



## EIOPA must distinguish second, third pillar in rights transfer consultation

16 April 2015 By [Taha Lokhandwala \(URL=/taha-lokhandwala/2568.bio\)](#)

The European Insurance and Occupational Pensions Authority (EIOPA) has been urged to create concrete differences in its proposal to the European Commission on pensions transfers across the EU.

Reponses from PensionsEurope and the Actuarial Association of Europe (AAE) said they welcomed EIOPA's engagement with the industry on the matter, with the actuaries generally supporting the supervisor's work.

In January, EIOPA launched a consultation on good practices on individual transfer of supplementary occupational pension rights after being prompted by the Commission to deliver advice.

The [Commission is looking to extend transferable rights across the EU with savers taking occupation pension pots with them as they move across member states \(URL=http://www.ipe.com/european-commission-delves-deeper-into-pension-transfer-rights/10002153.article\)](#) .

EIOPA identified eight main issues with cross-border transfers and set out 14 'good practices' to overcome them.

These included allowing transfers to remain at the discretion of schemes, with stakeholders agreeing on a framework to cover as much second-pillar savings as possible.

Also included were harmonised requirements for domestic and cross-border transfers, set timeframes, limited member involvement and objective criteria for rejecting transfers.

However, PensionsEurope said the consultation's use of the word 'supplementary' was misleading and covered both workplace and personal pensions.

"We would like to emphasise the importance of not mixing these two different systems," the organisation said.

"Transfers between workplace pension schemes and personal pension schemes are often, even domestically, not possible due to the different tax arrangements and the different setup of a scheme."

It also called for the word 'rights' to be replaced by capital given one scheme may not be able to provide the same outcome with a matching capital value.

PensionsEurope also said EIOPA's and the Commission's work should first focus on ensuring domestic transfers could take place, before tackling the complex cross-border space.

Also, it called for workplace pension set-ups to consider the overall risk when considering whether to allow a transfer.

This would matters such as the scheme's the funding level, interest rates and biometric aspects, PensionsEurope said.

It also urged caution on transfers taking into account transfer values and taxation.

“Good practices on the calculation of transfer value and taxation have not been proposed in this consultation, but are still important – and even fundamental – obstacles to the practice of transfers.

“That there are no good practices on these issues shows how complex it is to tackle these obstacles,” it said.

The AAE said while many of the good practices identified by EIOPA existed within some member states, it did indentify areas to make transfers more efficient.

Chairman of AAE’s pensions committee, Falco Valkenburg, said it was positive EIOPA treated the transfers as a choice, and a not a requirement for members.

The AAE would not support a recommendation that small DC accounts should be forced to transfer, he said.

He also noted the Commission’s proposals would work well with its separate [EU-wide pensions tracking initiative, TTYPE](http://www.ipe.com/news/regulation/european-pensions-tracking-service-must-add-value-without-legislation/10007306.article) (URL=<http://www.ipe.com/news/regulation/european-pensions-tracking-service-must-add-value-without-legislation/10007306.article>).