

09:45-11:00 - Panel 6 - Etoile

# ***“The Emergence of Pan European Pension Funds”***



**SOCIETE GENERALE**  
Asset Management

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# ***The European Personal Pension Account***

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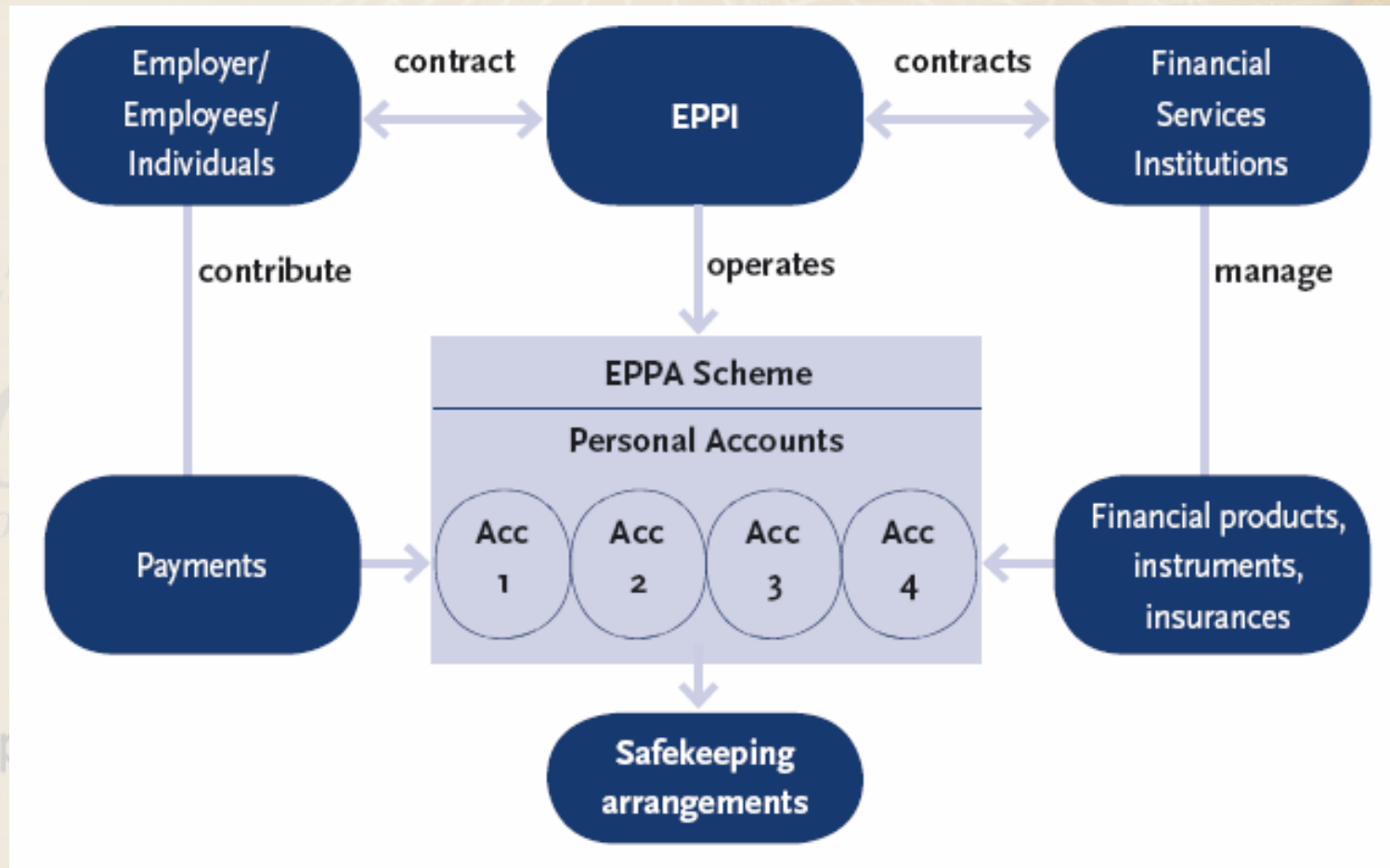
**Director of Economics and Research,  
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# ***The EPPA Concept Definition***

- **A flexible and portable pension vehicle ...**
- **... based on individual retirement accounts and personal ownership of pension assets**
- **... that permits the use of investment funds and other financial products as basis investment for occupational pension savings**
- **... that builds upon EPPA-type pension schemes existing in some European countries**
- **... and complies with the provisions of the European pension directive**

# The EPPA Concept

## Key elements (I)



# ***The EPPA Concept***

## ***Key elements (II)***

- **One account per employee**
- **Investment choice between different options Guarantees, insurances and life-cycle allocation**
- **Proper information and advice**
- **Delegation of functions**
- **Sound safekeeping arrangements**

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# ***The EPPA Concept***

## ***Key advantages***

- **Portability between providers**
- **Investment options for individual choices**
- **Personal ownership of pension assets**
- **Adaptability to national social-security & pension systems**
- **Compliance with strict prudential rules**
- **High level of protection of assets**
- **Transparency of fees**
- **Affordability**

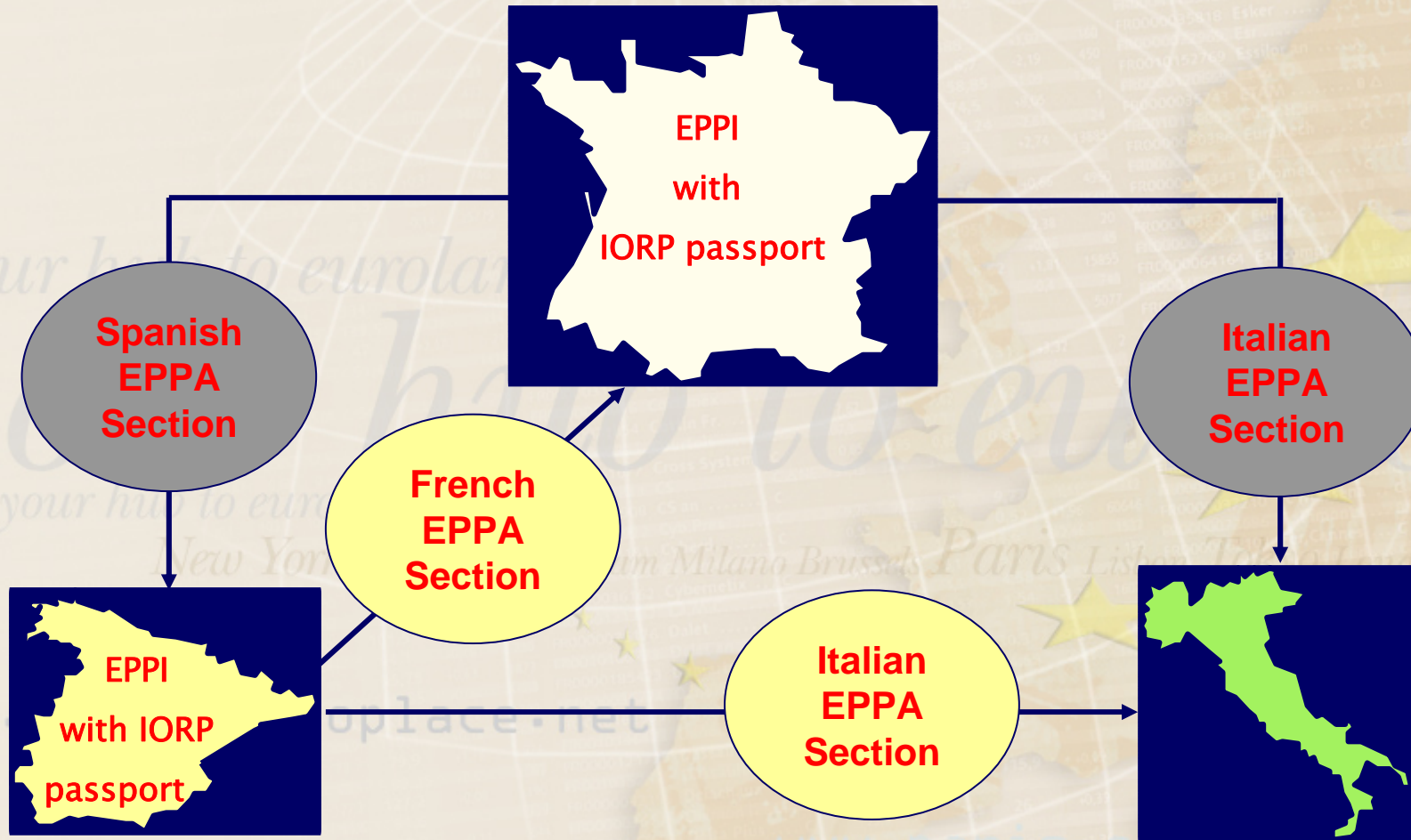
# ***The EPPA Concept***

## ***Existing EPPA-like products***

- **Ireland:** the Personal Retirement Savings Account (PRSA)
- **Sweden:** the Individual Pension Savings (IPS)
- **Poland:** the Individual Retirement Account (IRA)
- **Germany:** the Riester Pension
- **Estonia:** the 2<sup>nd</sup> pillar pension scheme
- **Belgium:** The Pension Saving Funds (PSF)
- **France:** the Plan d'Epargne Retraite Collectif (PERCO)

# The EPPA under the IORP Directive

## EPPI with IORP passport



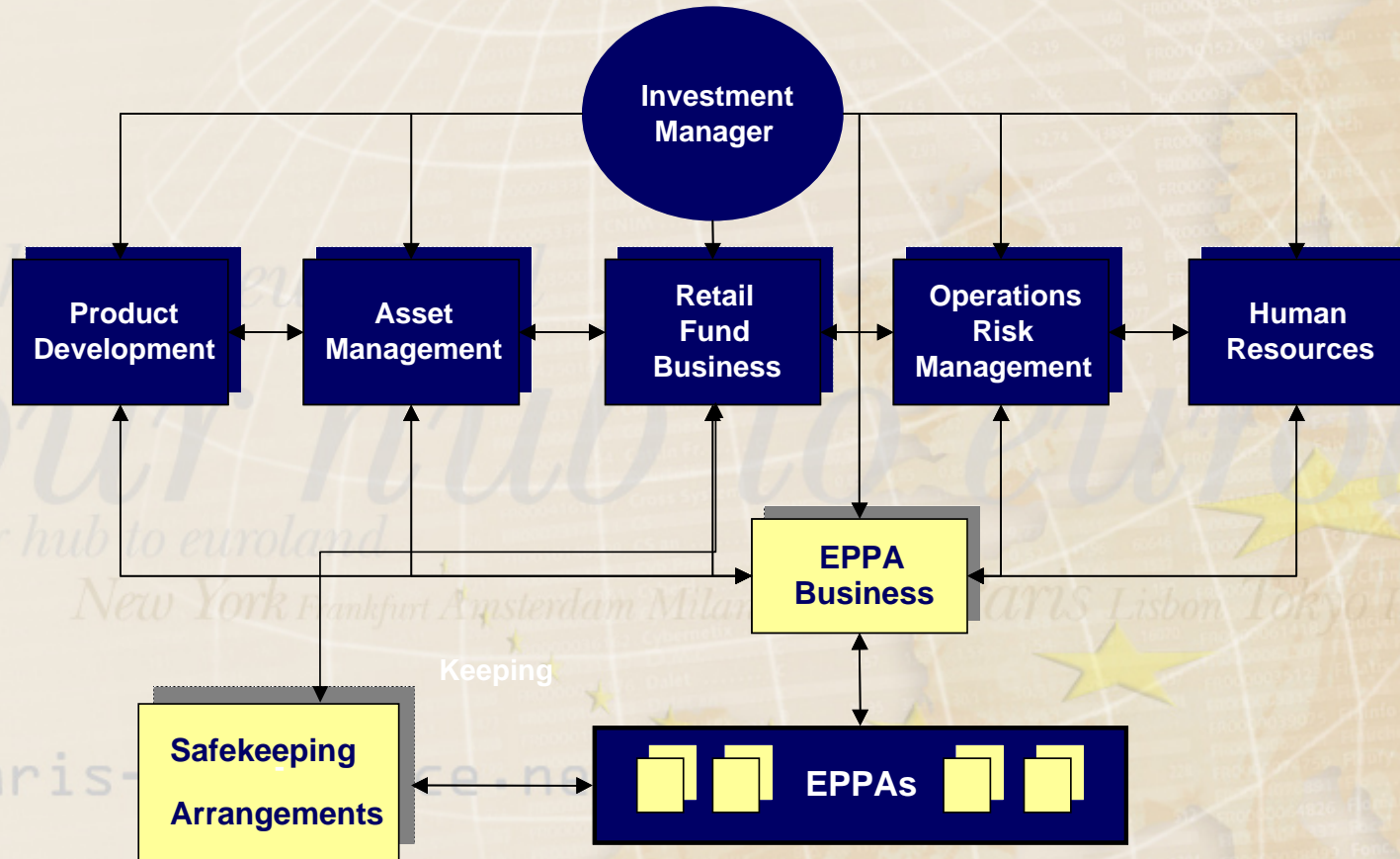
# ***The EPPA under the IORP Directive***

## ***Conditions of operation of the EPPI***

- **A backward-looking and restrictive framework**
  - **Banks, investment firms and asset managers are not covered by Directive. Insurance companies can be covered.**
  - **Banks, investment firms and asset managers should create separate legal entity. Insurance companies can have « ring-fenced » business line.**
- **Moving towards a level-playing is required**
  - **Short-term solution: Member States should have an « EPPA friendly » interpretation of the IORP Directive and allow, in particular, outsourcing of functions**
  - **Medium-term solution: a revision of the Directive is needed. Recital 12 of the Directive opens the way for this improvement by requiring the European Commission to « *carefully monitor the situation in the occupational pensions market and assess the possibility of extending the optional application of the IORP Directive to other regulated financial institutions* ».**

# The EPPA under the IORP Directive

## A forward-looking approach



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