

## **BVI considers Brussels' pension product proposal as ground-breaking**

Frankfurt – 30 June 2017. The German Investment Funds Association BVI sees the EU Commission's Regulation for the introduction of a Pan-European Personal Pension Product (PEPP) as an important step to strengthen private retirement provisions throughout the European Union. "The retirement planning of EU citizens is one of the central issues the European Union has to address in light of demographic trends. With its PEPP regime, the EU Commission has presented a convincing concept in a lot of respects", says BVI's CEO Thomas Richter.

According to the proposal, pan-European pension products can be offered cross-border and will be affordable, flexible and transferable. In addition, EU citizens will be able to choose from up to five savings options, four of which are not linked to a capital guarantee. What's more, with the Europe-wide pension, the European Commission for the first time officially recognises funds as pan-European personal pension products. Richter: "The PEPP Regulation is the legal recognition of funds for the purpose of private retirement planning." In Germany, 3.2 million of the 16.5 million Riester policies in total are dedicated fund savings plans, in which fund companies managed assets to the tune of EUR 24 billion as at the end of 2016.

However, some details of the concept have yet to be ironed out. The implications for taxation in particular could prove to be a massive obstacle for a pan-European pension, as the EU Commission recommends that the EU member states grant PEPPs the same tax benefits as national pension products. In addition, they will be permitted to flexibly handle the fundamental building blocks of the product design, such as the minimum policy term or the premium amount. Richter said: "Simpler parameters would make more sense in order to avoid a patchwork approach in Europe. It would be a shame if PEPP eventually failed because of this complexity."