuring such flexibility is key to supporting competition, innovation and the development of a viable pan-European market.

Key Recommendation:

CBBA-Europe recommends confirming that the revised PEPP framework allows providers to offer either a Basic PEPP, a Tailored PEPP, or both, without any obligation to provide a dual product structure. This flexibility is essential to reduce entry barriers, support diverse business models and ensure a level playing field with national personal pension products, thereby fostering competition and enhancing market uptake.

8. Decumulation Phase

CBBA-Europe notes that the Commission's proposal does not introduce substantive changes to the decumulation framework, leaving payout options largely to Member States and contractual arrangements. This approach is appropriate, given the strong link between decumulation rules and national legal, fiscal and social frameworks.

In this context, CBBA-Europe considers that the PEPP framework should remain non-prescriptive with regard to payout options, avoiding any interference with national competences. At the same time, it is essential to ensure that PEPPs can offer, at a minimum, the full range of decumulation options available to comparable national personal pension products within each jurisdiction. This is a key condition to guarantee a level playing field and to avoid placing PEPPs at a competitive disadvantage.

Similarly, where PEPPs are used in workplace arrangements, they should be able to provide payout options equivalent to those available under existing occupational pension schemes. Ensuring such alignment is critical for the credibility and attractiveness of workplace PEPP solutions.

Beyond this baseline, CBBA-Europe welcomes the possibility for providers to develop innovative decumulation solutions, where these are permitted under national law. Such innovation can enhance the attractiveness of the PEPP and better respond to diverse saver needs, while remaining fully consistent with domestic regulatory frameworks.

Overall, the success of the PEPP as a long-term retirement product will depend not only on accumulation features, but also on the availability of flexible, competitive and appropriate decumulation options across Member States.

CBBA-Europe also underlines that the decumulation phase requires specific expertise in longevity-risk management, income stabilisation and guarantee structures. Ensuring adequate retirement income throughout increasingly long retirement periods involves

complex actuarial and prudential considerations that differ substantially from pure accumulation products.

In this respect, insurers and pension institutions subject to European prudential frameworks have developed significant expertise in managing long-term retirement liabilities and guarantees. The regulatory framework should therefore preserve sufficient flexibility to allow providers with such capabilities to continue offering sophisticated decumulation solutions adapted to different saver needs and national market realities.

Key Recommendation:

CBBA-Europe recommends maintaining a non-prescriptive approach to the decumulation phase, fully respecting national competences, while ensuring that PEPPs can offer at least the same range of payout options as comparable national personal and occupational pension products within each Member State. At the same time, the framework should allow for the development of innovative decumulation solutions where permitted under national law, thereby enhancing the attractiveness and effectiveness of the PEPP as a long-term retirement product.

9. Transfer Rights

CBBA-Europe strongly supports the strengthening of transfer rights within the PEPP framework, as they are essential to promote competition, enhance consumer choice and support the development of an efficient and integrated European market for supplementary pensions. Effective transferability should enable savers to move between products in response to their evolving needs and preferences, thereby fostering a more dynamic and competitive landscape.

In this context, it is essential that transferability operates in a fully symmetrical manner. While the Commission's proposal appears to facilitate transfers from national personal pension products to PEPPs, equivalent rights should also be ensured in the opposite direction. Savers should be able to transfer assets from a PEPP to national personal pension products under comparable conditions, without undue restrictions. Transferability should enable competition and not bias it in favour of any particular product type.

Ensuring a level playing field between PEPPs and national products is therefore critical. Transfer rules should not create incentives or disincentives that artificially favour one category over another, but rather allow market dynamics and product value to guide saver choices. In this respect, tax neutrality and the absence of discriminatory charges are key conditions to ensure fair and effective portability.

At the same time, CBBA-Europe recognises that informed decision-making is essential to avoid unintended outcomes. Savers should have access to clear, comparable and meaningful information on key product features — including costs, risk profiles, objectives

and performance — enabling a proper assessment of value for money when considering a transfer.

CBBA-Europe also supports the development of clear and standardised transfer procedures, which would enhance predictability for savers and operational certainty for providers, particularly in a cross-border context where legal and fiscal frameworks differ across Member States.

Furthermore, transferability should extend to workplace arrangements. Where appropriate and consistent with national social and labour law, transfers should be possible between workplace PEPPs and occupational pension schemes, including IORPs, in both directions. CBBA-Europe particularly welcomes the inclusion of transfer possibilities between PEPPs and occupational pension schemes, including IORPs, as an important step towards strengthening portability within the European supplementary pensions landscape. Facilitating transfers across different pension vehicles is essential to support labour mobility, accommodate increasingly international career paths and reduce fragmentation within the European pensions market. In this respect, effective and operational transfer rights constitute a key component in the development of a more integrated and competitive European framework for long-term retirement savings. This is particularly important to ensure continuity of pension savings in the context of increasingly mobile careers across the European Union.

While supporting enhanced transferability, CBBA-Europe also acknowledges the need for proportionate safeguards to discourage excessively frequent switching, which could undermine long-term investment strategies and generate unnecessary costs.

Overall, a well-designed transfer framework should facilitate mobility, enhance competition and strengthen trust in supplementary pensions, while remaining neutral, proportionate and fully respectful of national specificities.

Key Recommendation:

CBBA-Europe recommends establishing fully symmetrical transfer rights between PEPPs and national personal and occupational pension products, ensuring that savers can move freely in both directions under equivalent conditions. Transferability should enable competition and not bias it, requiring full tax neutrality, the absence of discriminatory charges, and a level playing field across all products. A clear, standardised and proportionate transfer framework — including for workplace arrangements and IORPs — is essential to support mobility, informed choice and the development of a genuinely competitive European pensions market.

10. Risk Disclosure and Modelling

CBBA-Europe supports the simplification of risk-return disclosures and the removal of overly prescriptive modelling requirements, including the previous reliance on mandatory stochastic modelling. These changes represent an important step towards a more

proportionate and effective framework, better aligned with the needs of retail savers and the operational realities faced by providers.

Highly technical modelling requirements tend to increase costs while providing limited practical benefit to savers, who often find probabilistic projections difficult to interpret. In this respect, clearer and more accessible information — including appropriately presented historical performance — can provide a more meaningful basis for decision-making.

CBBA-Europe therefore supports further simplification of disclosure requirements, including in key documents such as the Pension Benefit Statement, with a focus on clarity, comparability and usability for savers.

This is particularly important in the context of Pension Benefit Statements and standardised disclosure models. Information should be designed in a way that can be understood quickly and intuitively by savers, avoiding excessive technical complexity and information overload. Overly detailed or highly technical disclosures may ultimately discourage engagement and contribute to decision paralysis rather than improving financial understanding. In this respect, simplified and standardised communication models developed at European level can play an important role in enhancing comparability, transparency and saver engagement across the Union.

At the same time, the regulatory framework should remain neutral with regard to modelling techniques. Providers should retain the flexibility to use established actuarial and risk management tools where these are appropriate for product design and internal risk monitoring, without being subject to rigid or prescriptive requirements.

Key Recommendation:

CBBA-Europe recommends maintaining a simplified and non-prescriptive approach to risk disclosure, avoiding mandatory modelling techniques while ensuring clarity and comparability for savers and preserving flexibility for providers.

11. Fees and Consumer Protection

CBBA-Europe recognises that the level of fees is a key concern for savers and that ensuring cost-efficient retirement outcomes is essential to build trust and encourage participation. At the same time, experience with the original PEPP framework has demonstrated that the 1% fee cap for the Basic PEPP, while well-intentioned from a consumer protection perspective, has significantly constrained market development.

Personal pension products are typically offered by profit-oriented providers operating in competitive markets. Any regulatory framework must therefore take into account the economic reality that providers need sustainable business models in order to enter and remain active in the market. The previous design, combining a strict fee cap with additional obligations such as mandatory advice, failed to strike an appropriate balance between consumer protection and commercial viability. In practice, it placed PEPP providers at a

competitive disadvantage compared to national personal pension products not subject to similar constraints, thereby discouraging participation and limiting product availability. As a result, the fee cap risked producing the opposite of its intended effect: reducing consumer choice and access by preventing the emergence of a functioning market.

Recent policy discussions in several Member States further illustrate the limitations and potential unintended consequences of rigid fee-cap approaches in long-term retirement products. In particular, ongoing debates in Germany concerning maximum cost thresholds for pension products, together with the experience of the United Kingdom with the 75-basis points cap applied to default auto-enrolment arrangements, highlight the risks associated with excessively restrictive pricing frameworks. While fee limitations may initially appear attractive from a consumer protection perspective, overly rigid caps can ultimately reduce product diversity, discourage provider participation and weaken the long-term development of sustainable retirement solutions.

In practice, excessively restrictive cost caps may create distortive market and behavioural effects by encouraging excessive focus on headline pricing rather than overall retirement outcomes. Such approaches risk discouraging advisory services, active portfolio management, sophisticated ESG integration, investments in private and illiquid assets, and long-term investment strategies supporting European infrastructure, innovation and strategic sectors. More broadly, they may unintentionally favour highly standardised and commoditised low-cost investment solutions at the expense of diversification, flexibility and long-term value creation.

Experience also suggests that low-cost default structures focused predominantly on traditional listed equity and bond allocations may prove insufficient to address the broader challenges of retirement adequacy and decumulation. In particular, the absence of robust longevity-risk management mechanisms and appropriate retirement income solutions during the payout phase may expose retirees to a greater risk of insufficient income over time. In this respect, ensuring adequate retirement outcomes requires not only cost efficiency, but also appropriate risk management, diversification and long-term sustainability.

For these reasons, CBBA-Europe considers that a Value for Money approach represents a more appropriate and balanced framework than rigid ex-ante fee caps. A well-designed VfM framework allows proper consideration not only of costs, but also of long-term net performance, diversification, quality of risk management, access to advice, sustainability objectives and overall retirement outcomes. By contrast, excessively rigid fee caps may operate as implicit pricing anchors, encouraging excessive focus on headline costs while discouraging the inclusion of high-value services such as quality advisory support, active portfolio management, sophisticated ESG integration, private market exposure and long-term investment strategies supporting European infrastructure and strategic sectors.

A framework that prioritises affordability without ensuring supply cannot deliver meaningful benefits to savers.

CBBA-Europe therefore supports the removal of rigid fee caps and a shift towards a market-based approach, where competition, scalability, digital distribution and cross-border participation can contribute to sustainable cost discipline over time. This approach is more likely to foster innovation, increase provider participation and ultimately lead to better outcomes for savers.

At the same time, strong transparency requirements remain essential. Savers should receive clear, comparable and prominent information on all costs, including their long-term cumulative impact on retirement outcomes, enabling informed decision-making and effective comparison across products.

Ensuring a level playing field between PEPPs and national personal pension products is critical in this context. The regulatory framework should avoid imposing constraints on PEPPs that are not applied to comparable domestic products, allowing competition to operate on equal terms.

Furthermore, CBBA-Europe considers it important to clarify the VAT treatment applicable to PEPP-related services, particularly in relation to management, distribution and advisory activities. Differences in VAT treatment between providers operating under different legal or organisational structures may create significant distortions in the market and undermine the level playing field between comparable pension products and services. This issue had already been highlighted by CBBA-Europe in its 2025 response to the European Commission consultation, notably in relation to the interaction between VAT, distribution costs and fee limitations applicable to the Basic PEPP. Where equivalent pension services are subject to different VAT treatment depending on the provider structure or national tax framework, providers may face materially different cost bases despite offering functionally similar products. Such asymmetries risk discouraging market participation, reducing competition and limiting consumer choice. Greater clarity and consistency in the treatment of VAT-related costs would therefore contribute to a more neutral and effective framework for the development of a genuinely pan-European pensions market.

Finally, in the context of workplace PEPPs, cost efficiency should be assessed in light of existing occupational pension arrangements operating in competitive environments. Rather than imposing ex ante regulatory limits, the framework should allow market dynamics, including economies of scale and employer-driven arrangements, to determine appropriate cost levels.

Key Recommendation:

CBBA-Europe recommends avoiding the introduction of rigid fee caps within the PEPP framework and instead relying on competition, transparency and market dynamics to ensure cost efficiency. Personal pension products are offered by profit-oriented providers and require economically viable conditions to develop; regulatory constraints that undermine commercial sustainability risk preventing market entry altogether. It is therefore essential to guarantee a level playing field with national personal pension products, ensuring that PEPPs

are neither subject to more restrictive cost rules nor placed at a competitive disadvantage, while maintaining strong and comparable cost transparency for savers.

12. Value for Money

CBBA-Europe recognises the importance of ensuring that savers are effectively protected against products that may deliver poor retirement outcomes and acknowledges the policy objective underpinning the introduction of Value for Money (VfM) considerations within the PEPP framework. Ensuring that long-term savings products generate adequate and sustainable retirement income is indeed a central element in building trust and fostering participation.

At the same time, CBBA-Europe considers that the concept of VfM, particularly in the context of long-term pension products, requires a careful and nuanced application. The fundamental determinant of value — long-term investment performance — can only be meaningfully assessed ex post, over extended time horizons. Pension outcomes depend on a complex and dynamic interaction between asset allocation, market developments, risk management and costs, which cannot be fully captured through static or ex-ante indicators.

In this respect, an overly prescriptive approach to VfM at the product design or approval stage risks placing disproportionate emphasis on immediately observable metrics, notably fees, while underestimating the importance of long-term return generation. Such an approach may unintentionally incentivise overly conservative investment strategies that perform well against short-term benchmarks but fail to deliver adequate real returns over time, thereby undermining the core objective of retirement adequacy.

CBBA-Europe therefore emphasises that VfM should not be equated with low cost alone.

This is particularly relevant in the context of increasingly sophisticated retirement products involving long-term diversification, private market exposure, ESG integration, lifecycle allocation and decumulation management. Excessive focus on headline fee levels may discourage investment approaches capable of delivering stronger long-term retirement outcomes and may inadvertently reduce the availability of advisory and risk-management services that remain important for many savers.

In addition, retirement products involving guarantees, longevity protection or complex decumulation features require specialised expertise in actuarial modelling, liability management and long-term risk assessment. In this respect, insurers and pension institutions operating under established European prudential frameworks — including Solvency II and IORP regimes — play a particularly important role in managing retirement-related risks over the long term.

A comprehensive assessment of value must consider net real returns over the long term, alongside other relevant product features such as flexibility, range of investment options, risk mitigation mechanisms and access to advice. In certain cases, higher costs may be justified where they are associated with enhanced product quality, broader choice or improved outcomes for savers.

Furthermore, given the current limited development of the PEPP market, the use of benchmarking tools at this stage may prove premature and potentially unreliable. Insufficient market depth and comparability could lead to distortive outcomes or unintended standardisation effects that constrain innovation and product diversity.

In light of these considerations, CBBA-Europe supports an approach to VfM that is primarily outcome-oriented and grounded in transparency. Robust and standardised disclosure of costs, clear reporting of realised performance over time, and enhanced comparability between products can provide savers with the tools necessary to assess value in a meaningful way. Such a framework preserves the flexibility required for providers to pursue long-term investment strategies, while ensuring accountability and informed decision-making.

Ultimately, a well-calibrated VfM framework should enhance consumer protection without constraining market development, innovation or the capacity of providers to deliver sustainable long-term returns.

Key Recommendation:

CBBA-Europe recommends adopting an outcome-based and non-prescriptive approach to Value for Money, avoiding rigid ex-ante benchmarking frameworks that may distort product design or investment strategies. VfM should be assessed primarily through transparent disclosure, comparability and realised long-term performance, ensuring that consumer protection is achieved without undermining innovation, competition or the capacity to deliver adequate retirement outcomes.

13. Tax Treatment

CBBA-Europe emphasises that favourable and consistent tax treatment is a decisive factor for the success of the PEPP. Experience across Member States clearly demonstrates that voluntary long-term savings products are highly sensitive to fiscal incentives. Without tax treatment aligned with that of comparable national pension products, the uptake of the PEPP will remain limited, regardless of improvements in the regulatory framework.

From a behavioural perspective, the visibility and immediacy of tax incentives are also critical to saver engagement. Long-term retirement saving naturally competes with short-term consumption preferences, and behavioural evidence consistently shows that individuals tend to prioritise immediate and tangible benefits over distant future outcomes. In this context, tax advantages must not only exist in formal terms, but must also be clear, understandable and sufficiently visible to consumers. Ensuring tax treatment at least equivalent to that of comparable national products is therefore not only a matter of fair competition and internal market neutrality, but also a necessary condition to overcome saver inertia and encourage long-term participation. This objective was already identified by

CBBA-Europe in 2025 as one of the decisive conditions for the successful market development of the PEPP.

In this regard, CBBA-Europe strongly welcomes the evolution in the Commission's approach. Under the current framework, equal tax treatment between PEPPs and national personal pension products was addressed only through a non-binding Recommendation, which proved insufficient to ensure consistent implementation across Member States. The proposed shift towards a more robust, and where possible binding, framework for fiscal equal treatment represents a significant and necessary step forward. It reflects a more realistic understanding of the central role of taxation in shaping market outcomes and constitutes a key condition for the effective functioning of the PEPP.

At the same time, CBBA-Europe underlines that this principle of equal treatment should apply comprehensively across both personal and workplace contexts. PEPPs should benefit from tax treatment comparable to that of national personal pension products, while workplace PEPPs should be granted tax treatment equivalent to that applicable to occupational pension schemes within each Member State. This is particularly important where workplace PEPPs are allowed to operate in competitive environments, including auto-enrolment systems with multiple providers. In such contexts, any fiscal asymmetry would directly distort competition and prevent PEPP-based solutions from effectively participating in the market.

CBBA-Europe recognises that Member States retain competence over the design of their tax systems, including the taxation of pension products. However, this competence must be exercised in a manner consistent with the principles of the internal market. Taxation should not be used as a means to discriminate against cross-border products or to create unjustified barriers to the free movement of services and the freedom of establishment. This principle has been consistently upheld in the case law of the Court of Justice of the European Union. Ensuring that PEPPs are not subject to less favourable tax treatment than comparable domestic products is therefore not only an economic necessity, but also a legal requirement under EU law.

Furthermore, CBBA-Europe considers that workplace PEPPs, where comparable in nature and function to occupational pension schemes — including in defined contribution environments — should not be disadvantaged solely on the basis of their regulatory origin. The fact that certain occupational schemes are established through collective agreements or involve mandatory participation does not in itself justify excluding alternative workplace pension solutions from equivalent fiscal treatment, particularly in systems where competition is permitted.

Overall, a consistent and non-discriminatory tax framework is indispensable to unlock the full potential of the PEPP. Equal tax treatment, applied in a coherent and enforceable manner, is a prerequisite for ensuring fair competition, supporting cross-border provision and enabling the development of a genuinely integrated European market for supplementary pensions.

Key Recommendation:

CBBA-Europe welcomes the Commission's proposal to ensure equal tax treatment between PEPPs and comparable national personal pension products, recognising this as a fundamental step towards enabling market uptake. At the same time, CBBA-Europe recommends ensuring full and enforceable fiscal neutrality across both personal and workplace segments. In particular, workplace PEPPs should benefit from tax treatment equivalent to that applicable to occupational pension schemes where they operate in comparable contexts, including in competitive auto-enrolment frameworks. Equal tax treatment is a prerequisite for fair competition and effective market development and should be implemented in a manner consistent with internal market principles, preventing any form of direct or indirect discrimination. Without such fiscal alignment, the PEPP will not be able to achieve meaningful market uptake or fulfil its pan-European objective.

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