Consultation paper

TECHNICAL ADVICE ON THE DEVELOPMENT OF PENSION DASHBOARDS AND THE COLLECTION OF PENSIONS DATA

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CONTENTS

Responding to this paper **4**

Consultation paper overview and next steps **6**

1. Introduction **8**

1.1. EIOPA to provide technical advice on a pension dashboard 8

1.2. Existing work on pension adequacy and sustainability 10

1.3. Pension dashboards 11

1.4. Status of the consultation paper 12

2. Data availability **14**

2.1. Pension data availability at European/international organisations 14

2.2. Pension data availability at national Level 22

3. Pension projections **28**

3.1. Making projections 28

3.2. Outputs of the projections 29

3.3. Modelling approach 30

3.4. Granularity of the projections 30

3.5. Non-pensions related assumptions 31

3.6. Pensions related assumptions and other modelling issues 32

3.7. Impact of government policy on supplementary pensions 35

3.8. Projections at national level 37

4. Pension dashboards **47**

4.1. Definition of a dashboard 47

4.2. What is a dashboard? 47

4.3. Advantages and Disadvantages of Live and Report Dashboards 48

4.4. Pension dashboards at national level 50

4.5. Indicators for pension dashboards 50

4.6. Additional pension indicators proposed by EIOPA 54

4.7. Indicators on other long-term savings instruments 55

4.8. Overall adequacy and sustainability indicator 56

4.9. Implementation of the pension dashboards 58

5. Options for collecting additional data 62

5.1. Considerations on additional data collection 62

5.2. Options for collecting additional data 66

Annex i: National availability of basic data by provider and of more granular data 75

Annex ii: Examples of dashboards 79

Annex iii: Overview of indicators for adequacy and sustainability dashboards 81

Annex iv: Summary of questions to stakeholders 89

RESPONDING TO THIS PAPER

EIOPA welcomes comments on the Consultation Paper on the Technical Advice on the Development of Pension Dashboards and the Collection of Pensions Data.

Comments are most helpful if they:

- respond to the question stated, where applicable;
- contain a clear rationale; and
- describe any alternatives EIOPA should consider.

Please send your comments to EIOPA **by Wednesday, 8 September 2021, 23:59 CET** responding to the questions in the survey provided at the following link[1]:

https://ec.europa.eu/eusurvey/runner/ConsultationPensionDashboards

Contributions not provided using the survey or submitted after the deadline will not be processed and therefore considered as they were not submitted.

Publication of responses

Your responses will be published on the EIOPA website unless: you request to treat them confidential, or they are unlawful, or they would infringe the rights of any third party. Please, indicate clearly and prominently in your submission any part you do not wish to be publicly disclosed. EIOPA may also publish a summary of the survey input received on its website.

Please note that EIOPA is subject to Regulation (EC) No 1049/2001 regarding public access to documents and EIOPA's rules on public access to documents[2].

Declaration by the contributor

By sending your contribution to EIOPA you consent to publication of all information in your contribution in whole/in part – as indicated in your responses, including to the publication of your name/the name of your organisation, and you thereby declare that nothing within your response

[1] EUSurvey supports the following browsers: Microsoft Edge (last 2 versions), Mozilla Firefox and Google Chrome (latest versions). Using other browsers might cause compatibility issues.

[2] Public Access to Documents

is unlawful or would infringe the rights of any third party in a manner that would prevent the publication.

Data protection

Please note that personal contact details (such as name of individuals, email addresses and phone numbers) will not be published. EIOPA, as a European Authority, will process any personal data in line with Regulation (EU) 2018/1725. More information on how personal data are treated can be found in the privacy statement at the end of this material.

www.eiopa.europa.eu/privacy-statement_en

CONSULTATION PAPER OVERVIEW AND NEXT STEPS

On 23 December 2020, EIOPA received a request for technical advice from the European Commission "on the development of best practices for national pension tracking systems and pension dashboard". The call for advice is part of Action 9 of the new CMU action plan: a capital markets union for people and businesses.

Pension tracking systems aim to provide an overview of accrued and projected retirement income from all possible statutory and supplementary pension sources at the micro-level of individuals, while pension dashboards seek to assist the EU and Member States in monitoring the adequacy and sustainability of pension systems at macro-level. Given the differences in scope and goals of both pension tools, EIOPA will provide its advice in two parts.

This consultation paper sets out EIOPA's draft technical advice to the European Commission on the development of pension dashboards and the collection of pensions data.

In relation to pension dashboards, the call for advice consists of the following two main components:

- to identify and provide solutions for data gaps to allow for long-term projections of retirement income from occupational and personal pensions at Member State level;
- to identify indicators and develop methodologies for pension dashboards.

EIOPA is providing technical advice on the aspects covered in the call for advice in relation to data and pension dashboards. The intention is not to provide recommendations on political choices or public policy, whether at national or at EU level.

To respond to the European Commission's request for advice, this consultation paper is structured as follows:

- Chapter 1 ('Introduction') provides background on the call for advice, existing work at EU level on the adequacy and sustainability of pension systems, the value added of pension dashboards and the status of the consultation paper;
- Chapter 2 ('Data availability') provides an overview of available pensions data at EU and international organisations as well as national level;
- Chapter 3 ('Pension projections') discusses the preparation of long-term pension projections and the minimum set of quantitative data needed to make such projections;

- Chapter 4 ('Pension dashboards') contains the draft advice on the pension dashboards, among which the indicators to be included, and considers the weights to be established (in the final advice) for the various indicators in order to come forward with a single indicator per Member State;
- Chapter 5 ('Options for collecting additional data') discusses options for, and puts forward draft advice on, the collection of additional data from private pension providers.

The advice should be considered work in progress. In particular, EIOPA's final advice will be accompanied by an impact assessment, detailing the cost and benefits of additional data collection, acknowledging that there are costs as well as benefits to the collection of additional data from private pension providers. The responses to the consultation paper will help EIOPA in assessing the costs and benefits of the proposed recommendations.

NEXT STEPS

EIOPA will consider the feedback received and expects to publish its final advice to the European Commission on 1 December 2021 together with an impact assessment of the technical advice and a feedback statement on the consultation responses of stakeholders.

1. INTRODUCTION

1.1. EIOPA TO PROVIDE TECHNICAL ADVICE ON A PENSION DASHBOARD

1. In December 2020 the European Commission sent a Call for Advice (CfA) to EIOPA, requesting technical advice on the development of best practices on (1) pension tracking systems and (2) a pension dashboard.[3] The roots of this request can be found earlier, in the June 2020 report of the High Level Forum (HLF) on the Capital Markets Union (CMU).[4] This HLF-report observed *inter alia* that 18% of EU citizens currently are at risk of poverty or social exclusion in older age, making pension adequacy a major policy issue. The report signalled the need for a more comprehensive view than currently available to highlight gaps in sustainability and adequacy of pensions of Member States and create a political setting that incentivises identifying and addressing shortcomings at Member States' level. The European Commission was recommended to take action in this area.

2. In response to this and the other HLF-recommendations, the European Commission published in September 2020 its CMU Action Plan.[5] Herein, as part of Action 9, the European Commission declared '*The* Commission *will facilitate the monitoring of pension adequacy in Member States through the development of pension dashboards. It will also develop best practices for the set-up of national tracking systems for individual Europeans*'. EIOPA was subsequently asked to provide technical advice in relation to Article 9, on both the pension dashboard, taking a 'macro' perspective, as well as the national tracking systems, taking a 'micro' perspective. As part of this process, two consultation papers have now been issued. The current consultation paper focuses on the technical advice related to the pension dashboard.[6]

3. In relation to the pension dashboard, EIOPA was requested to provide technical information on:

- Currently available versus required data on occupational pensions;

[3] https://www.eiopa.europa.eu/sites/default/files/publications/call-for-advice-to-eiopa-on-pension-tools.pdf

[4] https://ec.europa.eu/info/files/200610-cmu-high-level-forum-final-report_en

[5] https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=COM:2020:590:FIN

[6] See for the consultation paper on tracking systems: EIOPA, Consultation Paper on Technical Advice on the Development of Pension Tracking Systems, EIOPA-BoS-21/230, 2 July 2021.

- Currently available versus required data on personal pension products;
- Other data deemed necessary to ensure reliability and usefulness of projections; and
- Indicators to be included in the pension dashboards.

4. EIOPA is providing technical advice on the aspects covered in the Call for Advice in relation to data and pension dashboards. The intention is not to provide recommendations on political choices or public policy, whether at national or at EU level.

5. Instead, the technical advice serves as an input to the pension policy of Member States. It will contribute to measuring and monitoring the contribution of occupational and personal pensions to the adequacy and sustainability of national pension systems and to getting a comprehensive picture of future pension developments. To allow long-term projections of supplementary pensions and to inform the dashboard indicators, additional data is needed from a wide range of private pension providers. As such, the costs, and indeed the benefits, accrue beyond EIOPA's immediate stakeholders of IORPs and insurance undertakings, their members and policyholders and supervisors.

6. In this context it should be noted that the primary aim of collecting the data on dashboards is to facilitate economic and social policy, rather than conduct/prudential supervision of pension providers. Some data may therefore not be directly relevant for national authorities to fulfil their supervisory objectives, or indeed not be within their powers to collect. Supervisory authorities would need to consider the usefulness of the data collected against the costs of doing so. On the other hand there are advantages in having private pension providers report the data to the national competent authorities designated by Member States to supervise them and some of it will also be relevant for supervisory purposes and may already be collected.

7. EIOPA has met the mandate from the Commission *"to report on the completeness and reliability of the existing data and when it considers there are material shortcomings in existing data sets, make proposals for how completeness and reliability can be improved"* as well as *"When relevant data gaps are identified, EIOPA should advise on how to obtain the necessary missing data."* EIOPA draws however the Commission's attention to the issues of aims, powers and costs set out in the paragraph above.

8. The advice also focuses on supplementary retirement income generated by private pension providers. As stipulated in the Call for Advice, *"Data and dashboard indicators related to state-run pension schemes would feature in the technical advice only to the extent they are relevant for a comprehensive view of aggregate individual pension income. EIOPA is not requested to provide advice on the functioning of state-run pensions."*

9. The remainder of this Chapter describes the relation to already existing work of the European Commission in the area of pension adequacy and sustainability (section 1.2), the overall

objectives of a pension dashboard (section 1.3) and the status of the consultation paper (section 1.4).

1.2. EXISTING WORK ON PENSION ADEQUACY AND SUSTAINABILITY

10. The right of workers, both traditionally employed and self-employed, to a pension commensurate to their contributions, that would ensure an adequate income post retirement, is the 15th Principle of the European Pillar of Social Rights[7]. The 15th Principle explicitly states that there should be equal opportunities to acquire pension rights regardless of gender. Defining adequate income post retirement and then how sustainable it would be to fund these pensions are complex and rely on multiple variables.

11. Since 2006 Member States together with the European Commission have been projecting age-related public expenditures, including expenditures on public pensions, in the so-called Ageing Report.[8] In this Ageing Report all Member States project expenditures on public pensions over the next 50 years, and replacement rates over the next 40 years. In addition, about a dozen Member States provide projections for non-public pension schemes (occupational and private pensions), which is voluntary input for the Ageing Report. As a consequence, the current picture of future pension developments is incomplete.

12. Since 2012, the European Commission and the Member States also cooperate in making adequacy projections in the Pension adequacy report.[9] This report considers three aspects of pension adequacy: (i) poverty protection, (ii) income maintenance, and (iii) pension duration. Also these estimates provide valuable, but partial, information on pension adequacy, as there are limited data on occupational and personal pensions (or pension-like saving balances). At an EU level, pensions in the early years after retirement currently amount to more than half of late-career work income at 57%. At national level, the ratio ranges from between one-third and above two-thirds. Between 2007 and 2018, only 12 Member States experienced an increase in aggregate replacement ratios across the income range. In the majority of countries, people with low incomes experienced an increase that was lower than the EU average, if not a decrease[10].

[7] The European Pillar of Social Rights in 20 principles | European Commission (europa.eu)

[8] https://ec.europa.eu/info/publications/2021-ageing-report-economic-and-budgetary-projections-eu-member-states-2019-2070_en

[9] https://ec.europa.eu/social/main.jsp?catId=738&langId=en&pubId=8084&furtherPubs=yes

[10] Social Protection Committee (SPC) and European Commission, The 2021 Pension Adequacy Report: current and future income adequacy in old age in the EU (Volume 1), June 2021.

13. Finally it is important to consider pension adequacy in the context of financial sustainability. European public pension systems are facing the dual challenge of remaining financially sustainable and being able to provide Europeans with an adequate income in retirement.[11] Member States with high budget deficits and/or high government debt may – considering ageing and rising life expectancy - need to cut back on future expenditures on public pensions. The fiscal sustainability report, published since 2006, gives a periodic update of fiscal sustainability challenges faced by Member States. [12,13]

1.3. PENSION DASHBOARDS

14. The overall purpose of the pension dashboard is to strengthen the monitoring of pension developments in Member States. Pension adequacy and sustainability estimates, including 'dashboards' with indicators estimating the contribution of occupational and personal pensions, can enable public authorities to identify early on emerging gaps in the provision of pensions to their population. They are a means to design suitable policy responses coping with future pressure on public finances or poverty of the population at old age.[14]

15. The pension dashboard is foreseen to have several important advantages, compared to the current situation:

- Ease of communication: the dashboard presents relevant data and indicators in a transparent format;
- Completeness: current data on pension adequacy, especially data on occupational and personal pensions, are incomplete;
- Comprehensiveness: the dashboard will be a combination of different indicators that shed light on different aspects of pension adequacy and sustainability;
- Comparability: the dashboard will present the same indicators for all Member States;
- Benchmarking: because of the comparability of the indicators, national governments and the Member States gain insight in where they stand compared to other countries;

[11] See Call for Advice to EIOPA page 1: https://www.eiopa.europa.eu/sites/default/files/publications/call-for-advice-to-eiopa-on-pension-tools.pdf

[12] See for the latest Fiscal sustainability report 2018: https://ec.europa.eu/info/publications/economy-finance/fiscal-sustainability-report-2018_en

[13] The triennial Fiscal sustainability reports are updated on an annual basis through the Debt sustainability reports. See for the latest Debt sustainability monitor 2020: https://ec.europa.eu/info/publications/debt-sustainability-monitor-2020_en

[14] See Call for Advice to EIOPA page 2.

- Up to date information: the Ageing Report, Pension adequacy report and Fiscal sustainability report all appear once in every three years. The dashboard could be updated at a higher frequency.

1.4. STATUS OF THE CONSULTATION PAPER

16. The following Chapters give a first overview of technical advice in these areas, inviting stakeholders to respond. The advice is still work in progress:

- Regarding the necessity and availability of data to make pension projections, the draft advice provides a first indication of the information that should at least be available. EIOPA will provide further analysis in its final advice on which data is necessary and which data can be replaced by appropriate assumptions. EIOPA also conducted a survey among national competent authorities (NCAs) to gather information on data availability and national projections of supplementary pensions. The main outcomes of responses from 24 out of 30 Member States have been reflected in this consultation paper. EIOPA expects to do further analysis of the survey results from all Member States.
- Regarding the pension dashboards, the draft advice contains a proposal for the indicators to be included in the dashboards, complementing the adequacy and sustainability indicators used by the European Commission. More work is needed on establishing the weights for the various indicators in order to come forward with a single indicator per Member State. In the end, EIOPA aims to present the European Commission with operational dashboards providing insight in the adequacy and sustainability of national pension systems.
- Finally, EIOPA's final advice will be accompanied by an impact assessment, detailing the cost and benefits of additional data collection. EIOPA acknowledges that there are costs as well as benefits to the collection of additional data from pension providers. The costs include the collection of additional data from private pension providers by national competent authorities, while the benefits relate to facilitating national pension policy and fostering the adequacy and sustainability of pension systems, as well as enabling EU-wide assessments. The responses to the consultation paper will help EIOPA in assessing the costs and benefits of the proposed recommendations, while acknowledging the points made in previous paragraphs that EIOPA is not making recommendations on political choices or public policy; and that the costs and benefits accrue beyond EIOPA's immediate stakeholders.

17. EIOPA will provide in its final advice to the European Commission a more detailed overview of pensions data that is already available at national level and EU/international organisations. The overview will benefit the impact assessment that will accompany the final advice in order to ensure a proportionate application of additional data requirements. It will also provide a good

understanding of the data which is already available and can be included in the pension dashboards – and which data cannot - without resorting to additional data requirements.

18. The already available pensions data could also be used to start developing and publishing the pension dashboards in the short term, considering that the collection of additional pensions information to fill data gaps will take some time. Moreover, the development of pension dashboards is complex, not only because of the availability of data, but also their comparability as well as the substantial differences in the underlying national pension, social security and tax systems. The pension dashboards can subsequently be enhanced in the medium term with newly collected data. Indeed, EIOPA advises that the development and publication of pension dashboards should start simple and evolve over time with new and improved indicators being added.

2. DATA AVAILABILITY

2.1. PENSION DATA AVAILABILITY AT EUROPEAN/INTERNATIONAL ORGANISATIONS

19. Nowadays, we experience an increase in data, available in an increasing number of forms and formats. Like many private undertakings, international organisations have taken advantage of this opportunity to enhance the depth work, making use of the available data.

20. In this section of the consultation paper EIOPA aims to provide an overview of the supplementary pension's data available at EIOPA and other international organisations.

2.1.1. EIOPA

21. EIOPA has four channels through which data are collected. The below sets out the scope and content of the data collected, its completeness and data quality.

Decision on EIOPA's regular information requests towards NCAs regarding the provision of occupational pensions information

SCOPE AND CONTENT

22. EIOPA adopted its first Decision on EIOPA's regular information requests regarding the provision of occupational pensions information in April 2018 (the BoS Decision)[15]. The first transmissions of data (reference date Q3 2019) were received in 2020. This was a milestone for EIOPA. For the first time EIOPA received granular data on IORPs, allowing it to have a better understanding of the sector which will translate in data driven policy-making.

23. The information is collected from all NCAs responsible for the supervision of arrangements or activities subject to Directive (EU) 2016/2341[16], which are Members of the Board of Supervisors of EIOPA, and the EEA EFTA Members of the Board of Supervisors of EIOPA to the extent to which Directive (EU) 2016/2341 is binding for them.

[15] https://www.eiopa.europa.eu/content/decision-eiopas-regular-information-requests-towards-ncas-regarding-provision-occupational_en

[16] Directive (EU) 2016/2341 of the European Parliament and of the Council of 14 December 2016 on the activities and supervision of institutions for occupational retirement provision (IORPs); OJ L 354, 23.12.2016, p. 37.

24. The reported information covers IORPs and the occupational retirement provision business of life insurance undertakings in case of Article 4 of Directive (EU) 2016/2341. For IORPs managing occupational pension schemes in combination with social security schemes and or personal pension schemes, only those activities relating to the occupational pension activities are mandatory.

25. For the largest IORPs (or at least five for each Member State if these are larger than EUR 100 million), EIOPA receives the data at the granularity of the IORP. For the data from the remaining IORPs, EIOPA expects aggregated data, unless the Member States prefer to share all information individually for each IORP. Currently the majority of Member States prefer to report solely individual IORP data. For the smallest IORPs, there are proportionality clauses.

26. In its Decision, EIOPA requests:

- Data that allows the identification and categorisation of the IORP. For example, through variables like IORP type, home country, etc. For individual IORPs, this also includes data on the security mechanisms used;
- IORPs' balance sheet data;
- Asset-by-asset data of IORPs investments;
- Look-through data of IORPs' investment in collective investment undertakings;
- Data on the income generated by IORP investments;
- The main elements of the technical provisions;
- Data on members broken down by active members, deferred members and beneficiaries as well as member flow data;
- Contributions, benefits paid and transfers;
- Expenses;
- Cross-border activities.

COMPLETENESS

27. EIOPA and NCAs made huge efforts to ensure a timely submission of the data requested. As a result, most Member States submitted their data either by the implementation date or in the course of 2020. Only a few Member States had implementation issues and were not yet able to submit any data to EIOPA. In addition, a few Member States were not able to submit all the requested information. However, all NCAs committed to submit the required data in the course of 2021.

28. In order to further strengthen EIOPAs supervisory data needs and ensure timely and complete reporting, EIOPA believes that a legal requirement on supervisory reporting for IORPs would be beneficial. However, the detail and format of the reporting should be kept outside of the requirement in order to maintain flexibility in improving the information requested without having to go through the legislative process.

DATA QUALITY

29. Considering first reporting was only in 2020, EIOPA assessed the quality of the data received as 'good'. This does not mean that further improvements are unnecessary. EIOPA's experience with Solvency II has shown that improving data quality is a continuous process requiring efforts from both EIOPA and NCAs. EIOPA will continue to implement new validations, improve the templates and log files addressing the feedback received and implement data quality tools and reports which already have been tested and proven successful for improving data quality in the context of Solvency II. Equally, NCAs can learn from their experiences by submitting earlier data and through the data quality feedback received.

EIOPA database on pension plans and products

SCOPE AND CONTENT

30. EIOPA's Database on pension plans and products provides a comprehensive snapshot of the European pensions' landscape with the aim to better understand supplementary pension systems across Europe.

31. Plans and products included in the database are those non-public arrangements and investment vehicles that have an explicit objective of retirement provision (according to a national social and labour law or tax rules), irrespective whether they are occupational or personal. Both so-called '1st pillar-bis' pensions and plans/products which are defined in legislation, but are not yet offered to the public, (or have no members) are also included. Only pension plans managed by the state or public entities (1st pillar pensions) and "pure" annuities (i.e. products not linked to an accumulation phase) are excluded from the database.

32. Quantitative data includes information on the total assets, number of members and number of active members for each product. However, due to the purpose of understanding the pensions systems, the main data elements included in the database are qualitative rather than quantitative.

33. EIOPA uses the Database as a basis for many of its pension related data requests. One of the main advantages of the database is that a huge number of characteristics can be allocated to the data when requesting a reference to the products included in the database. This makes it easy to

categorise the data. It is also one of the main reasons for external parties to make use of the database as a basis for requesting additional information, e.g. the FSB (see **section 2.1.6** below).

COMPLETENESS

34. The database has been prepared with contributions from NCAs on a best effort basis. Therefore, the database is not a fully complete, "official" list of all pension plans, products or their providers available in the EEA. Similarly, following the definitions and classifications used, the information contained in the database may not be entirely explicative of the national context.

35. Despite this, the database is still unique and provides the best overview of all supplementary pension products across Europe. Most of the EEA countries are included in the database.

36. Quantitative data should be updated annually but is sometimes not complete. Especially if the supervisor of the product is not the EIOPA member, the quantitative data might be difficult to come by.

DATA QUALITY

37. Data quality is ensured by NCAs, which have the best understanding on the pension products provided in their country.

Forthcoming PEPP data

SCOPE AND CONTENT

38. A Pan-European Personal Pension Product (PEPP) is a personal pension product, which will be marketed as a 'complementary' product to the present national public and private pension schemes. EIOPA will receive data from these products from the NCAs.

39. The objective of the PEPP data reporting is to ensure that each NCA receives a harmonised set of information on PEPP business, in order to build relevant indicators that support effective and efficient supervisory review processes.

40. The regular reporting package will contain all the regularly reported information necessary for the purposes of PEPP supervision from both a home and host perspective and, as such, foster the collaboration between NCAs and PEPP providers as well as between NCAs and EIOPA. The regular reporting package needs to be sent by the PEPP provider to the home NCA on an annual basis.

41. The templates include data on:

- PEPP information documents: PEPP KID (to be reported upon registration of the PEPP or upon changes);
- Basic information, which allow identification and categorisation of the PEPP provider and linking it to the PEPP KID;
- Information on assets and liabilities relating to the PEPP provider's PEPP business; underlying investments should be reported separately for the basic PEPP and alternative investment options;
- Information on open derivative positions;
- Information on contracts/PEPP savers per investment option, such as the number, contributions, benefit payments;
- Information on costs and charges, complaints and on distribution channels.

COMPLETENESS AND DATA QUALITY

42. As PEPPs can only be registered as from 22 March 2022, no data has been received. It is therefore not possible to comment on the completeness and data quality received from the PEPP products.

Solvency II regular data

SCOPE AND CONTENT

43. The Solvency II reporting contains data from insurance companies reported to NCAs in order to enhance market discipline and increase comparability.

44. While the share of the insurance sector in the provision of pensions is substantial at EU level, almost no data in the Solvency II reporting refers to pensions. While data split by lines of business is available, pensions products are included under 'life insurance' together with other life insurance products.

45. Only in template S.14.01 on life insurance obligations, reference is made to the term 'pension entitlements'. However, there is no granular information available, which would allow the categorisation of the pension entitlements as occupational or personal or by scheme type.

46. EIOPA collects no other pension data from insurance undertakings. However, the Solvency II reporting includes a template on pension entitlements, which includes granular pension information, but this is only received by the ECB (see **section 2.1.2** below).

COMPLETENESS AND DATA QUALITY

47. EIOPA has not made use yet of the data included in Solvency II on pensions entitlements. Also without a definition of what comprises pension entitlements, it is very difficult to assess the quality of the information received in template S.14.01. In any case, the reported values appear low compared to other sources of information on pension products provided by insurance undertakings.

2.1.2. ECB

48. The ECB has started to collect detailed information from pension funds as of 2019 due to the continued importance of pension schemes in household income provision and the institutional role played by pension funds in financial markets.

49. The data received by the ECB is largely aligned with the data received by EIOPA according to its BoS decision (see also **paragraphs 22-26**) but with the following differences:

- The ECB's scope is wider. EIOPA's scope is limited to IORPs whereas the ECB receives data from all pension funds, whether or not these fall under the scope of the IORP Directive. For example, pension funds regulated by national regulation only, will report to the ECB but not to EIOPA.
- The ECB has added some data points to be submitted to the ECB only. For example, in the balance sheet template 'Claims of pension funds on pension managers' has been added which is not received by EIOPA.
- The ECB has added some additional templates according to their data needs and statistical requirements. These additional templates refer to pension funds reserves, liabilities for statistical purposes and liabilities split by country.

50. In addition, the ECB also receives technical provisions relating to the pension products and plans provided by insurance undertakings. This information is split by occupational and personal pensions and personal pensions are split between DB, DC, hybrid products.

2.1.3. EUROSTAT

51. Eurostat collects pension-related information in three of its databases. The main benefit of the Eurostat data compared to all other data sources is that it also provides statistics on public pensions.

ESSPROS

52. The European system of integrated social protection statistics, abbreviated as ESSPROS, provides a coherent information on social benefits to households and their financing in the EU. It

includes data on precisely defined risks and needs such as health, disability, old age, family and unemployment. In this respect, it also includes data on pension beneficiaries and their social benefits.

PENSIONS IN NATIONAL ACCOUNTS

53. Information included in the Pensions in National Accounts database is collected for both private and public schemes, including pay-as-you-go, defined benefit and social security pension schemes. However, personal pension products are excluded.

54. The data provides a comprehensive overview of households' pension entitlements. It reflects the impact of mandatory social insurance — by different types of pension schemes — to ensure income at retirement. Statistics contain accrued-to-date liabilities of the social security pension scheme and follow ESA 2010, allowing for comparability across Member States.

55. Eurostat has stressed that these data are not a measure for the sustainability of the systems included in the scope.

EU-SILC

56. The EU statistics on income and living conditions, abbreviated as EU-SILC, is a database containing data mainly focussing on income, including pensions. In that respect it is used a reference for data on personal income, poverty, social inclusion and living conditions.

57. Rather than a survey, the data is collected by interviewing targets which are consulted yearly (primary targets) or maximum every four years (secondary targets). Therefore, it is possible to include granularity on the activity status, type of household, age, education level, etc.

2.1.4. SHARE

58. The Survey of Health, Ageing and Retirement in Europe (SHARE) is a study of the different ways senior citizens and their families live in Europe. The study includes a great diversity of information: health condition, mental and physical well-being, economics and social positioning.

59. The data is collected by conducting face-to-face interviews of individuals aged 50 and older and their partners. During the interviews, data is collected relating to a wide range of subjects. Information on retirement savings is collected in the section on the financial history. Due to the harmonised questions and objective measures, it allows for comparisons of the living conditions of the interviewees in the different Member States.

60. The first survey was conducted for in 2004 and subsequently every two years, including more Member States in every round. Currently it covers all Member States plus Israel.

61. Covering the key areas of life, namely health, socio-economics and social networks, SHARE includes a great variety of information: health variables, physical measures and biomarkers, psychological variables, economic variables and social support variables as well as social network information

2.1.5. OECD

62. The OECD's primary source of pensions' data are their annual pension statistics. This includes data of funded pensions by type of pension plans and funding vehicle. It includes all type of pension plans (occupational/personal, mandatory/voluntary). It includes information on investments, liabilities, contributions, benefits paid, expenses and member data.

63. The OECD database is complete in that it contains data from all OECD countries and a number of additional non-OECD countries. However, it does not include all Member States. Not all Member States are members of the OECD, while not all remaining Member States were included in the data provided by non-OECD jurisdictions (e.g. Cyprus is excluded).

64. In addition, the OECD collects qualitative and quantitative data directly from large pension funds and public pension reserve funds, which are considered the largest in the world. The information collected predominately relates to the investment portfolio of these pension vehicles. Data from these entities has been collected six times in the past ten years.

2.1.6. FINANCIAL STABILITY BOARD - FSB

65. The FSB does not collect data on pensions on a regular basis. However, in 2017 its Regional Consultative Group (RCG) for Europe published a Report on the functioning, vulnerabilities and future challenges for private pension schemes in Europe. [17]

66. To gather evidence needed to support its analysis, the FSB launched a survey to the FSB RCG-E countries. A first section of the survey built on EIOPA's database on Pension Plans and Products in the EEA but included more quantitative data (e.g. contributions and benefits paid).

67. The FSB Report concluded that the availability of pension data varied significantly from country to country and between the various types of pension providers. It indicated that pension products provided by insurance companies, banks and asset managers were often included together with the other products marketed by these providers in general statistics, but that data on pension specific products was often absent. An explanation for this data gap was found in the fact that supervisory and reporting requirements often focus on provider sustainability rather than

[17] https://www.fsb.org/wp-content/uploads/P171017.pdf.

collecting statistical data on product classes if they are not required by national or EU law. Therefore, pension data is often not available or fragmented.

2.1.7. DATA ON NON-PENSION LONG-TERM SAVINGS INSTRUMENTS

68. Data on non-pension long-term savings instruments appear not to be available at international organisations. One of the main reasons could be that there is no readily available definition of 'long-term savings instruments'. Therefore, one cannot determine the scope of the required data. Finding a common definition on a 'pension product' across Europe is already a hard task due to their characteristics, which can vary between countries. Therefore, it should be no surprise that defining long-term savings instruments is an even harder task, as many more products could possibly be included within its scope. For example, is a loan for a house a long-term savings product? Some products could also have the aim for long-term savings but are liquid, in the sense that these can be readily sold.

69. However, data on household incomes and households financial assets does exist with Eurostat, the OECD and the ECB. These make a split between debt and savings. Often also further granularity is included by defining certain savings categories such as insurance and pension products, deposits, equity and other shares, etc. However, as stated above, there is never a category which differentiates between long-term and short-term savings.

2.2. PENSION DATA AVAILABILITY AT NATIONAL LEVEL

2.2.1. GENERAL

70. The availability of data in the Member States is closely related to the national pension system, the nature of supervision and which information, not directly related to supervision (e.g. pension adequacy data), is considered relevant by the various entities in these Member States. The below analysis is based on the EIOPA survey among NCAs to assess the availability of data in their Member States. NCAs were recommended to collaborate with other entities in their countries but not all were able to do so in the short timeframe that was provide to complete the survey.

2.2.2. AVAILABILITY OF BASIC PENSION DATA

71. The availability of the basic data such as benefits, contributions, assets, members and beneficiaries, and costs and charges is included in **Figure 2.1** below. It links the results from the survey with in EIOPA's Database on pension plans and products. The availability of data is weighted with the number of pension plans and products distinguished in the database (blue bars). The assessment was also conducted by weighting the availability of data with assets in order

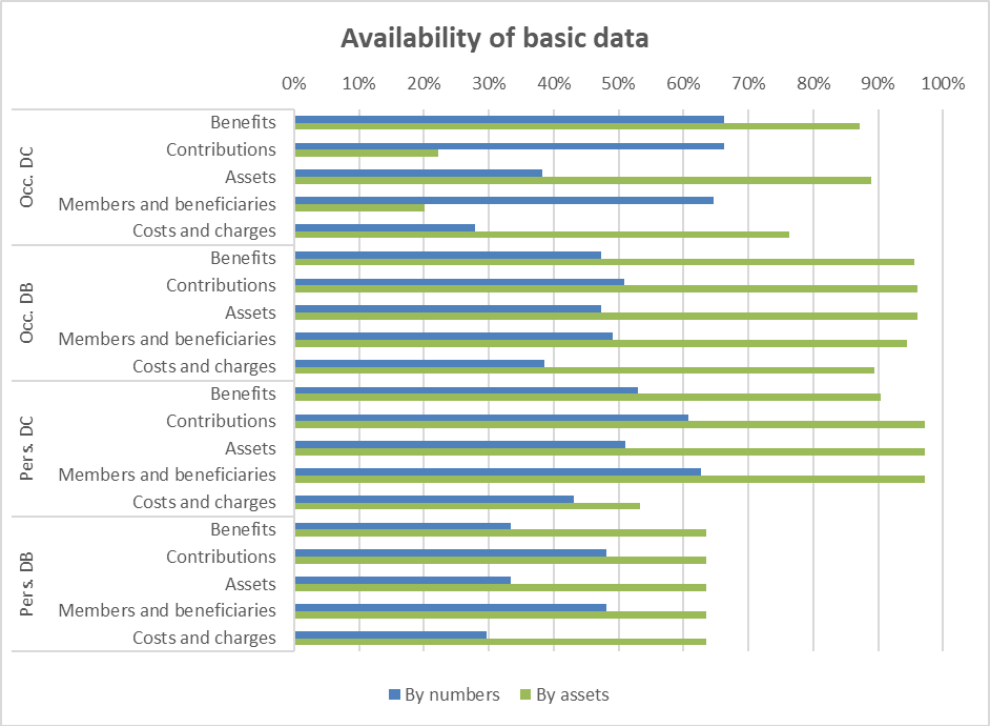
to take into account the importance of the products at national and EU level. However, it should be reminded that data on assets are not reported by each NCA and for every product.

72. The main conclusion is that, for most variables, information is collected for about half of the products, independently of whether these are occupational or personal and DB or DC. It also shows that in most cases, the availability of the data when weighted by assets is higher than when weighted by number of products. This can be explained by the fact that more information is to be reported by those products and providers, which are most important in a Member State. In addition, the reporting requirements from a few big countries and products further positively influence the market share by assets.

73. The opposite is true for the contributions, and members and beneficiaries for occupational DC schemes. The lack of data collected for a few products, which accounted for a huge part of the total EU market share explains the low data availability for occupational DC in this area.

74. Data appears to be least available for personal DB products. This can be explained by the fact that almost half of the countries in which personal DB products are provided according to the database had not completed the survey yet or that there are discrepancies between the database and the survey on the provision of those products. In addition, personal DB providers are - for about one third of the products - not provided by IORPs or insurance undertakings but by pension funds operating under national legislation, investment companies, banks, etc. (there providers are included in the category 'other' hereafter). These are sometimes not part within the scope of the EIOPA NCA, and subject to different, potentially to the EIOPA NCA unknown reporting requirements.

FIGURE 2.1: DATA AVAILABILITY: BASIC DATA



75. In **Annex I** the availability of the basic pension data is further assessed by provider type. It also assesses the availability of more granular data such as data by age cohorts and gender. The results shows that there are substantial data gaps for all product categories and all providers if the indicators require data that is more granular.

2.2.3. OTHER LONG-TERM INVESTMENT DATA

76. Only five out of the 24 Member States responding to the survey indicated that they collect other long-term investment data. All five collect data on other insurance-based investment products. However, only few collect data on direct and indirect investments in equity and bonds (3 Member States), investments in real estate for own use or not (1) or other saving products (3).

2.2.4. FINAL CONSIDERATIONS

77. Going forward, in the coming months EIOPA intends to continue analysing the data received and solve any possible discrepancies it noted. By then it also expects receiving the input from those countries that were not yet in a position to complete the survey and those that did not provide quantitative data, where possible, for the database. This should allow EIOPA to present a more complete picture of the data availability across the EU.

78. Finally, it should be taken into account that these results provide no assessment on the additional effort required from providers if additional information were to be requested. Information can be readily available at the pension providers but might not be collected in a Member State by the NCA or another entity.

DRAFT ADVICE TO THE EUROPEAN COMMISSION

EIOPA publishes an overview of all pension products, plans and schemes in its database as well as their characteristics. It also collects granular data from IORPs to support its supervisory role on these entities. However, it does not collect much quantitative pension data from other pension providers.

A lot of data on pensions is collected by international organisations. Such information can be found at the ECB, the OECD, Eurostat and in the SHARE databases. The ECB collects similar data as EIOPA on IORPs but complements this with additional pensions data collected from insurance undertakings. The OECD collects data from almost all supplementary pension providers, including book reserve schemes. However, not all EU countries are members of the OECD or included in the data collected from non-OECD members.

Data on statutory pensions is available in the Eurostat databases. In addition, the Eurostat-SILC database as well as the SHARE database include much more granular data collected from interviewees. These are excellent sources to assess the income in retirement adequacy.

However, it remains a question if the information collected by EIOPA and international organisations is sufficient in terms of coverage and granularity to be included in the suggested indicators included in chapter 4. An assessment of the observed data gaps is included in chapter 5.

Data on other long-term savings is generally lacking. Should the European Commission intend to include these in the dashboard, a comprehensive definition of ‘other long-term savings products’ would need to be established.

The survey among NCAs confirms the conclusions from the assessment of the data availability at EIOPA and international organisations that much (basic) data is available but that it is not always collected for every pension product or category. Basic pension data is available at the national for about half of the products, independently of whether these are occupational or

personal and DB or DC. Therefore, it also indicates that if data would be requested by EIOPA or other international organisations to complement the available data, it risks not being complete. Furthermore, this exercise shows that there are substantial data gaps for all product categories and all providers if the indicators require data that is more granular.

QUESTIONS TO STAKEHOLDERS:

Q1: Do you have suggestions for other sources of pensions data covering EU Member States that EIOPA should consider? If yes, please provide these suggestions.

Q2: Do you agree that data on long-term savings instruments is not available as there is no commonly agreed definition? Please explain. If such information were to be collected, which definition would you consider and which products should be included under its scope?

Q3: Could you give an indication of the costs (high, medium, low, none, don't know) of collecting the following data directly from private pension providers (IORPs, insurers, other), distinguishing DB, hybrid and DC as well as occupational and personal pensions?

Number of members

- breakdown by age
- breakdown by gender

Number of products / plans

Liabilities

- breakdown by age
- breakdown by gender

Assets

- breakdown by age
- breakdown by gender

Asset allocation

Investment return

Costs and charges

Contributions

- breakdown by age
- breakdown by gender

Benefits

Cash flows for DB/hybrid pension obligations

Sensitivity analysis for DB/hybrid pension obligations

Please explain your assessment of the costs, where possible by providing estimates.

3. PENSION PROJECTIONS

EXTRACT FROM CALL FOR ADVICE (SECTION 4.1.2, 4.2 AND 4.3):

"Since pension projections cover all Member States, EIOPA is asked to inform about country-specific conditions that need to be accommodated to ensure the reliability of projections. This should, in particular, include cases where Member States do not have a well-developed occupational (and personal) pension sector. EIOPA is thus invited to indicate where special assumptions or solutions should be applied, and if so, what they should be, in ageing projections, notably in case of substantial idiosyncrasies in the set-up of national schemes. Examples of such national specificities may include schemes that provide one-off payments (that would need to be converted into annuities); and/or of employees' pension entitlements backed up by own resources of the company that employs them.

EIOPA is invited to report on data that can provide useful supplementary information, even if this is not strictly necessary for pension projections at aggregated level. With regard to the interpretation of the outcome of projections, such potentially supplementary information could relate for example to data necessary to calculate replacement rates (i.e. the benefit of pension entitlements relative to wages), such as the proportion of wage-earners and self-employed among pension beneficiaries and information on differences in income distribution of users of these pension schemes and the overall population."

3.1. MAKING PROJECTIONS

79. When discussing pension projections, first of all, it is important to clearly set the aim of such projections, as it will define the time horizon, the outputs of the exercise, the structure of the presentation of the results (including coverage and granularity of the presentation) and the approach and methodologies to be applied.

80. Even when performed at the most granular level (e.g. by the providers using detailed information on individual members and beneficiaries), long-term projections entail a certain level of uncertainty as it requires making assumptions on how economic, demographic and labour

market variables and individuals will behave in the future. The uncertainty increases when calculations are performed at a more aggregate level (e.g. by government agencies / departments and / or NCAs). In this case, projections are conditional on data availability (i.e. data that would be available at an individual level but not collected by the institutions making the calculations) and additional assumptions or simplifications will have to be made.

81. Some background information / existing examples for pension projections can be found in:

- European Commission 2021 Ageing Report[18];
- European Commission 2021 Pension Adequacy Report[19] ;
- OECD, "A framework for assessing the adequacy of retirement income", Chapter 2 in Pensions Outlook 2020[20].

3.2. OUTPUTS OF THE PROJECTIONS

82. Considering the aim set in the Call for Advice, i.e. of complementing the public ageing expenditures in the ageing projections and the available adequacy indicators and projections with more complete information about contributions to and benefits received from non-public sources of retirement income, the main variables that should result from the pension projections are, at least, the following:

- Pension expenditure;
- New pensions (for which the annual amount of pension benefits paid out and number of pensions paying out for the first time is needed);
- Tax expenditure / revenues;
- Number of pensions;
- Number of pensioners;
- Contributions;
- Number of contributors;
- Assets and reserves.

[18] https://ec.europa.eu/info/publications/2021-ageing-report-economic-and-budgetary-projections-eu-member-states-2019-2070_en

[19] Social Protection Committee (SPC) and European Commission, The 2021 Pension Adequacy Report: current and future income adequacy in old age in the EU (Volume 1), June 2021.

[20] https://www.oecd-ilibrary.org/sites/67ede41b-en/1/3/2/index.html?itemId=/content/publication/67ede41b-en&_csp_=db494ff1be802026d362be74cb05db06&itemIGO=oecd&itemContentType=book

83. These results, together with other demographic and macroeconomic projections, can then be used to calculate indicators such as the benefit ratio (i.e. average pension income per pensioner divided by the average wage) and gross average replacement rate (i.e. average amount of new pensions per new pension divided by the average gross wage at retirement), as well as other pension adequacy and sustainability indicators referred to in **chapter 4**.

84. Additional breakdowns, for instance, by age (group), gender and / or type of employment can also be introduced, if these dis-aggregations are deemed relevant for the purposes of the analysis. In this case, statistical data with the same or similar level of granularity will be needed, to serve as a basis for future projections.

3.3. MODELLING APPROACH

85. Depending on the aim of the pension projections, the modelling of risks, especially regarding financial parameters, can be based on a stochastic approach or a deterministic approach.

86. The use of a stochastic approach allows the simulation of the randomness of the real world and the calculation of a large range of scenarios. Probabilities can then be attached to the outcomes of the simulations and confidence intervals can be determined. Implementing and running a stochastic approach is, however, more complex and burdensome than performing deterministic calculations.

87. On the other hand, if the purpose is to complement the Ageing exercise, where a set of pre-defined underlying assumptions for different scenarios are provided by the European Commission, then a deterministic approach should be followed.

3.4. GRANULARITY OF THE PROJECTIONS

88. The coverage and approach for making pension projections may vary depending on the purposes of the analysis. For instance, if the goal is to analyse pension expenditures and sustainability of public finances, then actual data including all sources of retirement income (or the most significant ones) may be considered. On the other hand, for adequacy projections it may be more appropriate to use a more individual approach, based on representative or average features of representative groups of individuals with different type of employment, income level, etc.

89. The structure of the presentation of the results will, in principle, determine the minimum level of granularity at which the calculations should be made.

90. In this regard, EIOPA is assuming that, at least, the disaggregation between occupational and personal pensions and, within each of these categories, per main type of scheme, i.e. DB / hybrid / DC is envisaged.

91. However, this does not mean that, to the extent possible, projections should not be done from a more detailed perspective and the results aggregated to the level that is intended.

92. While for the public system, it is more likely that pension rules are similar for the entire population or subsets of the population, in the scope of private pensions, not only the heterogeneity between Member States needs to be considered but also, within the same Member State, the specificities of the different categories of pension plans and products. In general, the levels of granularity can be divided into:

- Level 1: Occupational vs personal;
- Level 2: DB / hybrid / DC;
- Level 3: Plans or products that falls in the scope of each category in Level 2 (e.g. DB scheme that covers the employees of a certain company, unit-linked type insurance pension product);
- Level 4: Individual members and beneficiaries / individual contracts covered by a plan or product (e.g. an individual that is contributing to a certain insurance product).

93. In principle, the more granular the calculations, the more reliable the results will be, as it allows to take into account the specific individual features. However, this may not be feasible due to data availability issues and very detailed calculations will also increase the burden of pension projections.

94. Therefore, some guidance on the criteria to be followed when grouping Level 3 and / or 4 data will be useful to achieve a more consistent approach between Member States in terms of granularity of the calculations (e.g. can all data with regard to DB occupational schemes be aggregated and a single model applied to all schemes or should, for instance, differences in benefits calculation formulas or accrual rates be taken into account?).

3.5. NON-PENSIONS RELATED ASSUMPTIONS

95. For making pension projections, apart from assumptions that are related to the data and the characteristics of the pension plans and products, demographic, economic and financial assumptions are also needed.

96. Taking as reference the Ageing Report projections, the demographic and macroeconomic assumptions that are made available by the European Commission generally cover the inputs that are required for making supplementary pension projections.

97. Within this set, some of the most relevant assumptions are the following:

- Mortality rates and other population projections;
- Labour market assumptions, such as unemployment and wages;
- Inflation rate;
- Interest rate return.

98. As these assumptions are provided for the overall population of a Member State, if they are used for private pension projections one should take into account whether they appropriately reflect the specificities of the population covered by supplementary pension schemes. It may happen that only certain groups of individuals have access to such plans and products and, therefore, instead of using population or economy-wide assumptions, in order to obtain more reliable results, a more tailored approach could be considered.

99. Given that private pensions are mostly funded schemes, which benefits paid and / or level of contributions are generally dependent on the financial performance of the assets, the assumptions on assets return are particularly relevant.

100. Each asset portfolio financing pension plans and product will have its own investment policy and the existence of different investment options and the application of life cycle strategies may also lead to changes in risk profiles over time, with impact on returns.

101. Therefore, guidance on how to aggregate the different portfolios and the modelling of the evolution of the risk profile should be foreseen. For the same reason, it should be considered providing assumptions for each main category of assets, such as government bonds, corporate bonds, equities, etc. An approach like the one applied in the 2019 EIOPA IORPs Stress Test[21], with the definition of risk premiums over risk free rates per main asset classes, can be a point of reference.

3.6. PENSIONS RELATED ASSUMPTIONS AND OTHER MODELLING ISSUES

102. Depending on the type of scheme (i.e. DB / hybrid / DC), the model to perform pension projections will be different, as well as the data and assumptions needed.

103. Nevertheless, there are some common issues that should be considered in all cases.

[21] https://www.eiopa.europa.eu/occupational-pensions-stress-test-2019_en.

MODELLING OF THE NUMBER OF MEMBERS AND BENEFICIARIES

104. Irrespective of the type of scheme, the projection of future pension entitlements depends on the evolution of the number of members and beneficiaries.

105. To model the number of members one needs to consider the new entries and exits that occur in each year, if possible, by age or age group, as this will determine the length of the accumulation period.

106. If detailed historical data on past dynamics is available, one possibility will be to project such trends into the future. Otherwise, assumptions on entry and exit rates and / or the respective age profile will have to be assumed based on expert judgement.

107. Similarly, to determine the number of beneficiaries in each year, one needs to consider the number of members that becomes entitled to pension benefits in each year (i.e. new beneficiaries). This tends to be lower than the decrement in the number of members, as exits can occur due to other reasons other than retirement (change of employment, death, etc.)

108. An additional aspect to be considered is the time of when a person becomes entitled to benefits. This will mainly depend on the expected retirement age, but pension plans and products can foresee other contingencies that will give rise to the payment of benefits. This part is discussed in more detail in the next point.

109. To determine the decrease in the number of beneficiaries, mortality rates that appropriately reflect the life expectancy of a certain population or sub-population are the most relevant assumption to be considered.

CONTINGENCIES FOR THE PAYMENT OF BENEFITS

110. While the pay-out phase will generally start at the expected retirement age, country or plans and products specific rules may allow for early withdrawals in certain specified conditions (e.g. after a certain age, adverse events that affects the health or financial situation of an individual, etc.) or even at any time, subject or not to certain penalties or withdrawals fees. Deferred retirement may also be possible.

111. In addition, pension plans and products can foresee other types of coverage other than retirement such as disability, illness, unemployment, early retirement, survivorship (partners and descendants), health benefits, etc.

112. If these contingencies are, where applicable, to be modelled, it will require additional assumptions on the probability, timing and the amount of benefits to be paid.

PAY-OUT PHASE

113. Another aspect to consider is the design of the pay-out phase, i.e. life annuity, programmed drawdown and / or lump sum.

114. In order to ensure the comparability of results between different plans and products, when lump sums are allowed accumulated capital can be converted into a life annuity for projection purposes. For this, assumptions on annuity rates will be needed.

115. Also in this case, attention has to be paid to the fact that beneficiaries that have received a lump sum payment in the past will no longer be included in the statistical data in the following years (or, in case of a partial lump sum payment, only the remaining amount of the benefits will be included in the database). Therefore, the number and / or amount of pensions in payment may be underestimated in these cases.

116. There may also be situations where the accumulation and decumulation are not within the same provider or even type of provider (e.g. accumulation phase is within an IORP but the payment of a life annuity is transfer to a life insurance undertaking).

117. At last, to model pensions in payment, where applicable, consideration should also be given to indexation rules (e.g. to inflation or other external indexed), profit sharing, other discretionary increases and / or benefit reductions mechanisms.

OTHER CHARACTERISTICS OF DC TYPE SCHEMES (INCLUDING DC WITH MINIMUM GUARANTEES)

118. For schemes with a DC nature, the level of future retirement income is generally determined by the contributions paid and investment returns, subject to costs and charges.

119. Where contributions are linked to wages, data and / or assumptions on contribution rates and members' salary and salary growth will be needed.

120. Contribution rates may differ from scheme to scheme and even for the same scheme, it can be different for different members. Therefore, average assumptions may need to be estimated, e.g. using aggregate data on contributions and salary.

121. For plans or products where contributions are made on a purely voluntary basis, the level and timing can be even more volatile. As simplification, stable patterns may need to be assumed.

122. The modelling of asset returns, as discussed above, are particularly relevant for this type of schemes.

123. Where applicable, average financial guarantees that are offered by the providers and / or sponsors (in the case of occupational pension schemes) also needs to be taken into account.

OTHER CHARACTERISTICS OF DB TYPE OF SCHEMES

124. In DB schemes, benefits can be fixed or calculated according to a formula that may consider the years of service, age and /or level of salary (e.g. final, average salary, etc.).

125. Particularly for occupational pension schemes these rules can be defined by a contractual agreement between individual employers and employees or at sector / industry level (e.g. by collective bargaining agreements). Within the same company, the rules can also be different for different employees. For personal products, where applicable, the rules will depend on the contractual clauses. It could therefore difficult to define a common model and assumptions that would fit all cases.

126. On the other hand, given the potentially large number of plans and products, a certain level of standardization of the pension rules and grouping of schemes using approximations may be required to estimate the amount of the pension to be paid in the decumulation phase. Assumptions on annual accrual of pension entitlements will probably be needed for this projection.

127. In DB schemes, contributions may depend on the funding level of the schemes, meaning that the projection of technical provisions may be required, together with the evolution of the total amount of assets.

3.7. IMPACT OF GOVERNMENT POLICY ON SUPPLEMENTARY PENSIONS

EXTRACT FROM CALL FOR ADVICE (SECTION 4.1.2):

"As developments in public finances may shape the development of the occupational (and personal) pension sector, EIOPA is asked to analyse whether and how the public sector activity has impacted on the use of occupational (and personal) pensions. If deemed relevant for the reliability of projections, EIOPA is invited to propose how the public sector involvement should be treated in projections, i.e. tax incentives in accumulation and taxes in retirement phase, link to public minimum support and other interaction with public pension or other benefit schemes."

128. Beyond the provision of state pensions to entitled individuals, government policy and public intervention had an effect on supplementary pensions. National governments rationale for

designing and implementing public policies lies in supplementary pensions capacity to cope with challenges welfare states are facing. With regard to public finances sustainability, occupational and personal pensions are perceived as a potential policy response to relieve exerted pressure on budgetary constraints. Also, from a pension adequacy perspective, consumption smoothing, poverty risk-reductions and welfare-enhancing can be assisted by an increased reliability on supplementary pensions. At national level, diverse mechanisms and strategies have been adopted to increase contributions in both occupational and personal pension plans. Government policy impact on supplementary pensions can be qualified as direct (e.g. automatic enrolment schemes, financial incentives and retirement savings) or indirect (i.e. depending on the generosity of publicly provided pensions).

129. Direct impact of government policy on supplementary pensions can be described as policy measures or incentives undertaken to impact occupational or personal pensions sectors provision. Automatic enrolment and financial incentives are part of them.

130. A rising-popular and more widely used option by governments is automatic enrolment in private and funded pension schemes, as highlighted by OECD, Increasing private pension coverage and automatic enrolment schemes: Evidence from six OECD countries, Chapter 4 in Pensions Outlook 2014[22]. Including such a feature aims at increasing participation and involvement in privately provided plans hence coverage of funded schemes. Automatic enrolment has the potential to overcome issues associated to voluntary and non-compulsory participation (e.g. inertia, procrastination, lack of pensions knowledge or/and interest). Additionally, it still allows individuals to opt-out of the scheme leading them to be involved and responsibly engaged in the way they plan their future pension. From experience and evidence from six OECD countries, automatic enrolment resulted in an overall increase on coverage of private pensions. However, the extent to which it increased varies considerably from one country to another ranging from +48.6 percentage points for New-Zealand to only +7.5 percentage points in Italy. As the main account for explanation, OECD pointed out that observed discrepancy among countries can be explained by automatic enrolment schemes design. Numerous components and parameters of the plan seems to have an effect on coverage, including non-exhaustively target population, opting-out window and re-enrolment and contribution rates.

131. A common tool for a government to influence individual behaviour and decision-making is introducing or removing a tax or adjusting taxation rate in case it already exists. Any modification of the financial environment experienced by individuals is likely to make them reconsider the choices they previously made; hence resulting in a behavioural response (i.e. though inaction can also be considered as an individual response). To increase overall savings or make the

[22] https://read.oecd-ilibrary.org/finance-and-investment/oecd-pensions-outlook-2014_9789264222687-en#page1.

contributions of complementary pension plans grow among others alternative explanations for taking action, financial incentives appear to be potential policy response. Chapter 4 in the OECD report Financial Incentives and Retirement Savings 2018[23] assesses the effectiveness of financial incentives regarding participation increase and contributions to retirement savings plans. From empirical results and academic literature evidence, numerous methodological issues jeopardise a clear interpretation of results. This issue can be explained by the diversity of tax and non-tax financial incentives characteristics (e.g. TTE, EET or EEE tax regimes; contributions limits, eligibility criteria and more). Nevertheless, three main points emerge from this report. First, middle and high-income households are more likely to increase participation in and contributions to retirement saving schemes in response to taxable income deduction. Second, increase in those savings can be the result of individuals increasing their savings (i.e. around 25-30% of retirement savings are estimated as "new"; tends to be low-income individuals choice) but also people's choice to reallocate savings from other financial instruments to the retirement plan (tends to be higher-income individuals choice). Third, non-tax financial incentives (e.g. matching contributions) increases retirement saving plans participation.

132. Government policy has an indirect impact on supplementary pensions if changes to the pension system in general or state pension affect their provision. For example, the pensionable age for supplementary pensions may be linked to the standard retirement age of public pensions or supplementary pensions may only be accumulated above a certain threshold reflecting the minimum public pension.

3.8. PROJECTIONS AT NATIONAL LEVEL

3.8.1. ARE COUNTRIES MAKING PENSION PROJECTIONS?

133. The below table gives an overview of the responses to the question in EIOPA's NCA survey asking if long-term projections for occupational and/or personal pensions were regularly made at country level. Respondents were asked to give reasons if their answer was "No" (also included below).

[23] https://www.oecd-ilibrary.org/finance-and-investment/financial-incentives-and-retirement-savings_9789264306929-en

TABLE 3.1: LONG-TERM PROJECTIONS IN MEMBER STATES AND REASONS FOR NOT MAKING PROJECTIONS

Are long-term projections for occupational and/or personal pensions regularly made in your country, either by your NCA or an (other) government agency/department?			
No		Yes	
16		8	
8	Insufficient data abvailable	4	Yes, only the long-term projections for the EPC's AWG
4	Insufficient resources	2	Yes, both long-term projections for national purposes and the EPC's AWG
4	Making long-term projections is too complex	2	Yes, only long-term projections for national purposes
2	No material risks to the adequacy and sustainability of future retirement income		
1	Occupational and personal pension provision are not material in my country		

134. Some countries have made projections in the past but they are not carried out regularly. In one country private pension providers do their own projections as the market is quite small.

3.8.2. PROJECTIONS OF OCCUPATIONAL PENSIONS

135. Six Member States (DK, ES, IT, NL, PT, SE) indicated that long-term projections for occupational pensions are made in their countries.

136. In three cases projections are carried out in the context of the EPC's AWG Ageing exercise, in two cases they are performed for national purposes and in one case with both of these purposes. Overall, the variables that are projected are within the same nature of the ones that are foreseen in the Ageing exercise, although not always covering all the items. Pension expenditures and number of pensioners (with breakdown by age groups) are the variables most commonly projected.

137. For those Member States that participate in the Ageing exercise, the length of the projections is the same as the one requested in the latest exercise, i.e. 50 years, until 2070. In the remaining cases, the number of years vary, but tend to be between 30 to 50 years. One Member State indicated that the model is run for a longer horizon, but they tend to focus on shorter periods.

TABLE 3.2: VARIABLES FOR WHICH HISTORICAL TIME SERIES AND LONG-TERM PROJECTIONS FOR OCCUPATIONAL PENSIONS ARE AVAILABLE

	Historical	Projections
Pension expenditure (gross nominal amount)	6	5
- new pensions	3	4
- breakdown by age groups	2	3
Tax expenditure/revenues (nominal amount)	2	2
- accumulation phase	0	2
- decumulation phase	2	3
Benefit ratio	3	3
Gross average replacement rate (at retirement)	2	4
Number of pensions	6	3
- new pensions	3	4
- breakdown by age groups	2	2
Number of pensioners	6	5
- breakdown by age groups	3	5
- breakdown by gender	2	2
Total contributions	6	4
Number of contributors (employees)	5	3
Assets and reserves (nominal value)	6	4
Average annual return (in %)	3	3
Average annual costs (in % assets)	1	0
Other specified below	0	0

Note: Projections of average annual costs are not required in the Ageing exercise

138. Historical data for the same variables is also available for most cases. The length of the time series varies depending on the Member State and the variables, but in some cases, past data is available for more than 20 years.

139. In what concerns the scope of occupational pension projections, they tend to cover all occupational plans and products or, at least, the most representative part (i.e. schemes that cover the majority of employees, the IORP sector).

140. In four Member States projections are made aggregating all pension plans and products and, in the other two, by grouping pension plans and products (e.g. separately for DB and DC schemes).

141. In relation to the calculations and assumptions underlying the projections, the Member States provided the following information:

- **Members and beneficiaries**: Three Member States indicated that projections are based on detailed data on the membership.
  In some Member States, statistical data by age or age group is taken into account, in some cases with reference to the country level population data or projections to obtain the age distribution.
  When asked about how the number of (active) members / contributors in modelled, past trends are considered in some cases, with one Member State specifically indicating that assumptions on entry and exit rates are used. One other Member State explained that the proportion of members in the total population is considered to remain constant and the evolution of members is estimated based on the demographic projections for the total population.
  To determine the number of new pensions, the retirement age, either the current average retirement age or taking into account its future expected evolution, is taken into account;
- **Contributions**: The projection of contributions depend on the type of scheme, but is either based on past or latest available data, on salary data or projections or the actuarial cost-effective contributions for each year;
- **Assets (or technical provisions / accrued benefits)**: Assets tend to be modelled considering contributions paid and investment returns, minus benefits paid. Three Member States indicated that they considered long-term assumptions on investment returns;
- **Pension benefits**: The approaches used by different Member States to project pension benefits differ in terms of methodology and granularity.
  For instance, one Member State uses a “bottom up” approach, considering the simulated number of pensioners and their individual pensions, according to the rules in the respective pension system and relevant assumptions (e.g. probabilities to be employed, unemployed, retired, etc.).
  Another Member State estimates the average pension benefit that will be paid in each year, separately for new entrants and existing beneficiaries, and the total is obtained by multiplying the average pension benefit and the pensioners’ population.
  Accrual rate (same across all age groups) and indexation assumptions are used by another Member State to project the future pension benefits. The important drivers of the annual amount of pension benefits for a cohort of new pensioners are therefore their average pensionable earnings, contributory period and accrual rate. For pensioners, assumptions on the indexation of pensions are made. In both cases, indexation cuts to restore funding levels are considered, when necessary.

One Member State specifically indicated that the indexation of pension benefits is equal to the inflation rate, while in other case a combination of price and wage inflation is considered.

142. In addition, four Member States indicated that projections take into account the impact of government policy on future coverage and benefit levels of occupational pensions.

3.8.3. PROJECTIONS OF PERSONAL PENSIONS

143. Three countries indicated that long-term projections for personal pensions are made in their country.

144. One country specified there are differences in assumptions between national projections and EPC's AWG ageing exercise. They concern population projections (i.e. Eurostat at EU level versus the statistics office at national level) and labour supply projections (i.e. same characteristics without distinction of birth country at EU level and assumption that foreign born individuals have a lower labour supply at national level). Other assumptions that differ include non-exhaustively productivity growth rates and investment returns on assets.

145. The length of the projections is also the same as the latest Ageing exercise, i.e. until 2070. One Member State indicated such projections are performed until 2110.

TABLE 3.3: VARIABLES FOR WHICH HISTORICAL TIME SERIES AND LONG-TERM PROJECTIONS FOR PERSONAL PENSIONS ARE AVAILABLE

	Historical	Projections
Pension expenditure (gross nominal amount)	3	3
- new pensions	2	2
- breakdown by age groups	2	2
Tax expenditure/revenues (nominal amount)	0	0
- accumulation phase	0	0
- decumulation phase	0	0
Benefit ratio	1	1
Gross average replacement rate (at retirement)	1	2
Number of pensions	1	2
- new pensions	1	2
- breakdown by age groups	1	2
Number of pensioners	3	3
- breakdown by age groups	1	2
- breakdown by gender	1	2
Total contributions	3	3

Number of contributors (employees)	3	3
Assets and reserves (nominal value)	3	2
Average annual return (in %)	2	2
Average annual costs (in % assets)	1	1
Other specified below	0	0

146. Historical data for the same variables is also available for most cases. The length of the time series varies according to the Member State and the variables, but in some cases, past data is available for more than 20 years.

147. Regarding the scope of personal pension projections, they tend to cover all personal plans and products.

148. In the three Member States making long-term projections for personal pensions, each of them make them in a different way: one country aggregates by all products/plans, one country aggregates by group of products/plans and one country aggregates by individual product/plan.

149. In relation to the calculations and assumptions underlying the projections, the Member States provided the following information:

- **Members and beneficiaries**: Two Member States indicated that projections are based on detailed data on membership.
  Concerning how the number of (active) members / contributors is modelled, a country uses a percentage of the active members over the total population from latest data available. This rate is constant for projections to obtain projected members by age without assumptions for entry and exit rates.
  Another Member State considers existing members at the date when the projection is made for entry rates and a probabilistic exit rate.
  To determine the number of new pensions, one Member State takes into account the amount of future pensioners which is calculated by age, taking into account mortality tables and the retirement age. New pensions are determined without considering early withdrawals. Another country uses a probabilistic rate.
  To determine the number of existing pensioners, one Member State uses the same method as the one used for new pensions, based on the mortality tables and the retirement age. Another country takes individual biometric data of all members and a probability of occurrence rate.
- **Contributions**: Projections depend on type of schemes. From latest data available, a country makes projections year by year considering macroeconomic assumptions. It also indicates that contributions are linked to the salary. Another Member State also bases the amount of contributions on salaries and contribution rates.

- **Assets (or technical provisions / accrued benefits)**: Assets are modelled considering contributions paid and investment returns minus benefits paid. Return rates can be an average rate based on an assumption for the average return or linked to other variables such as the risk-free rate or GDP.
- **Decumulation phase**: Two countries use annuity rates for projections and one country uses a mix of capital and annuity rate (in %).
- **Pension benefits**: There are different approaches countries take. However, countries tend to adopt the same method for projections of benefits and projections of benefits related to new pensions.
  One Member State uses rules concerning the pensions system and assumptions on the average return on assets.
  One Member State adds yearly contributions to current assets and deducts benefits paid to project pension benefits.
  One Member State makes benefits projection by using the stochastic simulation of the evolution of individual accounts taking into account the individual biometrical data, contribution, salary, historical returns of the pensions funds, risk free rate, HICP and GDP projection. Assumptions are made for the type of annuity and probability of occurrence rate.

150. One country indicated that it takes into account the impact of government policy on future coverage and benefit levels of personal pensions. It includes present rules and future changes decided by parliament or other governing body.

3.8.4. DIFFERENCES WITH AWG PROJECTIONS

151. Only one Member State that does both long-term projections for national purposes and for the EPC's AWG, specified if there were any differences in the features and underlying assumptions provided for the projections for national purposes compared to the projections for the EPC's AWG. Another country noted that there are a number of differences in assumptions between national and AWG projections, but they are made the same way, using the same model. The differences indicated included - population projections, productivity growth rates and investment returns. Another country did also note that the demographic projections of the AWG differed substantially from those provided by their national statistical authority and suggested a harmonisation.

152. One country noted that projections were made upon assumptions of how the main variables are expected to behave in the future. Some of these assumptions were based on past experience and knowledge of the market, so are based on expectations and are not determined from any scientific formula. These assumptions on the variables' behaviour and modelling formulas, it was noted, have a substantial effect on the results.

DRAFT ADVICE TO THE EUROPEAN COMMISSION

The discussion on pension projections is based on the perspective that calculations will be performed by the Member States (e.g. by government agencies / departments and / or NCAs), with the aim of complementing the public ageing expenditures in the Ageing report projections and calculating pension indicators.

In this regard, EIOPA is assuming that, at least, the disaggregation between occupational and personal pensions and, within each of these categories, per main type of scheme, i.e. DB / hybrid / DC is envisaged. Consequently, projections should, at least, be done considering this split.

Nevertheless, in order to obtain more reliable results, to the extent possible, calculations should be performed at a more granular level (e.g. by groups of pension plans and products with similar features).

Regarding non-pensions related data and assumptions, apart from the demographic and macroeconomic assumptions that are made available by the European Commission in the context of the Ageing report projections, EIOPA considers that the assumptions on assets return are particularly relevant for private pensions, which are mostly funded schemes. In order to appropriately reflect the investment profile of different asset portfolios, a common approach to model future returns should be foreseen. An approach like the one applied in the 2019 EIOPA IORPs Stress Test, with the definition of risk premiums over risk free rates per main asset classes, can be a point of reference.

Depending on the type of scheme (i.e. DB / hybrid / DC), the model to perform pension projections will be different, as well as the data and assumptions needed.

EIOPA considers that the minimum set of quantitative data to be used as a starting point for the projections and for making assumptions, are (as applicable):

- data on members broken down by active members, deferred members and beneficiaries, and member flow data;
- pensions in payment;
- contributions;

- assets and asset allocation;
- value of liabilities;
- cost and charges;
- breakdown of assets (for DC), liabilities (for DB), contributions and members and beneficiaries by age or age group and gender, which will, among other aspects, provide some basis for modelling the length of the accumulation period, the start and the end of pension payments;
- cash flow data and/or interest rate/longevity sensitivities to ensure consistency with of DB liabilities with the common interest rate and life expectancy assumptions in EU-wide projections.

Pension projections will also depend on information of a more qualitative nature, such as legal and / or contractual rules, that determines the characteristics of pension plans and products, including, but not limited to:

- formulas for calculating benefits, including minimum guarantees and annual accrual rates;
- contingencies that give rise to the payment of benefits;
- pay-out options that are allowed;
- indexation rules;
- security and benefit adjustment mechanisms.

Finally, pension projections should take into account the direct and indirect impact of implemented government policy on the future provision of supplementary pensions.

When making projections, to the extent possible, Member States should take these characteristics into account. Statistical data may also provide some insights on these characteristics and serve as a basis for making assumptions on the future behaviour of certain variables (e.g. when there are options, for instance, early withdrawals, statistical data can be used to estimate the probability or size of early withdrawals in the future).

QUESTIONS TO STAKEHOLDERS:

Q4: Do you agree that the identified minimum set of quantitative data and more qualitative information are necessary to enable the preparation of long-term pension projections? Please explain.

Q5: Do stakeholders have experience with making long-term pension projections that may be beneficial to the discussion on - for example - minimal data needs, making assumptions, the level of granularity that is most rewarding and taking into account the effects of government policy? If yes, please share that experience.

4. PENSION DASHBOARDS

153. This chapter explores the designs of dashboards that are currently in use in a EU context and how their design might suit a European pensions dashboard. The second half of the chapter sets out methodologies and indicators for building a pension dashboard.

4.1. DEFINITION OF A DASHBOARD

154. A dashboard takes large data sets and presents them in a way that is manageable to analyse, compare and comprehend. By prioritising the visual display of the data through charts and infographics instead of large data spreadsheets or overly textual analysis, overviews of complex data can be presented easily. Also, through dashboard software (such as Power Bi or Tableau), various large data sets can be made malleable and interactive for study and comparison, making them accessible to larger populations and making the decision making process and the formation of policy more transparent.

WHY ARE THEY USEFUL?

155. Dashboards are particularly useful in a European context due to the number of data sets that need to be compared per each EU/EEA country. Dashboards lend themselves to the analysis of variables and indicators across Member States through a focus on the visual presentation of data and through the use of tools that enable cross country/regional comparisons. For this reason the European Commission and many EU institutions use dashboards and dashboard software to present data sets on a wide range of areas. Examples of existing European Dashboards are presented in **Annex II**.

4.2. WHAT IS A DASHBOARD?

156. For the purposes of this paper dashboards are defined in the following ways: live dashboards and report dashboards.

LIVE DASHBOARDS

157. A live dashboard is an online visual tool that enables users to view and interact with one or many data sets through the same platform. Dashboards take data sets of either raw data or aggregated key performance indicators (KPI) and through data visualisation software create an

interface where data can be compared, contrasted, analysed and extracted. A key component of a live dashboard is their interactive visual element where users can gain an understanding of more complex datasets at a glance, through manipulating and interacting with graphs, maps and other interactive visual tools.

158. Live dashboards are commonly used to track the progress of KPIs and will update as the underlining datasets they are based on update, giving a responsive view of the present situation. A good example of their responsiveness can be found in the various national Covid-19 dashboards that have been used from 2020 onwards to track infection rates and other indicators about the Covid-19 pandemic in specific countries/regions (see **Figure A.2.1** in **Annex II**). The ECB Fiscal dashboard is another example of a live dashboard used for policy formation (see **Figure A.2.2** in **Annex II**).

REPORT DASHBOARDS

159. A report dashboard shares many of the attributes of a live dashboard but does not have the interactive and constantly updateable elements. As with live dashboards there is a heavy emphasis on visuals to communicate large data sets including graphics, charts and infographics. Report dashboards normally present data in two ways; either through a single comprehensive high-level graphical or visual representation of the data set/s (for this paper they are called 'comprehensive report dashboards') or; in addition to the high-level visual representation, further lower level graphics add further granularity and detail and are usually supplemented by textual analysis in a report form (for this report – 'itemised report dashboards'). Report dashboards will be released at regular intervals, for example quarterly or annually, to keep data current and relevant. Often there is a progress report element based on data from previous iterations of the dashboard.

160. Examples of these forms of dashboard are the European Commission's DG AGRI Dashboard on Dairy Products (an example of a comprehensive report dashboard) and the Eurostat Covid-19 Recovery Dashboard (an example of itemised report dashboard but without textual analysis, see **Figure A.2.3** in **Annex II**).

4.3. ADVANTAGES AND DISADVANTAGES OF LIVE AND REPORT DASHBOARDS

161. In the context of the CfA to create a pensions dashboard for Europe the following advantages for each type of dashboard are presented and some considerations that should also be taken into account for each.

ADVANTAGES OF A LIVE DASHBOARD

162. A live dashboard will be able to present both an aggregated indicator on pensions gaps across Member States while also giving more granular data on adequacy and sustainability across the pensions pillars, through features that enable interaction with the dashboard. This will give more depth and context to an overall aggregated indicator of the pensions gap. Live dashboards also use interactive maps frequently (see the ECB Fiscal Dashboard above) to present information. This would be a strong visual tool that would take the emphasis off listing or ranking Member States, while the interactive element leaves space to add context about each Members States unique situation in terms of retirement savings and coverage.

CONSIDERATIONS OF A LIVE DASHBOARD

163. A live dashboard will need to be hosted and maintained regularly which may require additional resources from the organisation that hosts it. The underlying dataset that feeds into a live dashboard would require regular updating as new data comes on stream – while the bulk of this work can be automated there will need to be some form of supervision to ensure data quality. Similarly, if the interactive elements include a description of each countries profile or social and labour laws, this may need to be regularly updated to ensure accuracy. Also as set out further in Chapter 5 additional data will be required to make a live dashboard a more comprehensive tool for analysis.

ADVANTAGES OF A REPORT DASHBOARD

164. A report dash board gives space and consideration for nuance where a live dashboard may not have the scope to do. This could be important when considering the differing systems that make up the collective European retirement savings pensions environment. A report dashboard could present the specific considerations of each Member State and why they fall in their particular on the dashboard in the form of an itemised report dashboard such as the Mercer CFA Institute Global Pension Index as mentioned above.

165. A condensed dashboard in the form of a comprehensive report dashboard would give a quick and digestible snapshot of the gaps using aggregated indicators and would be a useful and accessible tool for both policy makes and civil society, journalists and the general public such as the EIOPA Risk Dashboard for the insurance industry (see **Figure A.2.4** in **Annex II**).

CONSIDERATIONS FOR A REPORT DASHBOARD

166. A report dashboard will also have to be published by a host organisation at regular intervals (quarterly or in an annual/multiannual format). This will mean a further report on the European retirement savings environment on top of the Pension Adequacy report and the Ageing Report

produced by the European Commission. A report dashboard could replace or be incorporated into one of these existing reports but this may take away from its potency and impact. This could also be potentially a resource heavy exercise for a host organisation to publish.

167. The nature of both a comprehensive and an itemised report dashboard mean that the best means of communicating the data for each country would be in a list form – where countries are ranked (for example as in the Mercer CFA Institute Global Pension Index). This could give an overly simplistic view of each Member States pension system (particularly using a comprehensive report dashboard) unless pan European aggregate indicators are used – this however runs against the CfA specifications.

4.4. PENSION DASHBOARDS AT NATIONAL LEVEL

168. NCAs indicated through the survey that no dashboards on the adequacy and sustainability exist at national level. One Member State indicated that they are developing a dashboard to measure the adequacy and sustainability of pensions, while four indicated that a pensions dashboard is envisaged to be developed in the future (four countries did not respond to this question). It should be noted that the term “dashboard” was not defined explicitly for this question and there may have been some alternative inference by respondents, as the term “dashboard” could also be understood to mean an individual pensions tracking service. Possibly the question was interpreted differently based on the understanding of dashboard as tracking service. Similarly some countries dashboards may not measure “adequacy and sustainability” and respondents have noted that they felt their dashboard did not meet the requirements of answering “Yes” to the question.

169. Some countries noted that challenges that they foresee in making pension dashboards include a lack of data at the individual member level, a lack of resources at the NCA and a lack of political will to gather data at a national level. One country noted that each pension scheme or group of pension schemes have its own specificities and this would make data gathering difficult. Multiple countries noted that their occupational and private pensions system is either not developed enough or in the accumulation stage.

4.5. INDICATORS FOR PENSION DASHBOARDS

EXTRACT CALL FOR ADVICE (SECTION 4.4):

"EIOPA is requested to identify suitable indicators to monitor the state of play in Member States and their progress to achieve adequate and sustainable pensions. These indicators should provide quantitative information about the contribution of different sources of future retirement income that complement revenues from public pensions. It would be important that they can be combined with indicators that inform about the contribution of state-run pensions to retirement income in order to come forward with a single indicator per Member State. The indicators should therefore be compatible with the numbers produced by the triennial pension projections performed by the European Commission and Member States, most notably those relating to state-run pension schemes, and the occupational and personal pension data identified above.

EIOPA should compare the indicators proposed in the pension dashboards with those already existing and used by European or international organisations in terms of (i) how accurately they reflect future pension benefits, (ii) how extensive their coverage is, and (iii) [..]."

170. The European Commission jointly with the Social Protection Committee and the Economic Policy Committee already publish a comprehensive set of indicators on the adequacy and sustainability of pension systems through:

- the triennial Pension Adequacy Reports;
- the triennial Ageing Reports;
- the triennial Fiscal Sustainability Report, updated on an annual basis through the Debt Sustainability Monitors.

PENSION ADEQUACY REPORT

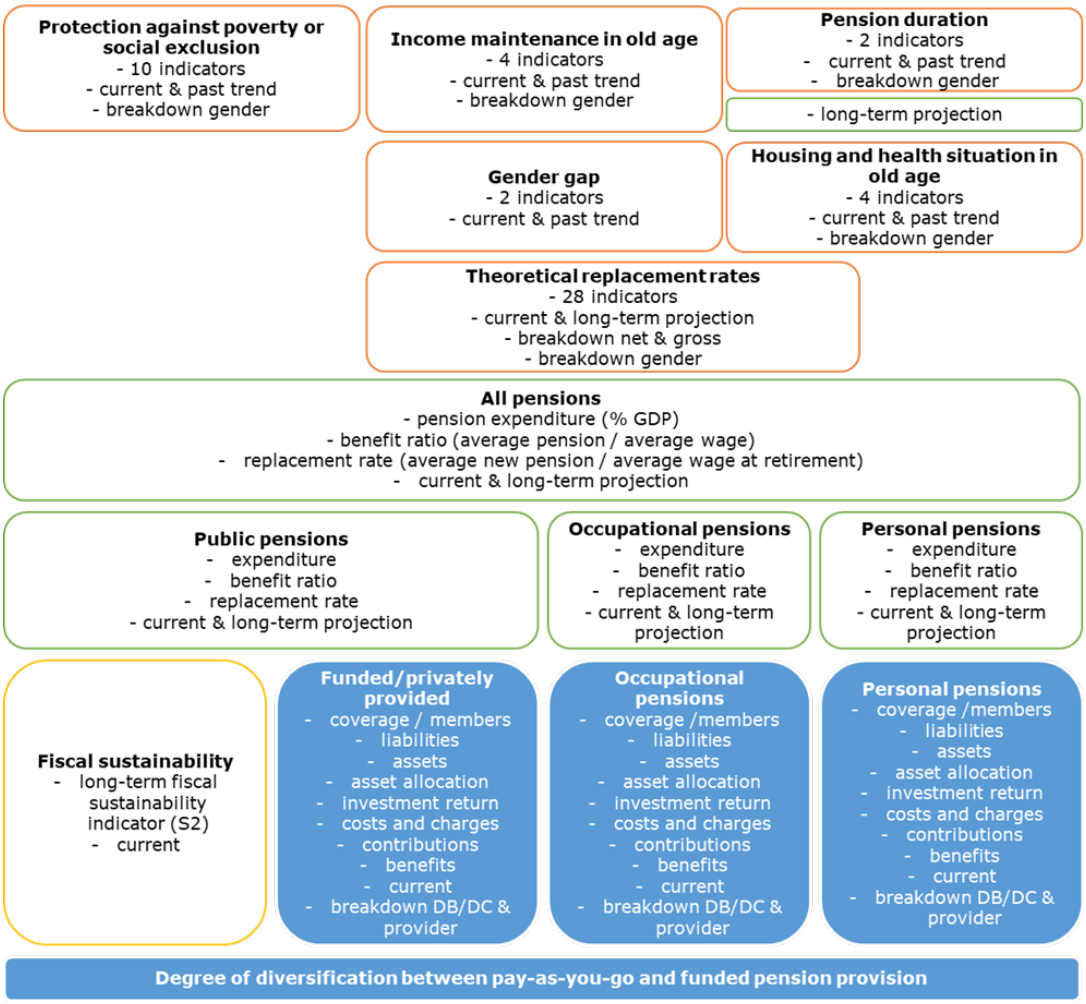
171. The Pension adequacy report considers pension adequacy to consist of three main components:

- Poverty protection;
- Income maintenance; and
- Pension duration.

172. Six sets of adequacy indicators have been agreed with the EU Member States. The around 50 indicators measure replacement rates, the duration of pensions, the distribution of retirement income among different groups – including the risk of poverty and the gender gap – and the

health and housing situation of older people (see **Figure 4.1**, a detailed overview of all indicators is included in **Annex III**). [24]

FIGURE 4.1: OVERVIEW OF EUROPEAN COMMISSION'S INDICATORS AND INDICATORS PROPOSED BY EIOPA



Note: The indicators in the orange-bordered boxes relate to the Pension Adequacy Report, in the green-bordered boxes to the Ageing Report and in the yellow-bordered box to the Fiscal Sustainability Report. The blue boxes contain the additional indicators proposed by EIOPA.

173. The adequacy indicators are not restricted to public pensions, but also cover retirement income derived from occupational and personal pension provision. The current adequacy indicators are sourced from the EU Survey on Income and Living Conditions (EU-SILC). The EU-SILC

[24] See Volume 2 (Country profiles) of SPC and European Commission, The 2021 Pension Adequacy Report: current and future income adequacy in old age in the EU, June 2021.

data includes occupational pensions under old-age pensions and personal pensions as a separate income category. Moreover, the long-term projections of theoretical replacement rates for various hypothetical cases take into account privately provided funded schemes, where these are mandatory or widespread at the national level.[25]

174. The adequacy indicators in four sets ("Relative incomes of older people", "Poverty and material deprivation", "Gender differences" and "Housing and health situation of older people") constitute annual data available through Eurostat, measuring the current situation and historic trends in indicators. The theoretical replacements rates are prepared for the purpose of the (triennial) Adequacy Report and relate to current situation and long-term projections (40 years ahead). The indicator for retirement duration also relates to the present and the future situation (50 years ahead) and is taken from the (triennial) Ageing Report.

AGEING REPORT

175. Whereas the Adequacy Report provides projections of theoretical replacement rates for different (hypothetical) groups of people under different assumptions, the Ageing Report contains long-term projections of a couple of measures for aggregate retirement income. The three measures provided are pension expenditure (% GDP), the so-called benefit ratio and the average replacement rate. Member States can include in their projections funded pillar 1bis, occupational and/or personal pensions on voluntary basis.[26]

176. These indicators not only provide another measure for the adequacy, but also of the sustainability of pension systems. Member States with low projected pension expenditure / replacement ratios, may be subject to public pressure to increase pensions, jeopardising the sustainability of public finances. The long-term projections of ageing-related government expenditures also feed into the triennial Fiscal Sustainability reports.

FISCAL SUSTAINABILITY REPORT

177. The Fiscal Sustainability Report contains an indicator for the long-term sustainability of public finances, including expenditures on state pension provision. The so-called S2 fiscal sustainability gap indicator measures the budgetary adjustment that would ensure sustainable public finances in the long term. Specifically, this indicator shows the budgetary adjustment that is required to stabilise debt-to-GDP ratio over a long-term horizon, taking into account additional expenditure arising from an ageing population. A sustainability gap may put at risk the adequacy

[25] Eleven Member States (BE, BG, DK, EE, IE, HR, LV, LT, NL, PL, SE) included the 1st pillar-bis or occupational pensions in their projections of theoretical replacement rates.

[26] In the 2021 Ageing Report, eleven Member States (BE, DK, EE, ES, HR, LV, LT, NL, PT, RO, SE) included the 1st pillar-bis, occupational or personal pensions in their long-term projections.

of retirement provision, since public pension expenditure constitutes a substantial (and usually growing) part of government budgets.

4.6. ADDITIONAL PENSION INDICATORS PROPOSED BY EIOPA

178. EIOPA proposes to complement the existing adequacy and sustainability indicators used by the European Commission with:

- Coverage rates of public, occupational and personal pensions, since these are an important underlying determinant of future adequacy;
- Current financial variables relating to the funded pillar 1bis state pensions, occupational pensions and personal pensions:
    - Benefits;
    - Assets and asset allocation;
    - Liabilities;
    - Contributions;
    - Gross investment returns;
    - Costs;

  The financial indicators should give a breakdown with respect to the various private pension providers (IORPs, insurers, UCITS and banks) and the type of pension scheme (DC and DB);
- An indicator to measure the risk diversification between retirement income derived from pay-as-you-go (demographic risk) and funded pension schemes (interest rate risk).

179. The financial indicators can be interpreted as drivers of the replacement rates indicators used by the European Commission. Future pensions depend on current accumulated assets, future contributions/savings and the returns on those assets/contributions. Costs and charges will result in net investment returns being lower than gross investment returns. However, the financial indicators also provide additional information on the adequacy and sustainability of privately provided pension products and plans:

- The asset allocation provides an indication of investment risk to which future retirement income is exposed, most notably in defined contributions (DC) plans;
- A shortfall between assets and liabilities in defined benefit (DB) schemes, constitutes the risk that future retirement income may fall short of what is promised.

180. Finally, the financial variables also provide a link with the objective of further developing the Capital Markets Union (CMU).

4.7. INDICATORS ON OTHER LONG-TERM SAVINGS INSTRUMENTS

EXTRACT FROM CALL FOR ADVICE (SECTION 4.4 & 4.2):

To obtain a comprehensive view over sources of individual retirement income, EIOPA is invited to advise on the feasibility, coverage and granularity of long-term saving instruments to be included in the dashboard under personal pension income. In its advice, EIOPA should consider possible alignment with the individual pension-tracking tool in this regard. EIOPA is requested to select only those long-term saving instruments which would provide a quantitatively meaningful contribution to individual retirement income at aggregate (Member State) level. For saving instruments with a meaningful contribution, EIOPA is expected to indicate whether data exists at Member State (or European) level.

The outcome of this task should be a list of instruments (variables) for which relevant statistical data on contributions, returns, number of participants and pay-outs can be collected for each Member State and subsequently aggregated. If data collection is not feasible for some quantitatively meaningful long-term saving instruments, EIOPA is asked to identify these instruments and indicate whether the information can be approximated using economic assumptions (as well as set out those assumptions)."

181. Long-term savings through products and plans, not recognised as pensions by the Member States, are considered to be 'other' long-term savings instruments. These other long-term savings may contribute to achieving adequate retirement income during people's retirement.

182. As indicated in Chapter 2, 'long-term' is not well defined and data for these 'long-term' savings are not readily available. Therefore, EIOPA recommends not to pursue the inclusion of statistical data on contributions, returns, number of participants and pay-outs for other long-term savings instruments for the first iterations of the pensions dashboard. Instead, it could be considered to include indicators such as:

- the proportion of homeownership among (future) pensioners;
- net wealth component(s) of young and older households;
- individual non-pensions savings rates.

183. One of the most important of components of household wealth is peoples' own home. In particular, for retired citizens since they normally had time to pay off their mortgage. The

Adequacy Report includes an indicator on the proportion of homeowners among older people in Member States, given that homeowners are likely to spend less on housing. The report also demonstrates that the risk-of-poverty rates are considerably lower among homeowners.

184. Although not among the agreed set of national indicators, the 2018 Adequacy Report also considers other net wealth of households using micro data taken from the ECB's Households Finance and Consumption Survey (HFCS).[27,28] A drawback is that the survey only contains data for countries in the euro area. Moreover, there is some overlap with pension plans, since the survey includes personal pension savings in household wealth.

185. Alternatively, deducting the pensions savings from the total savings could provide an estimate on households' non-pension related savings. Information on the total households' savings can be found at Eurostat, the ECB and the OECD. However, in such manner there is no differentiation between short and long-term savings products.

4.8. OVERALL ADEQUACY AND SUSTAINABILITY INDICATOR

EXTRACT FROM CALL FOR ADVICE (SECTION 4.4):

"It would be important that they can be combined with indicators that inform about the contribution of state-run pensions to retirement income in order to come forward with a single indicator per Member State."

186. EIOPA is asked that the indicators are aggregated into a single indicator per Member State. This implies that weights have to be determined and applied to the indicators.

187. A relevant consideration in this respect is that some indicators refer to the present, while other indicators constitute long-term projections referring both to the present and the future (40-50 years). In consequence, the indicators do not only have to be aggregated in the present and the future but also over time to get a combined view of current and long-term adequacy and sustainability. Moreover, the collection of indicators in the present is not the same as in the future.

[27] https://www.ecb.europa.eu/pub/economic-research/research-networks/html/researcher_hfcn.en.html

[28] Eurostat (Ageing Europe – looking at the lives of older people in the EU - 2020 edition) also uses indicators from the ECB's Households Finance and Consumption Survey. See: https://ec.europa.eu/eurostat/documents/3217494/11478057/KS-02-20-655-EN-N.pdf/9b09606c-d4e8-4c33-63d2-3b20d5c19c91

188. Another consideration is that there is considerable overlap in indicators. For example, a number of definitions of replacements rates are used. Moreover, some indicators already constitute aggregates of underlying indicators. Similarly, other indicators are merely drivers of other indicators. For example, the amount of assets in a funded pension scheme is an important determinant of future replacement rates, but may not add additional information to the overall indicator.

189. Relatively simple ways to aggregate individual indicators are:

- Ranking the Member States for each indicator and then in the end calculate an average ranking;
- Attaching scores to the individual indicators (for example 0 to 10) and then calculate the overall indicator as simple average or sum (i.e. equal weights);
- Assigning scores to the individual indicators and then calculate the overall indicator as a weighted average or sum, where the weights are based on expert judgement.[29]

190. These weighting schemes are quite arbitrary, i.e. there is no clear rationale why the (equal) weights are appropriate. Moreover, the contribution of the different indicators to overall adequacy and sustainability is probably non-linear. For example, in the (hypothetical) case where all future retirement income is derived from funded pension schemes, it is not really relevant whether public finances are sustainable or not. In other words, a low score on the fiscal sustainability indicator should in this case not negatively impact the overall indicator.

191. EIOPA aims to present in its final advice a more reasoned way to combine the indicators in an overall adequacy and sustainability indicator. This is not a straightforward exercise as it involves aggregating different kinds of indicators, such as:

- the aggregate retirement income represented by the indicators for average replacement rate(s) and the duration of retirement income;
- the indicators signalling the quality of the housing and health care situation of older people and the degree of pension indexation during retirement;
- the equality/inequality of pension outcomes, e.g. risk-of-poverty, distribution of theoretical replacements for hypothetical groups and the gender gap;
- the sustainability of pay-as-you-go state pensions, as measured by the long-term S2 sustainability gap indicator;

[29] This is the approach taken in the Mercer CFA Institute Global Pension Index 2020.

- the sustainability of funded DB pensions, as indicated by any shortfall between assets and liabilities;
- the risk of unfavourable outcomes in funded DC pensions, measured by the riskiness of the investment portfolio;
- the risk due to insufficient diversification between pay-as-you-go pension provision (demographic risk) and funded pension provision (interest rate risk).

192. Adjusting the income indicator (i.e. replacement rate multiplied by duration of retirement income) for equality/inequality and investment risk implies that a value has to be assigned to a given level of equality/inequality. This is not a neutral exercise. There is a trade-off between efficiency (level of income) and equity (distribution of income). The optimal combination of equity and efficiency will depend on societal preferences. A similar trade-off exists with regard to risk and return. More (non-diversifiable) risk implies higher expected returns (and hence replacement rates) but also a higher probability of (more severe) unfavourable outcomes. The optimal risk-return combination will depend on societies' degree of risk aversion. Adjusting the (financial) income indicator for the quality of health care and housing during retirement is equally challenging.

193. Note that similar trade-offs tend not to exist for the sustainability gap and pay-as-you-go/funding indicators. From an optimal taxation perspective, it is optimal to cover any long-term sustainability gaps immediately, since this would require the smallest budgetary adjustment ('tax smoothing'). Postponing adjustments to the future implies that the necessary adjustments would be larger and, hence, more costly. Similarly, risk diversification is free which means that it is optimal to diversify between pay-as-you-go and funded pension provision.

194. In establishing the weights for the equality/inequality indicators, EIOPA intends to perform a sensitivity analysis by varying the implicit societal value assigned to income equality. The sensitivity analysis may show that different values for the weights lead to substantially different relative values for the overall indicators. In that case, it should be considered to present a range for the overall indicator, i.e. a range between a low and high value attached to income equality. The same approach will be taken with regard to the DC investment risk indicators.

4.9. IMPLEMENTATION OF THE PENSION DASHBOARDS

195. The data for the financial variables are not all presently available (see Chapter 5). The regular IORP data collected by EIOPA contains information on all the variables, but the availability of pension information of other providers, most notably insurance undertakings, is much more limited.

196. In EIOPA's view the development and publication of pension dashboards should not wait until all the indicators are comprehensive and of the highest quality. The publication this year of a new iteration of the Ageing and Pension adequacy reports provides an opportunity to launch the national dashboards with up-to-date adequacy and sustainability indicators. The dashboard should be a dynamic tool to which new and improved indicators are added.

197. For example, the 2018 Pension adequacy report presented microsimulation outcomes for a small number of countries. If the use of such methods becomes more widespread, these simulations could in time replace the projections of theoretical replacement rates based on (hypothetical) groups of people and assumptions. This would yield richer and more realistic projections of the adequacy of pension provision in Member States.

198. EIOPA has limited itself to proposing indicators that are relevant to the adequacy and sustainability of pension systems from a financial perspective. Sustainability may be defined in a wider sense, encompassing environmental, social and governance (ESG) considerations. Indicators could be considered for later versions of the dashboard which measure the extent to which the adequacy and sustainability of pension systems are exposed to ESG risks as well as the extent to which pension systems contribute to sustainability in a wider sense.[30]

DRAFT ADVICE TO THE EUROPEAN COMMISSION

In order to give a platform that will present the complexities of European pensions systems in one place while not summarising down the data to the point of irrelevancy, EIOPA proposes a live dashboard as the best method to present the information. Using a live dashboard will enable multiple variables to be displayed and compared, reduce the semblance of a Member State ranking system and give maximum transparency to the data, making it available to everyone from policy makes to the general public, while also being the best use of resources.

In line with the Call for Advice, EIOPA proposes to use the existing adequacy and sustainability indicators employed by the European Commission as a basis, i.e.:

- The around 50 indicators agreed in the 2021 Pension adequacy report measuring replacement rates, the duration of pensions, the distribution of retirement income among

[30] The Mercer CFA Institute Global Pension Index 2020 contains an indicator on whether trustees/fiduciaries are required to consider Environmental, Social and Governance (ESG) issues in developing their investment policies or strategies. The Mercer CFA Institute Global Pension Index 2020 gives a broader assessment of pension systems also in other respects. Besides an adequacy and sustainability sub-index, it also contains an integrity sub-index, considering – for example – the quality of regulation and governance and communication towards plan members. See: https://www.mercer.com.au/our-thinking/global-pension-index.html

different groups – including the risk of poverty and the gender gap – and the health and housing situation of older people;

- The long-term projections of a couple of measures for aggregate retirement income from the 2021 Ageing Report. The three measures provided are pension expenditure (% GDP), the so-called benefit ratio and the average replacement rate;

- The so-called long-term fiscal sustainability gap indicator (S2) from the Fiscal Sustainability Reports, measuring the budgetary adjustment that would ensure sustainable public finances in the long term.

EIOPA proposes to complement the existing adequacy and sustainability indicators used by the European Commission with:

- Coverage rates of public, occupational and personal pensions, since these are an important underlying determinant of future adequacy;

- Current financial variables relating to the funded pillar 1bis state pensions, occupational pensions and personal pensions: benefits, assets and asset allocation, liabilities, contributions, gross investment returns and costs. The financial indicators should give a breakdown with respect to the various private pension providers (IORPs, insurers, UCITS and banks) and the type of pension scheme (DC and DB);

- An indicator to measure the risk diversification between retirement income derived from pay-as-you-go (demographic risk) and funded pension schemes (interest rate risk).

EIOPA in its final advice will establish well-reasoned weights for the individual indicators in order to combine into a single-indicator per Member State. This is challenging since variables relating to the average level of retirement income will have to be equated with the distribution of retirement income, e.g. risk of poverty and gender gap, quality of health care and housing during retirement and the exposure to financial risks. EIOPA intends to test the sensitivity of the combined indicator to changes in the established weights.

Other 'long-term' savings instruments are not well defined and data for these 'long-term' savings are not readily available. Therefore, EIOPA recommends not to pursue the inclusion of statistical data on contributions, returns, number of participants and pay-outs for other long-term savings instruments for the first iterations of the pensions dashboard. Instead, it could be considered to include indicators such as:

- the proportion of homeownership among pensioners;

- net wealth component(s) of young and older households;
- individual non-pensions savings rates.

Pension dashboards are an important tool for providing insight in the adequacy and sustainability of pension systems. Therefore, EIOPA advises that the development and publication of pension dashboards should not wait until comprehensive data is available for all the proposed indicators and of the highest quality. The publication this year of updated Ageing and Pension Adequacy reports provides an opportunity to launch the national dashboards with up-to-date adequacy and sustainability indicators. The dashboard should be a dynamic tool to which new and improved indicators are added.

QUESTIONS TO STAKEHOLDERS:

Q6: Do you agree that a live dashboard should be developed to present the pensions data as proposed in the draft advice? Please explain.

Q7: Do you agree that all relevant adequacy and sustainability indicators employed by the European Commission are reflected in the draft advice? If not, please explain what indicators should be added / removed.

Q8: Do you agree on the indicators proposed by EIOPA to complement the existing indicators of the European Commission: coverage, financial variables relating to private pension providers, diversification between pay-as-you-go and funded pensions? If not, please explain what indicators should be added / removed.

Q9: Do you have methodological suggestions for aggregating the various indicators in order to obtain a single indicator per Member State? Please explain.

Q10: Do you agree with the draft advice not to include indicators for other long-term savings instruments in the dashboard at this point in time, but instead to consider variables like homeownership, wealth and individual savings? Please explain.

Q11: Do you agree that the use of pension dashboards should not be postponed until comprehensive data is available for all indicators? Please explain.

5. OPTIONS FOR COLLECTING ADDITIONAL DATA

EXTRACT FROM CALL FOR ADVICE (SECTION 4.1.1 AND 4.2):

"When relevant data gaps are identified, EIOPA should advise on how to obtain the necessary missing data. In doing so, EIOPA should detail the granularity of data, identify potential data sources and, where unavailable, how and from whom data can be collected (e.g., via a reporting requirement in relevant sectorial legislation). In the case of a new reporting requirement, EIOPA is invited to estimate reporting costs and propose how collected data should be administered and by whom.

In case, it is concluded that information cannot be collected at reasonable cost, EIOPA is invited to propose how information can instead be estimated and put forward suggestions for assumptions underpinning these estimations. In doing so, EIOPA is in particular invited to consider assumptions related to the length of contract, length of contribution (accumulation) and pay-out (decumulation) periods, the age structure of contributors and beneficiaries, interaction between the length of contract and statutory retirement age, cost of managing the investment and/or other relevant factors.

Where data [on long-term savings instruments] does not exist, EIOPA is invited to propose how (e.g. in a form of a reporting requirement in sectorial legislation), from which entities and what data needs to be collected, assess possible reporting cost and propose solutions, where data cannot be collected at reasonable cost (e.g. estimation of projections on investment return/ participation and contribution rates based on assumptions)."

5.1. CONSIDERATIONS ON ADDITIONAL DATA COLLECTION

DATA FOR DASHBOARDS OF INDICATORS

199. To complement the existing indicators used by the European Commission, EIOPA recommends to include indicators in the pension dashboards relating to private pension providers.

200. The data relating to IORPs are to a large extent available at EIOPA through the regular reporting of IORP data. The data for other providers are only to a very limited extent available. The

regular Solvency II reporting does not distinguish between pensions and non-pensions insurance business. EIOPA's database on pension plans and products covers all pensions provided by non-public institutions. The database contains fields for the amount of assets and the number of members, but the data for these variables are often missing.

TABLE 5.1: AVAILABILITY OF PENSIONS DATA AT EIOPA

	IORPs	Insurance	UCITS/AIF/ banks	Other non-EU regulated
Coverage				
- # members	Yes	Partial	Partial	Partial
- # products / plans	Yes	No	No	No
Liabilities	Yes	No	No	No
Assets	Yes	Partial	Partial	Partial
Asset allocation	Yes	No	No	No
Investment return	Yes	No	No	No
Costs and charges	Yes [31]	No	No	No
Contributions	Yes	No	No	No
Benefits	Yes	No	No	No

201. EIOPA receives information on IORPs' cash in-and-out flows from the reporting year, i.e. contributions and benefits. However, it does not receive any data on how these cash flows will evolve in the future. Given that IORPs' data on liabilities are valued using national valuation standards, such data would be important to establish and present the liability indicators on a comparable basis. At least the information on the cash outflows are often already available within the IORP's administration.[32]

[31] The cost data received by EIOPA and NCAs largely constitute accounting data. This means that no look-through approach is applied to indirect costs and charges at the level of investment funds and managers. See EIOPA, Consultation paper on draft Opinion on the supervisory reporting of costs and charges of IORPs, EIOPA-BoS-21/113, 22 April 2021: https://www.eiopa.europa.eu/sites/default/files/publications/consultations/consultation-paper-draft-opinion-cost-reporting-iorps.pdf

[32] EIOPA's 2017 and 2019 occupational pensions stress tests collected cash flow data. See for example EIOPA, 2019 IORP Stress Test Specifications, EIOPA-BoS-19/157, 29 March 2019: https://www.eiopa.europa.eu/sites/default/files/publications/other_documents/stress_test_specifications.pdf

MINIMUM DATA NEEDED FOR PENSION PROJECTIONS

202. The data on future cash flows would also contribute to making projections of future pension benefits on a common basis. Firstly, future cash outflows already constitute a projection of future benefits based on current entitlements. Secondly, the EU-wide projections, e.g. for the triennial Ageing Report, are projections based on common assumptions, like the interest rate and longevity. The availability of cash flow data would allow adjusting IORPs' liabilities reflecting those common assumptions. An alternative would be to collect sensitivity analyses with respect to changes in interest rate and longevity assumptions.

203. To project future pension income at retirement by gender and age cohorts, at least a breakdown of key variables by gender and age groups will be necessary. These key variables are:

- Assets in DC schemes and liabilities in DB schemes to estimate accumulated savings or pension rights by gender and age cohorts;
- Contributions to establish future pension savings and accruals by gender and age cohorts;
- Members to convert the total amounts of savings/accruals per cohort into savings/accruals per person.

CROSS-BORDER PENSION PROVISION

204. The data required to make pension projections and to feed into the pension dashboards should refer to national pension plans and products. Asking providers to report data for every Member State would result in a substantial number of dimensions and data points included in the reporting templates. The extent to which financial institutions engage in cross-border pension provision is limited. Not only for IORPs[33], but also for other providers.[34] As such, the reporting on pensions data could be limited to the overall pension business without distinguishing the Member States. High-level information on cross-border pension business could be requested – similar to the cross-border template for IORPs – to monitor the continued appropriateness of this simplifying assumption.

[33] See EIOPA, 2017 Market development report on occupational pensions and cross-border IORPs, EIOPA-BoS-18/013, 30 January 2018: https://www.eiopa.europa.eu/sites/default/files/publications/pdfs/repporteiopa-bos-18-013-2017_market_development_report.pdf.

[34] According to a survey conducted by EIOPA in 13 Member States, only 4% of assets under management relating to personal pension products results from cross-border business. See Annex 5 of EIOPA's advice on the development of an EU Single Market for personal pension products (PPP), EIOPA-16/457, 4 July 2016: https://www.eiopa.europa.eu/sites/default/files/publications/submissions/eiopas_advice_on_the_development_of_an_eu_single_market_for_personal_pension_products.pdf

COLLECTING ADDITIONAL DATA

205. The additional data could be collected by extending the information requested by amending the Decision of the Board of Supervisors on the Database of Pension Plans and Products in the EEA. However, a drawback is that data tends not be reported if not already available at the NCA, i.e. collected from the different pension providers. The alternative would be to require pension providers to submit the additional data through their regular reporting.

206. Pension providers would have to report the data to the national competent authorities designated by Member States to supervise them. A complication is that the primary aim of collecting the data is to facilitate economic and social policy, rather than conduct/prudential supervision of pension providers. I.e. the data is intended to be used in the adequacy and sustainability dashboards and to prepare long-term projections of supplementary pensions. Some of the additional data will also be relevant for supervisory purposes and may already be collected by the national authorities. Other data may not be directly relevant for national authorities to fulfil their supervisory objectives.

207. For pension providers that are already subject to EU sectoral regulation, the current reporting requirements/templates could be amended by including a template for the additional pensions data, where pensions would be defined using the plans and products included in EIOPA's Database on pension products and plans.. For example, the data requested from IORPs could be collected by amending the Decision on EIOPA's regular information requests towards NCAs regarding provision of occupational pensions information. The additional template for insurance undertakings can build on the ECB template in order to minimise the reporting requirements.

208. There are distinct advantages of bringing together the pension data at an EU institution. This would allow the data to be easily available and prevent the current scattering of pension information. The predominant pension providers in the EEA – IORPs and insurance undertakings – already regularly report data to EIOPA through their NCAs. EIOPA also maintains the Database on pension plans and products, which is a valuable tool, providing a comprehensive overview of all non-publicly provided pensions. The collection of additional data on supplementary pensions will be an opportunity to enrich the database with more (complete) quantitative information. Lastly, as from 2022, EIOPA will receive data on Pan-European Personal Pension Products (PEPPs) from the relevant NCAs, also covering non-IORP / non-insurance PEPP providers.

LIMITATIONS TO COLLECTING DATA FROM FINANCIAL INSTITUTIONS

209. The collection of pension information from financial institutions will not be able to resolve all data issues. A key indicator to measure the adequacy of pension systems are coverage rates, i.e. the extent to which people are covered by supplementary pensions. An important issue with respect to calculating coverage ratios is that people may have multiple pension products and

plans. Administrative data can identify persons having multiple plans and products within financial institutions, but not persons having multiple plans and products at different pension providers.

210. Another concern with regard to the adequacy of pension systems is that self-employed persons and workers with temporary and/or part-time contracts are insufficiently covered by supplementary pensions. However, unlike birthdate or gender, information on the type of employment will generally not be collected by pension providers.

211. To establish correct coverage ratios, survey data will be needed which take the perspective of individuals/households. EU-SILC includes variables on contributions and benefits relating to individual private pension plans, which means that the survey results could be utilised to calculate coverage ratios for personal pension plans. However, EU-SILC does not contain separate variables for occupational pension contributions and benefits. Rather, these variables are part of overall social insurance contributions and old-age benefits, including state pensions. EU-SILC does contain variables on employment status and type of employment contract.

TIMING AND IMPACT ASSESSMENT

212. EIOPA will provide in its final advice to the European Commission a more detailed overview of pensions data that is already available at national level and EU/international organisations. The already available pensions data could also be used to start developing and publishing the pension dashboards in the short term, considering that the collection of additional pensions information to fill data gaps will take some time. The pension dashboards can subsequently be enhanced in the medium term with newly collected data.

213. The overview will also benefit the impact assessment that will accompany the final advice in order to take into account all costs and benefits and to ensure a proportionate application of additional data requirements. It will provide a good understanding of the data which can be included in the pension dashboards – and which data cannot - without resorting to additional data requirements.

5.2. OPTIONS FOR COLLECTING ADDITIONAL DATA

Option 0: No change

214. Under this option no further additional data is collected.

Pros	Cons

No additional reporting requirements on private pension providers.	Insufficient data – particularly for non-IORP pension providers – to implement the proposed indicators for the dashboards in a comprehensive way in due time
	Due to lacking data, the number of Member States preparing projections of supplementary pensions will not increase
	Due to the absence of data of reasonable granularity, the quality of projections supplementary pensions will not improve
	Unlevel playing field as non-IORP pension providers in some Member States have to report the data, while in other Member States not

Option 1: Collect data directly through EIOPA's database on pension plans and products with the exception of IORP data + no request for cash flows or sensitivity analysis

215. Under this option further non-IORP data – i.e. in addition to assets and members - are collected through EIOPA's Database on pension plans and products. The additional data relates to 1) number of products/plans, 2) value of liabilities, 3) asset allocation, 4) investment returns, 5) costs and charges, 6) contributions and 7) benefits. Assets and liabilities, contributions and members require a breakdown by gender and age groups.

216. The regular IORP data already contain information on the main indicators. The Decision on EIOPA's regular information requests towards NCAs regarding the provision of occupational pensions information only needs to be amended in order to obtain a breakdown of assets and liabilities, contributions and members by gender and age groups.

217. Under this option no cash flow data from IORPs or sensitivity analyses DB pension liabilities are collected.

Pros	Cons

No additional reporting burden on non-IORPs	Incomplete data because only yields data that is already available to NCAs, hindering the preparation of pension projections and the completeness of the pension dashboard
Little additional reporting burden on IORPs	Unlevel playing field as pension providers in some Member States have to report the data, while in other Member States not
Direct link between the plans and products distinguished in the database and the quantitative data, so in principle also covering cross-border information	Absence of cash flow data for IORPs reduces the accuracy of DB pension projections
	Absence of sensitivity analysis for DB liabilities hinders making projections using common, EU-wide assumptions

Option 2: Collect pensions data directly from pension providers through NCAs + no request for cash flows but sensitivity analyses for DB pension obligations

218. Under this option additional data are collected directly by NCAs from private pension providers. The additional non-IORP data relates to 1) number of members, 2) number of products/plans, 3) value of liabilities, 4) value of assets 5) asset allocation, 6) investment returns, 7) costs and charges, 8) contributions and 9) benefits, distinguishing DB, hybrid and DC as well as occupational and personal pensions. Assets and liabilities, contributions and members require a breakdown by gender and age groups. Providers of DB pensions have to report sensitivity analyses.

219. The regular IORP data already contain information on the main indicators. The Decision on EIOPA's regular information requests towards NCAs regarding the provision of occupational pensions information needs to be amended in order to obtain a breakdown of assets and liabilities, contributions and members by gender and age groups. Moreover, sensitivity analyses have to be provided for DB pension obligations. Under this option no cash flow data are collected from IORPs.

220. No breakdown of pension data by Member States is necessary, i.e. assuming that cross-border pension provision is minimal.

Pros	Cons
Complete data by approaching pension providers, facilitating the preparation of pension projections and the completeness of the pension dashboard	Additional reporting burden on non-IORP pension providers which did not already have to report the data at national level
Level playing field as pension providers in all Member States have to report the same minimum level of pensions data	Additional reporting burden on IORPs but breakdown by gender/age groups should be easily available, as are sensitivity analyses with respect to DB pension obligations
Sensitivity analyses for DB liabilities facilitates making projections using common, EU-wide assumptions	Absence of cash flow data for IORPs reduces the accuracy of DB pension projections
	No detailed link between the individual plans and products distinguished in the database and the quantitative data that distinguishes between occupational and personal pensions
	Inaccuracies may occur with respect to national data, as some pension providers may engage in cross-border activity

Option 3: Same as option 2, but cash flow data are collected from IORPs, instead of sensitivity analyses

221. Under this option additional data are collected directly by NCAs from private pension providers. The additional non-IORP data relates to 1) number of members, 2) number of products/plans, 3) value of liabilities, 4) value of assets 5) asset allocation, 6) investment returns, 7) costs and charges, 8) contributions and 9) benefits, distinguishing DB, hybrid and DC as well as occupational and personal pensions. Assets and liabilities, contributions and members require a breakdown by gender and age groups. Providers of DB pensions have to report sensitivity analyses.

222. The regular IORP data already contain information on the main indicators. The Decision on EIOPA's regular information requests towards NCAs regarding the provision of occupational pensions information needs to be amended in order to obtain a breakdown of assets and liabilities, contributions and members by gender and age groups. Moreover, under this option cash flow data are collected from IORPs providing DB schemes.

223. No breakdown of data by Member States is necessary, i.e. assuming that cross-border pension provision is minimal.

Pros	Cons
Complete data by approaching pension providers, facilitating the preparation of pension projections and the completeness of the pension dashboard	Additional reporting burden on non-IORP pension providers which did not already have to report the data at national level
Level playing field as pension providers in all Member States have to report the same minimum level of pensions data	Additional reporting burden on IORPs but breakdown by gender/age groups should be easily available, as are cash flow data with respect to DB pension obligations
Cash flow data from IORPs and sensitivity analyses from other provider providing DB plans and products facilitates making projections using common, EU-wide assumptions	No detailed link between the individual plans and products distinguished in the database and the quantitative data that distinguishes between occupational and personal pensions
	Inaccuracies may occur with respect to national data, as some pension providers may engage in cross-border activity

Option 4: Same as option 2, but a breakdown by Member State is requested

224. Under this option addition data are collected directly from private pension providers. The additional non-IORP data relates to 1) number of members, 2) number of products/plans, 3) value of liabilities, 4) value of assets 5) asset allocation, 6) investment returns, 7) costs and charges, 8) contributions and 9) benefits, distinguishing DB, hybrid and DC as well as occupational and

personal pensions. Assets and liabilities, contributions and members require a breakdown by gender and age groups. Providers of DB pensions have to report sensitivity analyses.

225. The regular IORP data already contain information on the main indicators, but only at the aggregate level and broken down by cross-border activity in other Member States. The Decision on EIOPA's regular information requests towards NCAs regarding the provision of occupational pensions information also needs to be amended in order to obtain a breakdown of assets and liabilities, contributions and members by gender and age groups. Moreover, sensitivity analyses have to be provided for DB pension obligations.

Pros	Cons
Complete data by approaching pension providers, facilitating the preparation of pension projections and the completeness of the pension dashboard	Additional reporting burden on non-IORP pension providers, especially for those engaging in cross-border pension business
Level playing field as pension providers in all Member States have to report the same minimum level of pensions data	Additional reporting burden on IORPs, especially for those engaging in cross-border pension business
Sensitivity analyses from institutions providing DB plans and products facilitate making projections using common, EU-wide assumptions	No detailed link between the individual plans and products distinguished in the database and the quantitative data that distinguishes between occupational and personal pensions
Accurate national pensions data in the sense that also cross-border business is captured	

DRAFT ADVICE TO THE EUROPEAN COMMISSION

The data that is at least needed to make pension projections and required to populate the proposed additional indicators for the dashboard is to a large extent available for IORPs. For non-IORP pension providers, only very limited data is available at EIOPA, but most often missing. This hinders the preparation of pension projections and the development of a comprehensive set of dashboard indicators.

EIOPA advises that additional data are collected directly by NCAs from private pension providers. The additional non-IORP data relate to 1) number of members, 2) number of products/plans, 3) value of liabilities, 4) value of assets 5) asset allocation, 6) investment returns, 7) costs and charges, 8) contributions and 9) benefits, distinguishing DB, hybrid and DC as well as occupational and personal pensions. Assets and liabilities, contributions and members require a breakdown by gender and age groups. Providers of DB pensions have to report sensitivity analyses.

The regular IORP data already contain information on the main indicators. The Decision on EIOPA's regular information requests towards NCAs regarding the provision of occupational pensions information needs to be amended in order to obtain a breakdown of assets and liabilities, contributions and members by gender and age groups. Moreover, EIOPA advises that cash flow data are collected from IORPs providing DB schemes.

The pensions data does not have to be provided with a breakdown to the various Member States, i.e. assuming that cross-border pension provision is minimal. High-level information on cross-border pension business could be requested – similar to the cross-border template for IORPs – to monitor the continued appropriateness of this simplifying assumption.

EIOPA would like to emphasise that administrative data from financial institutions will in itself not be sufficient to resolve all pension data issues. In order to obtain accurate coverage data of occupational and personal pensions, survey data at household/individual level will be essential. EIOPA notes that EU-SILC contains the relevant variables to establish coverage rates for personal pensions, but not separate variables to estimate coverage rates for occupational pensions.

QUESTIONS TO STAKEHOLDERS:

Q12: Could you give an indication of the benefits (high, medium, low, none, don't know) of collecting the following data directly from private pension providers (IORPs, insurers, other), distinguishing DB, hybrid and DC as well as occupational and personal pensions?

Number of members

- breakdown by age

- breakdown by gender

Number of products / plans

Liabilities

- breakdown by age
- breakdown by gender

Assets

- breakdown by age
- breakdown by gender

Asset allocation

Investment return

Costs and charges

Contributions

- breakdown by age
- breakdown by gender

Benefits

Cash flows for DB/hybrid pension obligations

Sensitivity analysis for DB/hybrid pension obligations

Please explain your assessment of the benefits.

Q13: Do you have suggestions for more or less additional data to be collected for the purpose of the dashboard indicators and the preparation of long-term projections of supplementary pensions? Please explain.

Q14: Do you agree that the additional data should be collected by NCAs (at national level) and subsequently be submitted to EIOPA (at EU level), even though not all the data may be necessary from a supervisory perspective? Please explain.

Q15: Do you have any other comments on the draft technical advice? If yes, please provide these other comments.

ANNEX I: NATIONAL AVAILABILITY OF BASIC DATA BY PROVIDER AND OF MORE GRANULAR DATA

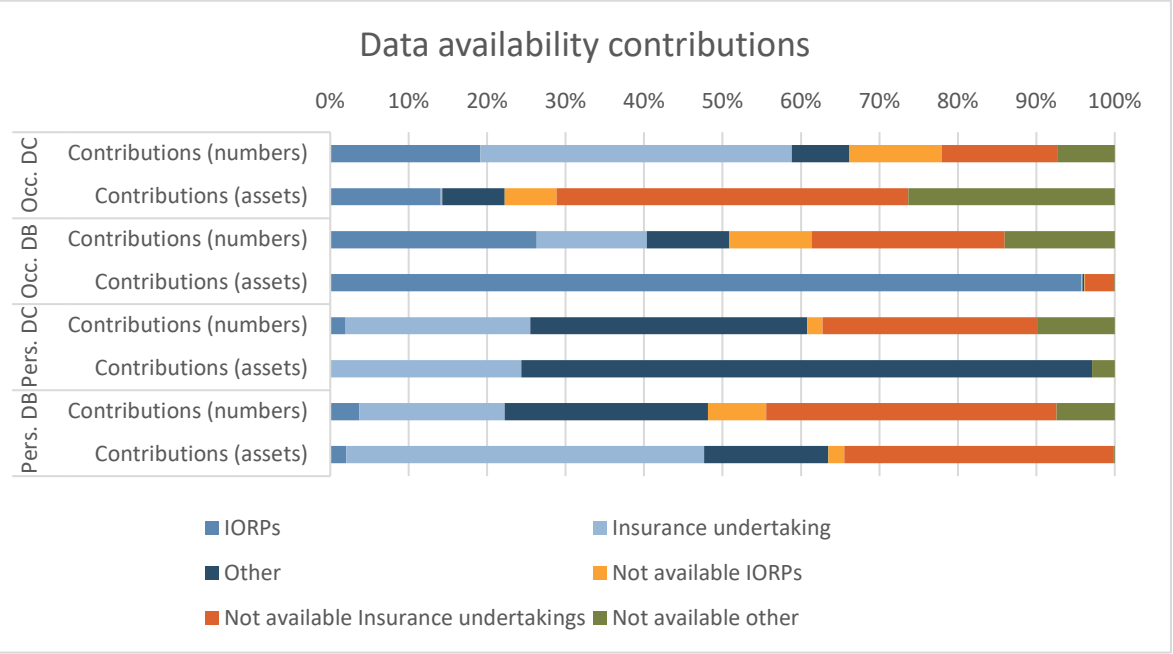
This annex assesses the availability of the basic pension data at national level by provider type. It also assesses the availability of more granular data such as data by age cohorts and gender. The figures show all products included in EIOPA's Database on pension plans and products by the reported number of products or weighted by assets. It indicates for which percentage data is available or is missing by provider type. Products which are not provided by IORPs or insurance undertakings have been included in the category 'other'. All products together account for 100 percent.

CONTRIBUTIONS

Figure A1.1 below shows which percentage of the contribution data is available or missing by provider type. It shows that data is mainly missing from insurance undertakings and entities other than IORPs and insurance undertakings.

The results for the overall availability drop significantly - for almost all categories and providers – if more granular information would be requested such as information by age groups or gender. Only in case of the information weighted by assets relating to personal DC schemes provided by the insurance sector, the availability reaches 70 percent. However, this also only covers a small amount of the number of products in the database. Such granular information is mainly relevant for DC schemes considering projections of future pension's adequacy. Furthermore, the level of contributions for DB schemes is predominately relevant to assess the future sustainability of the pension provider or scheme. This might explain why granular information on contributions is to lesser extend collected from DB schemes as the age group or employment type have no impact on these results.

FIGURE A1.1: DATA AVAILABILITY: CONTRIBUTIONS



ASSETS AND ASSET ALLOCATION

For assets, the findings are similar to those for contributions. There is generally a good coverage, especially for occupational DB and personal DC, with information lacking mainly from the insurance sector as well as 'other' providers.

Equally, more granular data, such as assets split by age groups, is far less available. Especially when weighted by number of products included in the database, there is insufficient information available for any combination of product categories and providers. The assessment using assets as weights, on the other hand, shows that data is available from insurance undertakings for personal DC schemes while the other combinations still show limited availability.

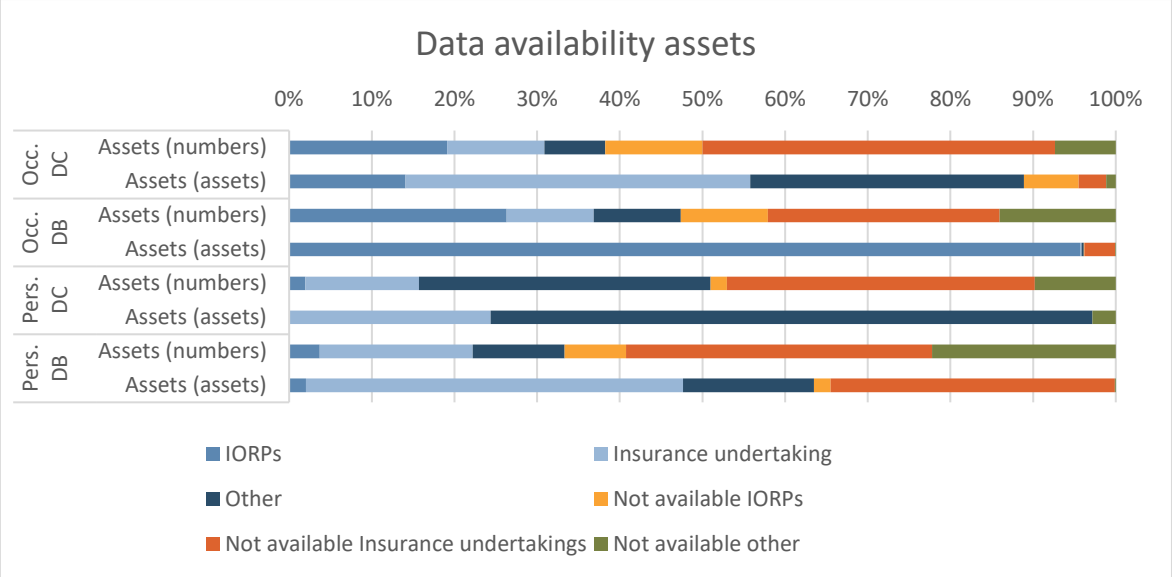
Information availability on asset allocation - including the availability of more granular data for DC products such as by investment option or over the lifecycle - is very reliant on the product category and on the provider type when it comes to the assessment by assets:

- For occupational DC products, information is mainly available from insurance undertakings and 'other' entities;
- For occupational DB products, information is mainly available from IORPs and 'other' entities;
- For personal DC products, information is mainly available from insurance undertakings and not for any of the asset allocation subcategories;

- For personal DB products, information is mainly available from 'other' entities;

Considering asset allocation weighted by number of products included in the database shows that the degree of availability is always very low.

FIGURE A1.2: DATA AVAILABILITY: ASSETS



MEMBERS AND BENEFICIARIES

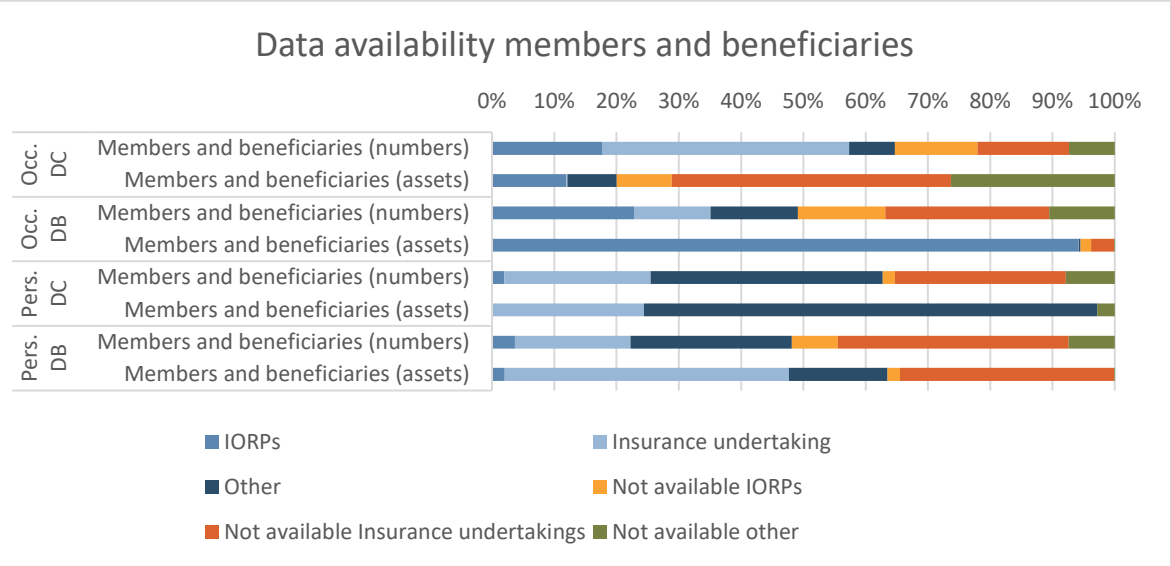
Again, as shown in the graph below, information availability at a national level is mainly absent for data on products provided by insurance undertakings.

Assessing the data availability for members and beneficiaries split between active and deferred members shows that data coverage is only substantial when weighted by assets and is strongly correlated to the provider and the product category. IORPs provide significant information for occupational DB, insurers of personal DC and 'other' providers both for personal DC and for DB products.

More granular data availability on members and beneficiaries by age groups, by gender or by type of employment is largely similar as for the split between active and deferred members mentioned above. The exceptions are that the availability of data on members and beneficiaries by type of employment is only substantial for insurers providing personal DC products. In contrast to the above, the availability of data by 'other' providers is limited for personal DB products.

Only three countries of the 24 that responded to the survey take into account that persons may dispose of multiple products and schemes. This might lead to double counting in those other countries when calculating indicators related to the number of members and beneficiaries.

FIGURE A1.3: DATA AVAILABILITY: MEMBERS AND BENEFICIARIES



DB SPECIFIC DATA

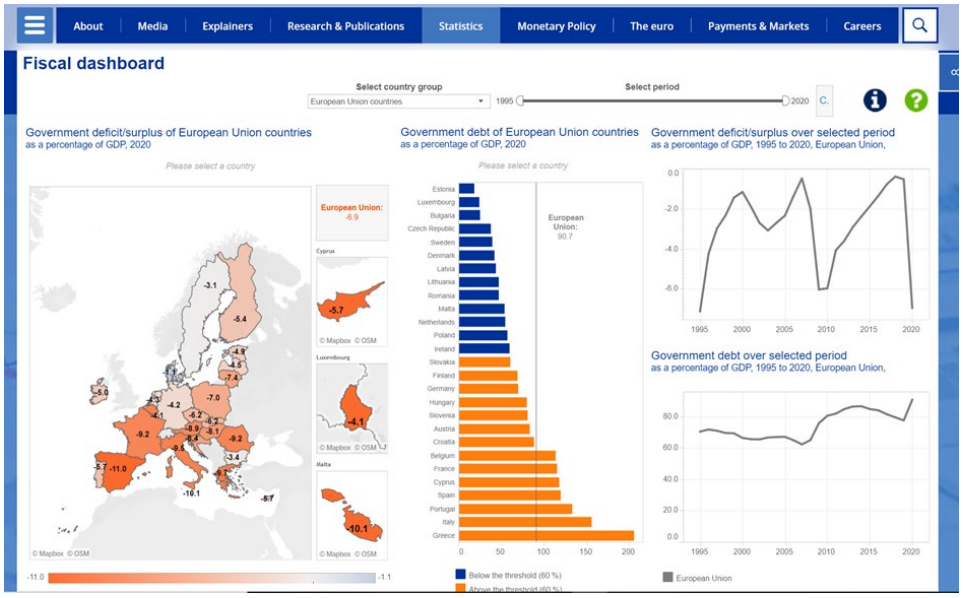
The availability of data such as accruals, liabilities and cash flows, linked specifically to DB products are reaching 99 percent in the case of the personal DB products provided by 'other' providers. In all other cases considering product categories and providers, the availability of these data averages around 12 percent for both the assessment weighted by numbers and by assets.

ANNEX II: EXAMPLES OF DASHBOARDS

FIGURE A.2.1: THE ECDC COVID-19 SITUATION DASHBOARD

© ECDC [2005-2021]

FIGURE A.2.2: THE ECB FISCAL DASHBOARD



© European Central Bank, Frankfurt am Main, Germany

FIGURE A.2.3: THE EUROSTAT COVID 19 RECOVERY DASHBOARD

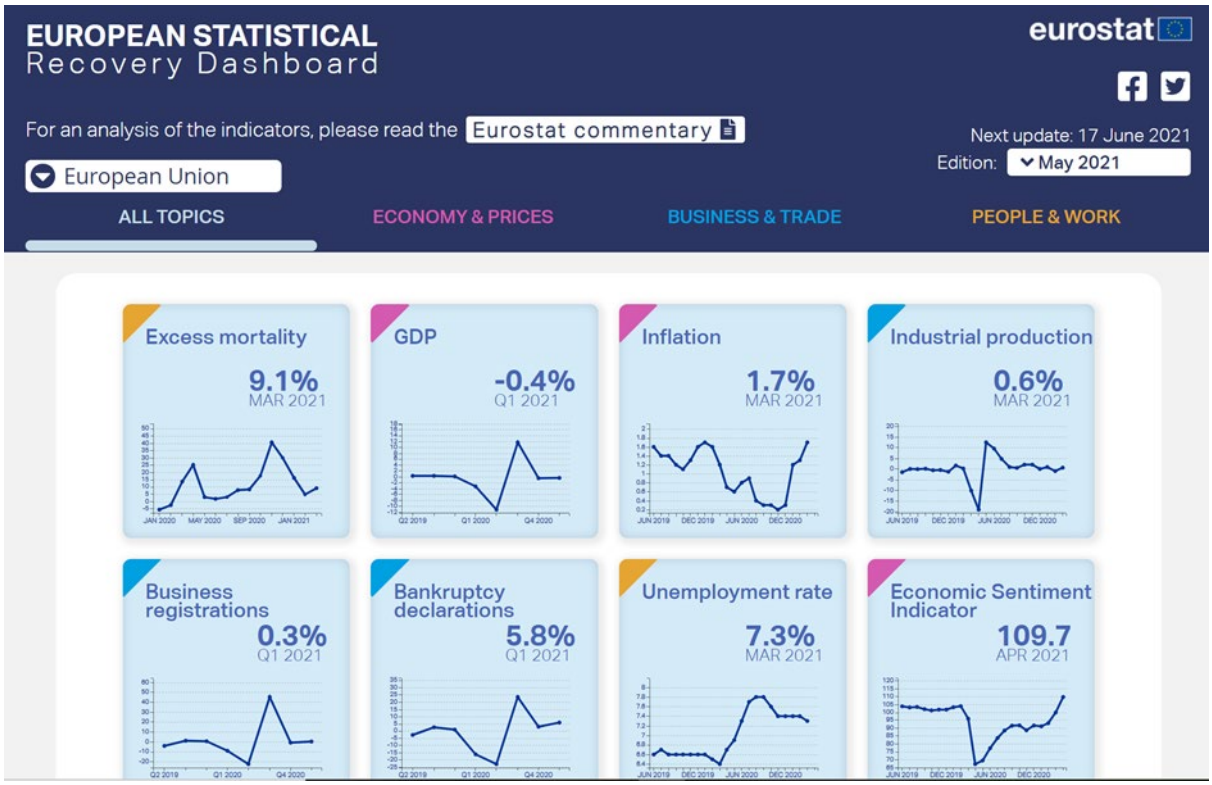


FIGURE A.2.4: EIOPA RISK DASHBOARD

Risk Dashboard January 2021 (Q3-2021 Solvency II Data)

Risk Dashboard
January 2021

Risks	Level	Trend (past 3 months)	Outlook (next 12 months)
Macro risks	High	→	→
Credit risks	Medium	→	↗
Market risks	Medium	↘	↗
Liquidity and funding risks	Medium	→	→
Profitability and solvency	Medium	→	→
Interlinkages and imbalances	Medium	→	→
Insurance (underwriting) risks	Medium	→	↗
Market perceptions	Medium	↗	→

ANNEX III: OVERVIEW OF INDICATORS FOR ADEQUACY AND SUSTAINABILITY DASHBOARDS

INDICATORS - 2021 PENSION ADEQUACY REPORT

1. Relative incomes	2019	change 2008-2019	
Relative median income ratio, 65+	total & breakdown gender	total & breakdown gender	Eurostat
Income quintile share ratio (S80/S20), 65+			Eurostat
Relative income quintile share ratio (S80/S20), 65+ - 0-64			Eurostat
Aggregate replacement ratio (ARR) %			Eurostat
2. Poverty and material deprivation	2019	change 2008-2019	
At-risk-of-poverty or social exclusion (AROPE), 65+ (%)	total & breakdown gender	total & breakdown gender	Eurostat
At-risk-of-poverty rate (AROP), 65+ (%)			Eurostat
Severe material deprivation (SMD), 65+ (%)			Eurostat
At-risk-of-poverty or social exclusion (AROPE), 75+ (%)			Eurostat
At-risk-of-poverty rate (AROP), 75+ (%)			Eurostat
Severe material deprivation (SMD), 75+ (%			Eurostat
Relative median at-risk-of-poverty gap, 65+ (%)			Eurostat

At-risk-of-poverty (AROP), 65+: 50% threshold (%)			Eurostat
At-risk-of-poverty (AROP), 65+: 70% threshold (%)			Eurostat
		change 2014-2019	
Material and social deprivation, age 65+ (%)	total & breakdown gender	total & breakdown gender	Eurostat
3. Gender differences	2019	change 2010-2019	
Gender gap in pension income (65-79) (%)	total	total	Eurostat
Gender gap in non-coverage rate (W-M in p.p.) (65-79)			Eurostat
4. Housing and health situation	2019	change 2008-2019	
Housing cost overburden rate, 65+ (%)	total & breakdown gender	total & breakdown gender	Eurostat
Self-reported unmet need for medical exam 65+ (%)			Eurostat
Healthy life years at age 65 (years)			Eurostat
Life expectancy at 65			Eurostat
5. Sustainability and context	2019	change 2016-2019	
Retirement duration from first pension (years)	total & breakdown gender	total & breakdown gender	Eurostat &AWG
	2019	2059	

Retirement duration from end employment	total & breakdown gender		Eurostat & AWG
6. Theoretical Replacement Rates (TRRs)	Net (%)	Gross (%)	
Average earnings (100%)	2019 and 2059	2019 and 2059	
Base case: 40 years up to the SPA	breakdown gender	breakdown gender	PAR
Increase SPA: from age 25 to SPA			PAR
AWG career length case			PAR
Old base case: 40 years up to age 65			PAR
Longer career: 42 years to SPA			PAR
Shorter career: 38 years to SPA			PAR
Deferred exit: 42 years to SPA +2			PAR
Earlier exit: 38 years to SPA -2			PAR
Career break - unemployment: 3 years			PAR
Career break due to child care: 3 years			PAR
Career break care to family dependent: 3 years			PAR
Short career (20-year career)			PAR
Work 35 years, disabled 5 years prior to SPA			PAR
Early entry in the LM: from age 20 to SPA			PAR

Index: 10 years after retirement at SPA			PAR
Extended part-time period for childcare			PAR
Survivor - full career			PAR
Survivor - short career			PAR
Survivor ratio 1*			PAR
Survivor ratio 2*			PAR
Low earnings (66%)	2019 and 2059	2019 and 2059	
Base case: 40 years up to the SPA	breakdown gender	breakdown gender	PAR
AWG career length case			PAR
Old base case: 40 years up to age 65			PAR
Career break - unemployment: 3 years			PAR
Career break due to children: 3 years			PAR
Short career (20-year career)			PAR
Early entry in the LM: from age 20 to SPA			PAR
High earnings (100=>200%)	2019 and 2059	2019 and 2059	
Base case: 40 years up to the SPA	breakdown gender	breakdown gender	
INDICATORS - 2021 AGEING REPORT			
All pensions	2019	2070	

Pension expenditure (% GDP)			AWG
Benefit ratio (average pension / average wage)			AWG
Replacement rate (average new pension / average wage at retirement)			AWG
Public pensions - pay-as-you-go			
Pension expenditure (% GDP)			AWG
Benefit ratio (average pension / average wage)			AWG
Replacement rate (average new pension / average wage at retirement)			AWG
Public pensions - privately provided funded part			
Pension expenditure (% GDP)			AWG
Benefit ratio (average pension / average wage)			AWG
Replacement rate (average new pension / average wage at retirement)			AWG
Occupational pensions			
Pension expenditure (% GDP)			AWG
Benefit ratio (average pension / average wage)			AWG
Replacement rate (average new pension / average wage at retirement)			AWG
Personal pensions			
Pension expenditure (% GDP)			AWG
Benefit ratio (average pension / average wage)			AWG
Replacement rate (average new pension / average wage at retirement)			AWG

INDICATOR - DEBT SUSTAINABILITY MONITOR 2020			
Long-term fiscal sustainability gap (S2)			DSM
PROPOSED ADDITIONAL INDICATORS			
Public pensions - privately provided funded part	DB - 2019	DC - 2019	
Coverage (% population 15-64)			
Liabilities (EUR million)	breakdown provider	breakdown provider	
Assets (EUR million)	breakdown provider	breakdown provider	
Asset allocation (% total assets)	breakdown provider	breakdown provider	
Investment return (%)	breakdown provider	breakdown provider	
Costs and charges (% assets)	breakdown provider	breakdown provider	
Contributions (EUR million)	breakdown provider	breakdown provider	
Benefits (EUR million)	breakdown provider	breakdown provider	
Occupational pensions			
Coverage (% population 15-64)			

Liabilities (EUR million)	breakdown provider	breakdown provider	
Assets (EUR million)	breakdown provider	breakdown provider	
Asset allocation (% total assets)	breakdown provider	breakdown provider	
Investment return (%)	breakdown provider	breakdown provider	
Costs and charges (% assets)	breakdown provider	breakdown provider	
Contributions (EUR million)	breakdown provider	breakdown provider	
Benefits (EUR million)	breakdown provider	breakdown provider	
Personal pensions			
Coverage (% population 15-64)			
Liabilities (EUR million)	breakdown provider	breakdown provider	
Assets (EUR million)	breakdown provider	breakdown provider	
Asset allocation (% total assets)	breakdown provider	breakdown provider	
Investment return (%)	breakdown provider	breakdown provider	

Costs and charges (% assets)	breakdown provider	breakdown provider	
Contributions (EUR million)	breakdown provider	breakdown provider	
Benefits (EUR million)	breakdown provider	breakdown provider	
Diversification between pay-as-you-go and funded			
Diversification indicator			

ANNEX IV: SUMMARY OF QUESTIONS TO STAKEHOLDERS

QUESTIONS TO STAKEHOLDERS:

Q1: Do you have suggestions for other sources of pensions data covering EU Member States that EIOPA should consider? If yes, please provide these suggestions.

Q2: Do you agree that data on long-term savings instruments is not available as there is no commonly agreed definition? Please explain. If such information were to be collected, which definition would you consider and which products should be included under its scope?

Q3: Could you give an indication of the costs (high, medium, low, none, don't know) of collecting the following data directly from private pension providers (IORPs, insurers, other), distinguishing DB, hybrid and DC as well as occupational and personal pensions?

Number of members

- breakdown by age
- breakdown by gender

Number of products / plans

Liabilities

- breakdown by age
- breakdown by gender

Assets

- breakdown by age

- breakdown by gender

Asset allocation

Investment return

Costs and charges

Contributions

- breakdown by age
- breakdown by gender

Benefits

Cash flows for DB/hybrid pension obligations

Sensitivity analysis for DB/hybrid pension obligations

Please explain your assessment of the costs, where possible by providing estimates.

Q4: Do you agree that the identified minimum set of quantitative data and more qualitative information are necessary to enable the preparation of long-term pension projections? Please explain.

Q5: Do stakeholders have experience with making long-term pension projections that may be beneficial to the discussion on - for example - minimal data needs, making assumptions, the level of granularity that is most rewarding and taking into account the effects of government policy? If yes, please share that experience.

Q6: Do you agree that a live dashboard should be developed to present the pensions data as proposed in the draft advice? Please explain.

Q7: Do you agree that all relevant adequacy and sustainability indicators employed by the European Commission are reflected in the draft advice? If not, please explain what indicators should be added / removed.

Q8: Do you agree on the indicators proposed by EIOPA to complement the existing indicators of the European Commission: coverage, financial variables relating to private pension

providers, diversification between pay-as-you-go and funded pensions? If not, please explain what indicators should be added / removed.

Q9: Do you have methodological suggestions for aggregating the various indicators in order to obtain a single indicator per Member State? Please explain.

Q10: Do you agree with the draft advice not to include indicators for other long-term savings instruments in the dashboard at this point in time, but instead to consider variables like homeownership, wealth and individual savings? Please explain.

Q11: Do you agree that the use of pension dashboards should not be postponed until comprehensive data is available for all indicators? Please explain.

Q12: Could you give an indication of the benefits (high, medium, low, none, don't know) of collecting the following data directly from private pension providers (IORPs, insurers, other), distinguishing DB, hybrid and DC as well as occupational and personal pensions?

Number of members

- breakdown by age
- breakdown by gender

Number of products / plans

Liabilities

- breakdown by age
- breakdown by gender

Assets

- breakdown by age
- breakdown by gender

Asset allocation

Investment return

Costs and charges

Contributions

- breakdown by age
- breakdown by gender

Benefits

Cash flows for DB/hybrid pension obligations

Sensitivity analysis for DB/hybrid pension obligations

Please explain your assessment of the benefits.

Q13: Do you have suggestions for more or less additional data to be collected for the purpose of the dashboard indicators and the preparation of long-term projections of supplementary pensions? Please explain.

Q14: Do you agree that the additional data should be collected by NCAs (at national level) and subsequently be submitted to EIOPA (at EU level), even though not all the data may be necessary from a supervisory perspective? Please explain.

Q15: Do you have any other comments on the draft technical advice? If yes, please provide these other comments.

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