

FESE response to the EIOPA Call for Evidence (CfE) on Defined Contribution (DC) pensions toolkit

28th November 2025

1. Coverage and contributions	2
2. Participation and contribution persistency of specific groups	3
3. Scale and portability.....	4
4. Design of the accumulation and decumulation phase	5
5. Value for Money	6
6. Information provision and transparency	7
7. Emerging trends, regulation and supervision	7
8. Other comments.....	8

1. Coverage and contributions

Q1: What financial incentives (e.g. tax advantages) and non-financial incentives (e.g. auto-enrolment) should the design of the supplementary DC pension system contain to ensure high participation? How can young people be incentivised to save in DC pension systems as early as possible and with sufficient contributions?

Answer:

The EU pension products should be reformed into a true “EU 401K”, an U.S. inspired employer-sponsored retirement savings plan that would allow employees to contribute a portion of their salary on a tax-advantaged basis. Additionally, these products should allow retail savers to make direct investments in shares and bonds, i.e. that retail investors should have the choice on what they invest in via their intermediary.

Pension products designed in this way would help achieve key objectives of the Savings and Investment Union by incentivising equity financing through channelling retail savings into capital markets and supporting retail investors in making provision for their own personal retirement savings.

Promoting equity culture would also help addressing fixed-income bias in the IORPs investment policies as many pension funds, including IORPs, allocate a disproportionately large share of their portfolios to bonds, while investing relatively little in equities. FESE also supports pension policies that promote long-term investments through appropriate incentives, without preventing investors from withdrawing from the plan should they need to do so.

We would like to propose the following measures:

- Creating incentives to encourage more employees to use occupational pension schemes, particularly defined-contribution (DC) schemes, e.g., through tax benefits (deferred taxation with a reduced tax rate, salary conversion, tax-free employer contributions, state subsidies).
- Companies of a certain size could be obliged to offer occupational schemes. To offset the additional burden this could be combined with tax incentives for companies.
- Development of completely new models: The IORP Directive could be developed in the direction of a “European 401(k) plan” with DC, free choice of asset classes, deferred taxation, employee subsidies.
- The investment rules could differ between DC and defined-benefit (DB) models in order to ensure the higher diversification and security requirements for DB on the one hand, but to create more room for return opportunities in DC models on the other hand (employees may decide which return-risk-ratio works best for their retirement plans).
- Development of specific incentive schemes for IORPs to invest in European IPOs, e.g. complete tax exemptions for investments in equities listed on European exchanges at the time of IPO.

Q2: How can the design of supplementary DC pension systems ensure that contributions are sufficiently high to ensure that DC members receive adequate retirement income?

Answer:

The EU pension products should be reformed into a true “EU 401K”, an U.S. inspired employer-sponsored retirement savings plan that would allow employees to contribute a

portion of their salary on a tax-advantaged basis. Additionally, these products should allow retail savers to make direct investments in shares and bonds, i.e. that retail investors should have the choice on what they invest in via their intermediary.

When it comes to effective cross-border investment products, we welcome the European Blueprint initiative as reflected in the recent [FESE position](#) paper on the topic, explaining several high-level features of savings and investment accounts. Some of these features include (i) account-based framework with flexible choice of financial instruments, (iii) favourable tax treatment, (iv) broad accessibility, (v) simplification of investor journey, and (vi) accompanying campaigns for financial education.

FESE also would like to stress that trading of financial instruments offered to retail investors should be conducted on multilateral trading platforms, instead of bilateral execution. Promoting this approach can uphold transparency and investor protection by ensuring that their investments are executed on an equal, transparent, and non-discriminatory basis, while also contributing to market integrity, valuations, and price-formation process. We believe that some of these features could also be taken into consideration for the pension products, where relevant.

FESE also encourages EIOPA to consider successful personal pension models across Europe – such as the UK’s SIPP and Sweden’s ISK account – as well as the U.S. 401K. These examples offer practical foundations for a robust European pension product. Additional models worth exploring include:

1. **ASK (Norway):** Combines public, occupational, and personal savings for layered security and flexibility.
2. **PER (France):** Offers tax benefits and adaptable formats (individual, collective, mandatory) with diverse investment options.
3. **PIR (Italy):** Encourages investment in domestic businesses, supporting sustainable growth aligned with EU goals.
4. **ISA (UK):** Provides tax-efficient, flexible savings for multiple financial goals, suitable for a versatile PEPP design.

Q3: What role should respectively occupational pensions and personal pensions play in the design of supplementary DC pension systems in order to provide a stable and secure retirement income? What should be the role of employers and/or the social partners?

Answer:

FESE believes that the Swedish approach to implementing Pillar 2 auto-enrolment, via collective agreements and engagement with social partners, could be a good model that can deliver efficiencies, lower fees, and facilitate the attainment of critical mass. While this method may offer certain advantages, we would like to emphasise the importance of preserving competition and choice within the system.

To that end, it is essential that mechanisms are in place to ensure that switching between investment portfolios and providers remains simple and transparent. This is necessary to avoid market concentration and the emergence of oligopolistic structures, which could undermine long-term outcomes for savers.

2. Participation and contribution persistency of specific groups

Q4: How can supplementary DC pensions be designed to encourage pension participation and contribution persistency of specific groups of workers that often do not have access to occupational pensions, particularly the self-employed and workers with non-standard contracts? How can financial and non-financial incentives be adapted to non-standard workers and the self-employed?

Answer:

FESE believes that offering occupational pension schemes to specific groups would be beneficial but will be difficult to achieve in practice. However, it is crucial that every citizen has access to pension products. Therefore, it is even more important that the third pillar offers flexible and attractive pension options. FESE is convinced that, with the right incentives, SIAs are the best tools to ensure broad coverage of retirement provision for all citizens.

Q5: Should there be strategies in place to encourage pension participation and contribution persistency of people of working age, and most notably women, who take a career break or are otherwise inactive (e.g. carers), in unpaid work or unemployed and, if so, what strategies?

Answer:

Q6: Are there other specific groups, such as individuals from ethnic minority backgrounds and those with disabilities at risk of accruing no or insufficient statutory pension rights over their working life and, if so, what strategies could encourage pension participation and contributions persistency in supplementary DC pensions for these people in particular?

Answer:

3. Scale and portability

Q7: Should economies of scale be considered in the design of supplementary DC pensions, most notably to enhance efficiency and raise retirement benefits of DC pension savers? If so, how and through which area(s) of the supplementary DC pension system (or value chain) can its design effectively generate scale? Is there a trade-off between the promotion of scale and competition?

Answer:

Q8: Should the design of supplementary DC pensions allow for switching between providers within national systems and, e.g. to facilitate labour mobility across Member States, portability across borders in the EU and, if so, how?

Answer:

FESE believes that switching between providers within national systems should be possible

at low costs and without losing any tax incentives or granted subsidies. In the long term, enabling and facilitating cross-border portability should also be a political objective.

Q9: How can switching and portability be balanced with the need for long-term investments (e.g. illiquid assets) and the need for scale in supplementary DC pensions? Are there specific considerations on switching and portability within the second pillar, within the third pillar and between the second and third pillars?

Answer:

It is essential that mechanisms are in place to ensure that switching between investment portfolios and providers remains simple and transparent. This is necessary to avoid market concentration and the emergence of oligopolistic structures, which could undermine long-term outcomes for savers.

4. Design of the accumulation and decumulation phase

Q10: What are the key features that should be covered in the design of the accumulation phase of DC pensions? Should the design prescribe measures, or provide DC members the choice of options, to mitigate investment risk, such as life cycling, guarantees and collective risk-sharing arrangements to smooth returns? Should DC members be provided with choice, i.e. investment options possibly combined with a default option, or will one investment strategy suffice for all members?

Answer:

FESE believes that investors should be offered a broad range of products that reflect their individual risk tolerance and return expectations. This means that both products with lower risks (especially towards the end of the accumulation phase) and products with greater opportunities should be offered. FESE does not believe that general mandatory risk reduction measures, risk-sharing measures or guarantees would improve DC pensions as it could negatively impact opportunities and returns and contradicts the idea of DC models, namely, to offer greater flexibility compared to DB schemes. Instead, it should be ensured that the offered products are transparent, cost-efficient, and operated within a regulated environment.

Q11: What are the key elements that should be considered in the design of the decumulation phase of DC pensions? Should the design prescribe a specific payout strategy or should DC members have a choice between different types of pay-out solutions, such as annuities, programmed withdrawals and lump sums, possibly combined with a default strategy? What payout strategies can effectively help DC pension savers secure adequate retirement income? Should DC members be allowed to withdraw pension savings before the retirement age for specific purposes, like buying a house, and, if so, under what conditions?

Answer:

FESE advocates for flexible payout options such as annuities or a lump sum. Early withdrawal should also be possible under strict conditions, specifically for the purchase of real estate or personal education programmes. Otherwise, early withdrawals should only be possible at the cost of losing the benefits granted.

Q12: Are there interdependencies that should be considered in the design of the accumulation and decumulation phase? If so, what are these interdependencies and how should they impact on the design of the accumulation and decumulation phase to ensure that DC pension savers secure adequate retirement income?

Answer:

5. Value for Money

Q13: How can Value for Money be measured and assessed effectively and consistently across supplementary DC pensions and what quantitative and qualitative criteria (or indicators) should be used for assessing value for money, distinguishing between the strategies offered for the accumulation and decumulation phase? How can supervisors create and publish composite benchmarks for DC pension plans on the basis of such criteria to improve transparency and competition?

Answer:

FESE believes that a strong emphasis on **cost-efficiency** is essential – meaning that net performance and other qualitative characteristics of financial products should be considered alongside cost. If “cost” becomes the sole criterion for constructing benchmarks, over-the-counter (OTC) products may be unfairly advantaged compared to transparent instruments traded on regulated venues. OTC products often appear cheaper in cost analyses, as they bypass listing, trading, clearing, and settlement fees, yet they typically offer lower levels of investor protection, particularly for retail investors.

In this context, FESE advocates for Value for Money (VfM) benchmarks that assess the overall value of financial and pension products – not just their price. Benchmarks focused narrowly on cost risk labelling certain products as “expensive,” potentially steering retail investors toward lower-cost options that may not deliver better value or align with their investment goals. For instance, such benchmarks might favour passive funds over actively managed ones, despite the latter offering more tailored strategies and the potential for higher long-term returns.

Therefore, we urge EIOPA to incorporate broader qualitative factors into its assessment framework—particularly the role of distribution channels—in order to ensure a more balanced and meaningful evaluation of product value.

Q14: Are there any specific scheme design features or innovations that could improve value for money in supplementary DC pensions, distinguishing between occupational and personal DC pensions and the accumulation and decumulation phase?

Answer:

Q15: To what extent do governance and oversight models impact on value for money in supplementary DC pensions and overall DC outcomes, distinguishing between occupational and personal DC pensions and the accumulation and decumulation phase?

Answer:

6. Information provision and transparency

Q16: What are the main elements on which DC pension savers should be informed before being enrolled in a DC plan and after their enrolment? How can information provision to DC members and beneficiaries benefit from digitalisation and insights from behavioural research?

Answer:

We would like to emphasise the importance of transparency for end investors, particularly through accessible information on investment strategies and costs. This is particularly important when their savings are allocated to assets that are not traded on transparent regulated markets.

ESAP could be a suitable platform to provide information on performance and costs of pension funds. This could be implemented by amending the IORP Directive since the directive is part of the list of legislative acts under the ESAP Regulation.

The visibility and comparability of occupational pension funds' performances could be increased by developing suitable indices that allow for benchmarking the fund's performance against relevant indices and peer groups and conducting performance evaluations of managers and strategies.

Q17: How can communication and behavioural insights, and particularly pension tracking systems, support citizens to make informed decisions for their retirement income? Are there other good practices in communications to reach out to people and make them aware of insufficient pension savings?

Answer:

Q18: What practical tools are already in place to understand and identify the drivers and barriers to DC pension adequacy for the design of supplementary DC pensions? What practical tools could be developed to help Member States design and enhance supplementary DC pensions?

Answer:

7. Emerging trends, regulation and supervision

Q19: How will emerging trends (e.g. market) and innovations (e.g. AI) positively and/or negatively impact supplementary DC pensions in the future?

Answer:

Q20: To what extent should prudential regulation and supervision evolve in an environment where occupational and personal DC pensions are expected to increasingly contribute toward securing an adequate and secure retirement income?

Answer:

Q21: To what extent should conduct regulation and supervision evolve in an environment where occupational and personal DC pensions are expected to increasingly contribute toward securing an adequate and secure retirement income?

Answer:

8. Other comments

Q22: Do you have any other comments and suggestions which EIOPA should consider for the future DC toolkit to help foster the development of adequate supplementary DC pensions? If yes, please provide these other comments and suggestions.

Answer: