

EIOPA'S ADVICE ON PENSIONS TRACKING SYSTEMS

Pension communication aspects, consumer testing PTS and ETS recommendations

European Retirement Week
Date: 3rd December 2021

EIOPA REGULAR USE



CONTEXT

- June 2020: report of High Level Forum on the Capital Markets Union
- September 2020: Commission Action Plan: Action 9: *Supporting people in their retirement*
 - A. In order to facilitate access to individualised pension information and raise people's awareness as regards their future retirement income, the Commission will seek to develop best practices for the set-up of national tracking systems.
 - B. In order to strengthen the monitoring of the state of play as regards pension adequacy in Member States, the Commission will seek to identify the relevant data and methodology for developing pension dashboards with indicators.
- December 2020: call for advice from Commission to EIOPA. Deadline 1 December 2021

ORGANISATION & CONSULTATION

EIOPA set up

- **Practitioners Network:** representatives of current EU PTS (BE, DK, EE, FR, NL, NO, SE and SK); planned PTS (DE, CH and UK), AU and the ETS.



- Expert Group on **Pension tracking systems**

Consultation

- EIOPA organised a **public consultation** on the two tools (July to September 2021) – feedback to respondents published together with the advice on 1 December 2021
- EIOPA organised a **stakeholder event** on 14 October

Responses

OPSG Advice: *“The quality of this consultation paper is very high and it raises many interesting questions”*

Overall stakeholders supported EIOPA approach.

Industry representative: *“It brings together practical knowledge”*

PENSION TRACKING SYSTEMS: AIM AND SCOPE

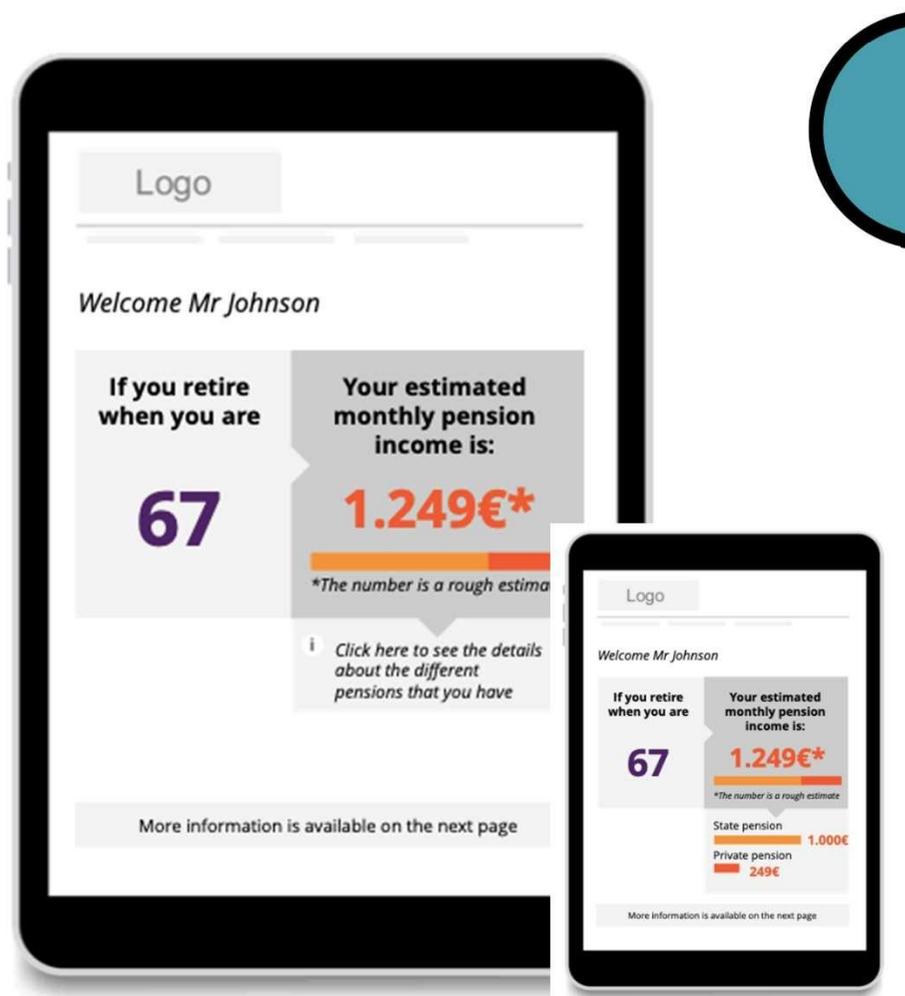
- Aim of Advice is to give MS **tools to implement a PTS** if they so wish
- EIOPA's advice focuses on **identifying best practices** (in providing individuals with access to pension information), **allowing the necessary flexibility to Member States** in terms of choosing functionalities, costs and forms of governance
- **SCOPE** – projected amount of **all pension sources incl. statutory pensions** (expected cumulative information)
- **ROLE** – raising awareness and 'nudging' users to seek further information or help. PTS alone is not sufficient to trigger actions, also not financial advice.
- **TARGET** – "Average" MS citizen rather than "cross-border" intra-EU mobile citizen

FRONT END

- to be designed considering **users' behavioural and cognitive biases**. Attention span is even lower on digital screens
- Majority of PTS users do not go beyond landing / summary page (1st layer), so essential to get 1st layer right (good practice in NL, DK, SE)
- Expected retirement income to be shown as an **aggregate figure of a net monthly income in today's prices** (act as 'anchor' relative to current salary)
- Take into account the **decumulation options** available in the different Member States to citizens.
- **Information to be**
 - i) **streamlined via layering, signposting** and **click-buttons**,
 - ii) downloadable (**user-journey** concept),
 - iii) limited to the **retirement age** and **monthly pension income** in the **landing page**, as per consumer testing (see mock-up).

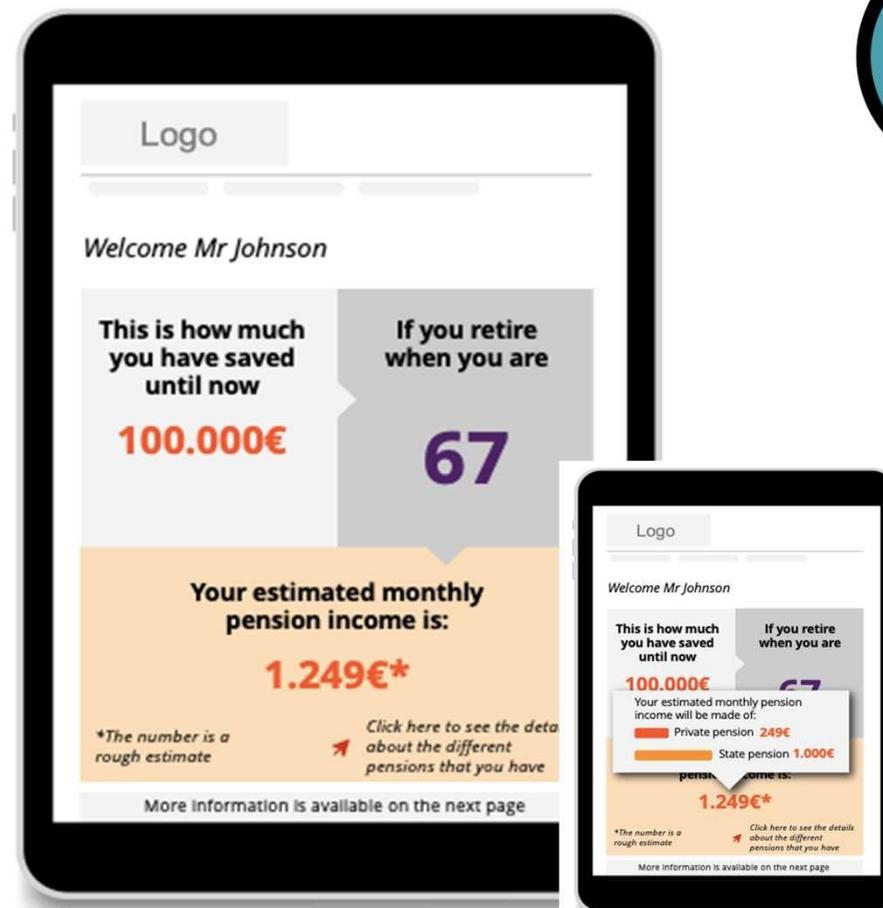
Consumer Testing landing page: Option A “Basic”

- **Simplicity and clarity** was appreciated. Others lamented the scarcity of info compared to others.
- **Pop-up** does not work well compare to other versions:
 - Users noticed the state/private breakdown after many second.
 - It attracted limited attention.
- Option preferred by **low financial literates**, deemed to be more immediate to read and with little information to be understood



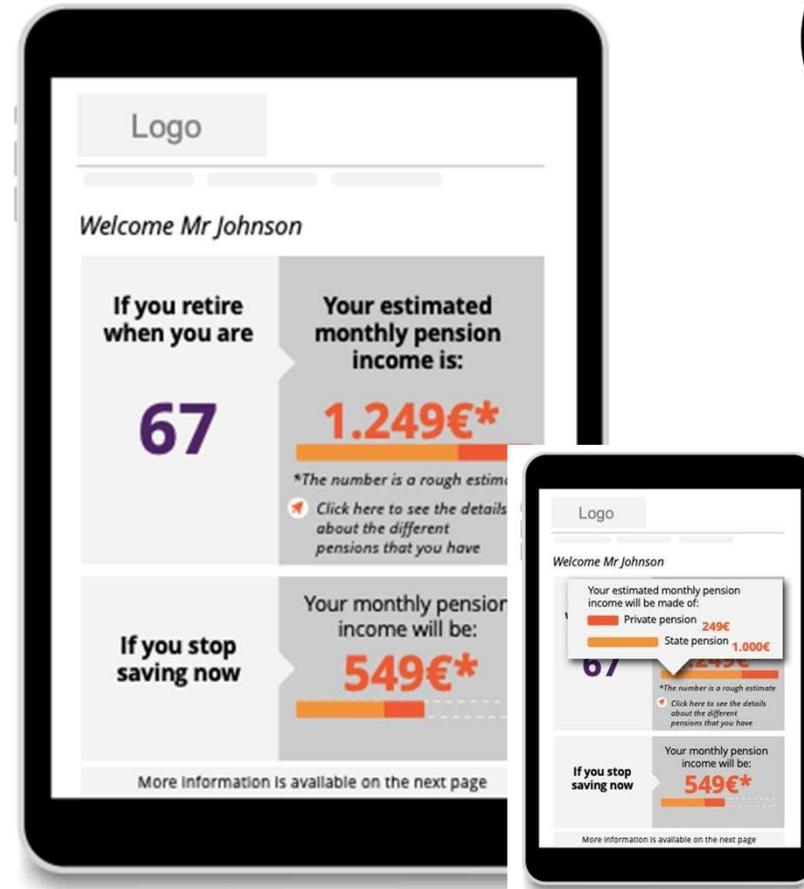
Consumer Testing landing page: Option B “Basic + Accruals”

- **Total saving** is the first area viewed by users (possibly due to the positioning, top-left), but it attracted less interest compared to the projected income.
- **Projected income:** despite the position is not ideal (bottom), it was still the area that attracted most interest.
- Option preferred by **high financial literates**, but some disliked options that show several private data immediately in the landing page



Consumer Testing landing page: Option C “Basic + Stop working”

- “**Current projected income**” is not very visible and not everyone looked at it (from interviews: younger people are not really interested). However, those who looked at it, spent more time on it (i.e., are very interested).
- **Pop-up** in this version was positioned better than others.
- Option preferred by **high financial literates**, but received **mixed feedback** from participants



Conclusions consumer testing



- National Pension Tracking Systems are new tools that can be **effective in helping users to make more informed decisions**
- **Retirement age and projected income** are considered the **most essential information** in PTS
- **Total accrued saving** is deemed to be an **important information**, as it generates a feeling of confidence and security in the user, but the focus is on the projected income
- **Breakdown by pension source** (i.e., private and public) was **not** considered of a **primary importance**
- Possible improvements, e.g.: pension calculators with a slider on the retirement age that can be moved
- **Graphical elements** play an important role in **attracting users** and in stimulating their curiosity on specific elements

RECOMMENDATIONS ON THE ETS

- Use eIDAS compliant authentication digital IDs in order to allow a connection with the ETS,
- Setup a register for identification (e.g. additional module in the eIDAS methodology),
- Live access is the optimal data exchange model,
- National data standards should be compatible with the standards set by the ETS,
- PTSs should participate in the process and considerations of the ETS data model and standards and in a European forum on pension communication,
- Develop a legal basis at EU level for transferring data to the ETS or consider any legal obstacles that might appear in connection to the ETS and address them when related to EU law (GDPR)
- Member States facing back-end issues to connect the PTS with the ETS may consider applying for technical assistance through Technical Support Instrument (TSI) funding



THANK YOU!

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