



ASSOGESTIONI

associazione del risparmio gestito

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European Commission
B- 1049 Brussel

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Reply to the European Commission Consultative Document on Consumer protection in third-pillar retirement products

Assogestioni, the Italian Association of Asset Management Industry, appreciates the Commission's initiative and is glad to give its contribution to the consultation on consumer protection in third-pillar retirement products.

Our Association strongly believe that consumer protection rules play a key role in developing third-pillar retirement products, and in favoring the creation of a cross-border market for these products. We also support the idea that to achieve these objectives, consumer protection issues should be discussed at the European level.

The attached document report our answers to the specific questions asked by the Commission.

We remain at your disposal for any further information and we look forward to contributing to the future initiatives of the Commission.

Kind regards,

The Director General



1. **Is the following definition, used in the 2012 questionnaire, effective for identifying third-pillar retirement products?**

"Third-pillar retirement products are defined as any type of private retirement product subscribed to by consumers on an individual basis [as opposed to occupational], either voluntary or mandatory".

Firstly we deem necessary to specify what is to be considered as being a "retirement product", in order to clearly distinguish pension products from long term investment products.

In particular, it should be clarified the difference, if any, between "third pillar retirement products" and EIOPA's "Personal Pension Products"¹.

2. **If not, what would be the most appropriate common EU definition for third-pillar retirement products?**

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3. **What are the main risks for consumers when purchasing a third-pillar retirement product?**

The main risks faced by the consumers are due to the illiquid nature and to the lack of flexibility of the retirement product. The poor knowledge of costs and tax treatment is also an issue.

4. **How problematic do you consider the asymmetry between the consumer and the provider in terms of information about and knowledge of third-pillar retirement products?**

The asymmetry between consumer and product provider is somehow natural, since third pillar retirement products are complex and structured.

Nonetheless we deem it necessary to minimize the effects of this asymmetry by enhancing transparency and by giving consumers a clear and fair disclosure on the product characteristics.

5. **Are there specific needs of consumers purchasing third-pillar retirement products that have to be better taken into account, for example via EU voluntary codes or certification schemes on consumer information (transparency) and protection standards?**

- **If so, how could consumer information (transparency) be improved?**
Please cover precontractual and contractual information.

¹ EIOPA Discussion Paper on a Possible EU-single market for personal pension products.
<https://eiopa.europa.eu/en/newsletters/news-alerts/eiopa-publishes-discussion-paper-on-a-possible-eu-single-market-for-personal-pension-products/index.html>



- **If so, how could protection standards be improved? Please cover marketing, sales practices, inducements, advice and other aspects.**

We believe it is essential to define transparency rules for third-pillar retirement products. In this respect we deem it necessary for these rules to cover both precontractual and contractual information.

As for Italy, for example, the Italian watchdog on pensions (COVIP) clearly defined the structure and content of the documents that have to be delivered to potential and effective participants: the precontractual information consists of a document (*Nota Informativa*, Information note), similar to the UCITS prospectus, aimed at improving awareness of potential participants and promoting the comparability between alternative pension schemes; the on-going information is given through a personalized illustrative project "*progetto esemplificativo personalizzato*", which gives a prevision of the level of the annuity the participant will receive at the end of his participation in the pension scheme; the aim is to provide members with an instrument to evaluate and monitor the total amount of the contributions paid enabling them to decide whether to change the level of their contribution.

6. Would a self-regulatory code be the best tool for improving the quality of third-pillar retirement products?

A self-regulatory code may be a too weak tool to realize an effective standardization of consumer protection rules at EU level.

7. For which objectives would it be the best way of doing so? (e.g. improving consumer confidence, providing a guarantee of quality, or others?)

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8. What outstanding pension-specific consumer protection issues could a self-regulatory approach help deal with?

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9. How and by whom should the effective application of the code be monitored?

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10. Would an EU certification scheme be the best way of improving consumer protection for third-pillar retirement products?

Yes.



11. For which objectives would it be the best way of doing so? (e.g. improving consumer confidence, providing a guarantee of quality, or others?)

An EU certification scheme would develop a cross-border market for third pillar retirement products, since the products would be standardized and recognizable from the consumers. In addition an EU certification could enhance consumer protection and information standards, either in the pre-contractual and contractual phase.

Nonetheless we believe that the EU certification scheme should not aim at standardizing the existing pension products across Europe, but at creating a new retirement product dealing with specific requirements, that could be offered across Europe, in addition to the national existing products.

We also believe that any initiative in this area should be in line with the work undertaken by EIOPA on the creation of a possible EU-single market for retirement products.

12. What outstanding pension-specific consumer protection issues could an EU certification scheme help deal with?

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