	Comments Template on EIOPA-CP-12-005 Draft Implementing Technical Standards on reporting of national provisions of prudential nature relevant to occupational pension schemes	Deadline 10 March 2013 18:00 CET
Name of Company:		
Disclosure of comments:	Please indicate if your comments should be treated as confidential: **PUBLIC**	Confidential/Public
	The question numbers below correspond to Consultation Paper No. 05 (EIOPA-CP-12/005). Please follow the following instructions for filling in the template: ⇨ Do **not** change the numbering in the column "Question"; if you change numbering, your comment cannot be processed by our IT tool ⇨ Leave the last column empty. ⇨ Please fill in your comment in the relevant row. If you have no comment on a paragraph or a cell, keep the row empty. ⇨ Our IT tool does not allow processing of comments which do not refer to the specific numbers below. **Please send the completed template, in Word Format, to CP-12-005@eiopa.europa.eu. Our IT tool does not allow processing of any other formats.**	
Question	**Comment**	
General Comment	**Preamble** Nowadays retirement planning has become a social reality all over Europe and governments are required to comply with the existing contract between the younger and older generation and to fairly split the financial risks among all parties. In addition it must be noted that due to the stressed government pension schemes throughout the EU member countries, it is the intention of the European Union to further strengthen the company pension schemes as an increasingly important income stream for	

retirees.
Among all these aspects a pension system has been formed in Austria which is based on three pillars:
Firstly - on a government pension based on contributions according to the PAYG system,
Secondly -on occupational pension schemes based on employer and employee contributions according to the funding system for which employers themselves, pension funds or, since recently, occupational pension funds are responsible.
Thirdly -on private pensions like in the form of insurances or investment products.

The Austrian Civil Society Organization
"Occupational Pension Protection Association PEKABE",
is making the following statements according to the second pillar of the pension scheme:

1. Regulating the distribution of risks in occupational pension schemes
It has become apparent that funded pension schemes are very vulnerable to financial crises and recessions. In order to guarantee old age provision these risks have to be minimalized so that pension losses can be avoided.
The introduction of general principles concerning risk management of capital investment makes it possible to counteract these risks.
Contrary to regulations in other European countries, Austrian pension fund beneficiaries who follow a defined contribution model, bear the sole financial investment risk of the total actuarial capital – which is composed of employers' contributions as well as payroll components of employees - and responsibility has been assigned to pension funds which function as trustees. Over the last years this has caused the loss of up to one half of income for some retirees.
This unique maladministration within the EU has to be eliminated to guarantee a minimum of security for the retirees. This could be done by explicitly imposing a generally applicable regulation – e.g. in the form of setting up a venture fund or a risk-splitting, one-

	third each by employers, pension fund and employees. **2. Uniform rules of transparency** In order to create a well- functioning internal market transparency and harmonisation of occupational pension fund regulations are critical to give the flexibility to employers and employees to actually benefit from the internal market. This A general transparency regulation is to be issued for the purpose of comparability of all existing and competing pension funds in Europe and also due to the pension beneficiaries' right to sufficient information. It must ensure sufficient insight into the operations of pension funds and guarantee the pension fund beneficiaries a periodical and obligatory receipt of data of their retirement account. This includes that beneficiaries hold a mandate in the pension bodies (Supervisory Board, Advisory Councils) and receive at least annual information on the investment structure and the amount of their individual premium reserve. Such measures are derived from the requirements of consumer protection and they also serve to strengthen customer confidence. **3. Harmonization of contract parameters** The possibility of cross-border activities and the release of the European labour market result in a mix of different standards and contract terms for pension funds and pension beneficiaries which do not match with all European countries and are incorrectly applied when people work across borders. This may concern the retirement age, the use of mortality tables and regulations concerning the amount of interest that is charged, or the option to choose certain types of individual risk categories and exit opportunities. **4. Preserving the value of pension benefits** The investment income dependency on capital markets causes a lot of uncertainty for	

	assessable employers and particularly for defined contribution pension beneficiaries, which does not only affect the financial management of the employer but unsettles the life planning of these affected retirees to the highest degree. A decade ago, a previously existing annual minimum return guarantee was abolished by law in Austria. Taking these facts into account, it is highly recommended to evaluate the EU intention listed in the preamble concerning a solid occupational pension. **5. Adjustment of the taxation of pension payments** Given the freedom of establishment, the liberalisation of services and the mobility of persons within the European Union the taxation of pension payments is of the utmost importance. In Austria, for example, the pension fund benefits are subject to income tax, although part of this income comes from capital gains and therefore should be taxed at the lower capital gain tax rate. In regard to this matter there are various types of tax models within the EU and it is about time to pave the way for appropriate adjustments. **6. Protection of social capital** The social capital is the actuarial capital, deriving from employers' contributions and payroll components of employees. It serves the social objective to guarantee a decent livelihood to retirees. In Austria, such assets are transferred to pension funds which can act on the financial market as trustees – without any obligation to cover investment losses. Therefore all European countries should be induced to implement appropriate measures to avoid any waste of social capital.	
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