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(To be quoted in further correspondence)

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## **Austrian FMA's contribution to the European Commission's targeted consultation on supplementary pensions**

Dear Sir or Madam,

Having regard to the European Commission's targeted consultation on supplementary pensions we would like to provide you with the following official contribution of the Austrian Financial Market Authority (FMA).

### **I. Pension Tracking Systems**

1. Do you consider that the pension tracking system in your Member State functions well?
  - a. Yes
  - b. No, it should be extended/improved
  - X** c. No, my country doesn't have a tracking system
  - d. No opinion
  
2. What do you consider will make a pension tracking system a useful tool to increase citizens' awareness of their future pension entitlements and to enable them to plan for retirement? (please rank options according to their importance)
  - 1** a. access to the system and the information provided is simple and secure
  - 3** b. users can be sure that the information is objective, i.e. not influenced by the interest of those that provide the information
  - 2** c. the system covers all pillars of the pension system
  - 4** d. the system is cost-effective
  - e. No opinion
  
3. Which of the following elements should a pension tracking system cover? (please rank options according to their importance)

- 2 a. Information from all schemes about past contributions and accrued entitlements
  - 1 b. Projected pension benefits at a set retirement age based on standard career assumptions
  - 3 c. Possibility to simulate pension entitlements under different scenarios of individual contributions, retirement age, investment allocations, and financial market developments (where relevant)
  - d. Information about the options and the pay-out (net of taxes) a citizen can expect in case of early withdrawal
  - e. Other
4. What do you consider are the most difficult challenges in setting up a pension tracking system? (please rank in the order of importance)
- 1 a. Data protection
  - b. Accuracy and impartiality of data
  - c. Access to the platform and presentation of the information
  - d. Maintenance and governance of the platform
  - e. Inter-operability with pension tracking systems across Member States
  - 2 f. Other (please elaborate)
  - g. No opinion

Please elaborate your answer:

Challenges arising from setting up a pension tracking system also stem from the presentation of different products and types of pension payments (capital, lifelong or fixed-term pension).

## II. Pension Dashboards

No answers.

## III. Auto-Enrolment

7. What are in your views the key features for an auto-enrolment mechanism to be successful? (please rank the options according to their importance)
- 2 a. Provision of auto-enrolment administration facilities by the State
  - b. Starting with low contribution rates for participants with their gradual escalation over time
  - c. Duration and recurrence of opt-out windows and options for re-enrolment
  - 1 d. State incentives (e.g. tax or subsidies), with calibration based on income categories
  - e. Preservation of statutory pension benefits and sustainability

- f. Full or partial early withdrawal of pension benefits (subject to penalty, where relevant)
- 3** g. Involvement of social partners in its design
- h. Other (please specify)

8. In your opinion, what should be the features that the default pension plan(s) should have to be successful? (please rank the options according to their importance)

- a. Life-cycle asset allocation (more prudent as the retirement date approaches)
- b. Option to shift pension plan and risk profile at a later stage (in addition to opt out)
- X** c. Minimum contribution, with the option to increase it at later stage
- d. Capital guarantee, despite expected lower return compared to solutions without that guarantee
- e. Sufficient scope of target population, to ensure cost effectiveness and investment diversification capability of the default fund(s)
- f. Other
- g. No opinion

Please elaborate your answer:

A minimum contribution is intended to ensure that a minimum pension can be funded.

9. In your opinion, who should have the responsibility to establish the default pension plan that eligible participants should enroll in?

- X** a. The legislator
- b. The social partners, where applicable
- c. The employer
- d. Other
- e. No opinion

Please elaborate your answer:

Provided a nationally standardised product should be offered, the legislator should have the responsibility to establish the default pension plan that eligible participants should enrol in.

10. In your opinion, what measures shall be adopted to ensure equal opportunities for self-employed and employees not covered by auto-enrolment?

- a. Granting of equivalent tax incentives or other subsidies to participate in private pension plans
- b. Granting of equivalent tax incentives or other subsidies to participate in in general default occupational pension plans only
- c. Other
- d. No opinion

Please elaborate your answer:

In accordance with our official mandate, we do not comment on tax policy issues.

11. What is in your view the task of the public authorities in enabling the use of auto-enrolment? (please rank the options)

- a. To set the relevant legal framework
- b. To provide detailed guidance to employers and other bodies
- c. To provide tax incentives or public subsidies to the target population
- d. To provide tax incentives or compensation for employers or other bodies that administer enrolment, contributions and pay-outs
- e. To provide administrative support
- f. To provide comprehensive and impartial information to the target population
- g. Others (please specify)

#### IV. Review of the Pepp Regulation

##### Basic PEPP

12. In your view, does the current structure of the Basic PEPP allow for wide uptake by savers across the European Union, helping to ensure adequate income in retirement while also contributing meaningfully to the objectives of the savings and investments union?

- a. Yes
- b. No
- c. No opinion

Please elaborate your answer. What changes, if any, would be necessary to enhance the attractiveness of the Basic PEPP for both providers and savers?

The requirements are too extensive and complicated in order to ensure adequate income in retirement while also contributing meaningfully to the objectives of the savings and investments union. The target optimisation of the legal framework

focuses too much on guaranteeing the desired retirement assets without taking market conditions into account.

13. Do you consider that the Basic PEPP should necessarily be designed with a built-in lifecycle investment strategy, as a standard feature of the product?

a. Yes

b. No

c. No opinion

14. Do you consider that the Basic PEPP should be designed in a way that it can be offered also on an execution-only basis (i.e. without requiring investment advice)?

a. Yes

b. No

c. No opinion

Please elaborate your answer:

PEPP is a long-term product and should also encompass investment advice.

15. Do you consider it is useful to maintain the availability of alternative investment options, in addition to the Basic PEPP?

a. Yes

b. No

c. No opinion

### **Sub-accounts**

16. In your view, does the sub-account structure align effectively with the specificities inherent in a cross-border product, including how Member States grant tax or other relevant incentives for personal pension products?

a. Yes

b. No

c. No opinion

17. Do you consider the requirement for PEPP providers to offer sub-accounts for at least two Member States is necessary to foster cross-border provision of PEPPs?

a. Yes

b. No

c. No opinion

Please elaborate your answer.

In our opinion, the mere obligation to set up several sub-accounts cannot stimulate cross-border business.

### Fee cap

18. Do you consider that the Basic PEPP should continue to be subject to a 1% fee cap?

- a. Yes
- b. No
- c. No opinion

19. If the fee cap for the Basic PEPP were to be maintained, do you think certain cost components (e.g. taxes, specific distribution costs) should be excluded from the cap, or that other adjustments to the cap should be considered?

- a. Yes
- b. No
- c. No opinion

### Risk-mitigation techniques

20. In your view, do the existing risk-mitigation requirements strike an appropriate balance between ensuring consumer protection and maintaining sufficient flexibility and incentive for PEPP providers to offer the PEPP?

- a. Yes
- b. No
- c. No opinion

Please elaborate your answer. If no, which aspects do you find problematic, and how might they be improved?

No, they do not because the requirements are too extensive and complicated.

### Use in a workplace context

21. Do you consider that the Basic PEPP should be explicitly open to use in a workplace context?

- a. Yes
- b. No
- c. No opinion

### Registration and supervision

22. In your view, should the current rules on the registration of PEPP be revised?

- a. Yes

- b. No
- c. No opinion

23. Do you consider that the current rules for the supervision of PEPP should be revised?

- a. Yes
- b. No
- c. No opinion

#### **Investment rules and diversification**

24. Do you consider the investment rules in the PEPP Regulation appropriate to support the achievement of adequate long-term returns?

- a. Yes
- b. No
- c. No opinion

Please elaborate your answer:

The rules offer sufficient flexibility to take into account special product features and to be able to react to changing market conditions.

#### **Level playing field across personal pension providers and rules on distribution**

25. Do you consider that PEPP's limited uptake is due to the existence of competing personal pension products across the Member States?

- a. Yes
- b. No
- c. No opinion

26. To your knowledge, does the existing framework create any obstacles or barriers to the distribution of PEPP, including across providers and Member States?

- a. Yes
- b. No
- c. No opinion

#### **Individual transfers**

27. Should the PEPP Regulation ensure that savers can make individual transfers between existing personal pension products and the PEPP?

- a. Yes
- b. No
- c. No opinion

Please elaborate your answer:

In case of switching from other products to PEPP, it must also be ensured that there are any switching options at all. Due to national regulations, this is often deliberately not provided for. In addition, the possibility of switching to other products – not just PEPP – would also have to be provided for.

### **Transparency, information and pension tracking systems**

28. Are the transparency requirements envisaged by the PEPP Regulation adequate? Are they comparable to those applicable to other personal pension products under national law (e.g. in terms of cost disclosure, performance information, risk indicators and benefit projections)?

- a. Yes
- b. No
- X** c. No opinion

29. In your view, could the inclusion of the PEPP along with other personal pension products in national pension tracking systems improve transparency for savers?

- X** a. Yes
- b. No
- c. No opinion

Please elaborate your answer:

Each additional product that is included in a pension tracking system increases transparency. However, possible inclusion depends on the design of the product and should be reserved for MS. Otherwise, unnecessary costs and effort could arise.

30. In your view, could pension tracking systems be considered a suitable means to fulfil certain disclosure requirements under the PEPP Regulation for members and beneficiaries who interact via digital tools?

- a. Yes
- X** b. No
- c. No opinion

Please elaborate your answer:

A pension tracking system should cover different product types and therefore cannot reflect disclosure requirements of a specific product.

**Tax treatment**

No Answers.

**Other aspects**

33. Are there any additional issues that you believe should be considered in the review of the PEPP Regulation?
- a. Yes
  - b. No
  - X** c. No opinion

**V. Review of the IORP II Directive****Investment rules and diversification**

34. Do you consider that a diversified portfolio of assets, including also investments in unlisted securities or alternative assets classes (with proper management and adequate risk safeguards) could enhance long-term returns for scheme members and beneficiaries?
- a. Yes
  - b. No
  - X** c. No opinion
35. Are there in your knowledge any national quantitative or other type of investment rules imposing overly restrictive limits on investments in alternative assets?
- a. Yes
  - X** b. No
  - c. No opinion
36. Do you consider that other factors, such as limited IORPs' expertise with unlisted asset classes, may contribute to the low level of diffusion of these investments among IORPs?
- a. Yes
  - b. No
  - X** c. No opinion
37. Do you consider that the current provisions on risk management in the IORP II Directive and the intervention capacity of supervisory authorities could be further enhanced to strengthen trust in institutions under the scope of the Directive?
- a. Yes
  - X** b. No

c. No opinion

Please elaborate your answer:

The current IORP II Directive is implemented as a minimum harmonisation and offers sufficient possibilities to implement risk management according to the respective specifics.

38. Do you consider that the introduction of an explicit duty of care provision could further strengthen the level of protection of members and beneficiaries?

a. Yes

b. No

c. No opinion

Please elaborate your answer:

The existing regulatory framework is sufficient.

39. Do you consider that national competent authorities are adequately equipped under the Directive to oversee that assets are invested in the best long-term interests of members and beneficiaries as a whole?

a. Yes

b. No

c. No opinion

### Scale

40. Do you consider that the scale of many IORPs may affect their overall investment capacity, for example by reducing their ability to build a diversified portfolio, hindering the performance of the schemes due to cost inefficiencies, or by creating other inefficiencies?

a. Yes

b. No

c. No opinion

### Collective transfers

41. Do you consider that the current framework for cross-border collective transfers between IORPs has managed to achieve the objectives that justified its introduction, namely facilitate the organisation of occupational retirement provision on a Union scale?

a. Yes

b. No

c. No opinion

Please elaborate your answer:

In Austria, it is stipulated that half of the active members and half of the pensioners must agree to a transfer. In addition, there are regulations regarding the minimum number of participating persons. As it is more difficult for pensioners to participate in such a vote, it must be ensured that the pensioners are not outvoted by the active members in the event of such a transfer.

### **Cross-border operations**

42. In your view, does the current EU legislative framework effectively ensure that cross-border activities of IORPs can be carried out in practice, in a proper and timely manner?

a. Yes

b. No

**X** c. No opinion

43. In your view, are the current supervisory powers for cross-border activities under the IORP II Directive adequate to ensure trust and prevent regulatory arbitrage?

**X** a. Yes

b. No

c. No opinion

### **Scope**

44. In your view, could the current scope of the IORP II Directive be adjusted to better capture the diversity of the supplementary pension landscape and the organisation of the different pension systems across all Member States, to ensure a minimum level of protection for all supplementary pension savers across the European Union?

a. Yes

b. No

**X** c. No opinion

### **Minimum standards**

45. In your view, does the existing framework ensure a level playing field for all providers under the scope of the Directive across the European Union?

**X** a. Yes

b. No

c. No opinion

Please elaborate your answer:

The existing framework is sufficient to achieve a level playing field.

### **Supervision**

46. In your view, has a satisfactory degree of supervisory convergence been achieved among national competent authorities in the implementation and application of the IORP II Directive?

- a. Yes
- b. No
- c. No opinion

47. In your view, does the IORP II Directive sufficiently guarantee that national competent authorities in all Member States are equipped with all the necessary powers to effectively carry out their supervisory responsibilities?

- a. Yes
- b. No
- c. No opinion

Please elaborate your answer:

The existing framework offers sufficient possibilities to carry out effective and efficient supervision.

### **Transparency, information and pension tracking systems**

48. In your view, are the current rules in the IORP II Directive sufficient to ensure that all members and beneficiaries receive clear and effective information (e.g. on cost disclosure, performance, risk indicators and benefit projections)?

- a. Yes
- b. No
- c. No opinion

49. Do you consider that all supplementary pension savers should have the right to receive certain general information about their supplementary pension scheme, regardless of the institution providing it?

- a. Yes
- b. No
- c. No opinion

Please elaborate your answer:

Every saver should receive all necessary information about his or her products. However, we believe that EU-wide requirements could conflict with national product requirements and thus lead to overregulation. This is already covered by Article 37 of the IORP II Directive.

50. In your view, could the inclusion of institutions under the scope of the Directive in national pension tracking systems improve transparency for savers?

- a. Yes  
 b. No  
 c. No opinion

Please elaborate your answer:

Each additional product that is included in a pension tracking system increases transparency. However, possible inclusion depends on the design of the product and should be reserved for Member States. Otherwise, unnecessary costs and effort could arise. See also our answer to question 29.

51. In your view, could pension tracking systems be considered a suitable means to fulfil certain disclosure requirements under the IORP II Directive for members and beneficiaries, who interact via digital tools?

- a. Yes  
 b. No  
 c. No opinion

Please elaborate your answer:

A pension tracking system should cover different product types and therefore cannot reflect disclosure requirements of a specific product. See also our answer to question 30.

### **Tax treatment**

No answers.

### **Scope of prudential regulation**

53. In your view, has the IORP II Directive achieved a sufficiently clear and workable definition of prudential regulation?

- a. Yes  
 b. No  
 c. No opinion

**Other aspects**

54. Are there any additional issues that you believe should be considered in the review of the IORP II Directive?

- a. Yes  
 b. No  
 c. No opinion

Please elaborate your answer. If yes, please describe these issues and explain why and how they should be addressed.

Due to the heterogeneous product landscape, the IORP II Directive should in any case remain a minimum harmonisation.

The contribution has also been submitted via the ECAS EU Survey Tool using the link on the page [https://finance.ec.europa.eu/regulation-and-supervision/consultations-0/targeted-consultation-supplementary-pensions-2025\\_en](https://finance.ec.europa.eu/regulation-and-supervision/consultations-0/targeted-consultation-supplementary-pensions-2025_en) for easier processing, registered under ID 2ceb95f8-abc6-46e5-90a0-531fb8eb3e2d.

We kindly ask you to take our contribution into consideration.

Financial Market Authority  
On behalf of the Executive Board

Lukas Eder

Christoph Seggermann

signed electronically