



Universiteit Utrecht

Asset Allocation and the PEPP

Some EU Law remarks

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Chair EU Pension Law

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Pension gap (%) between men and women aged 65-74

2014

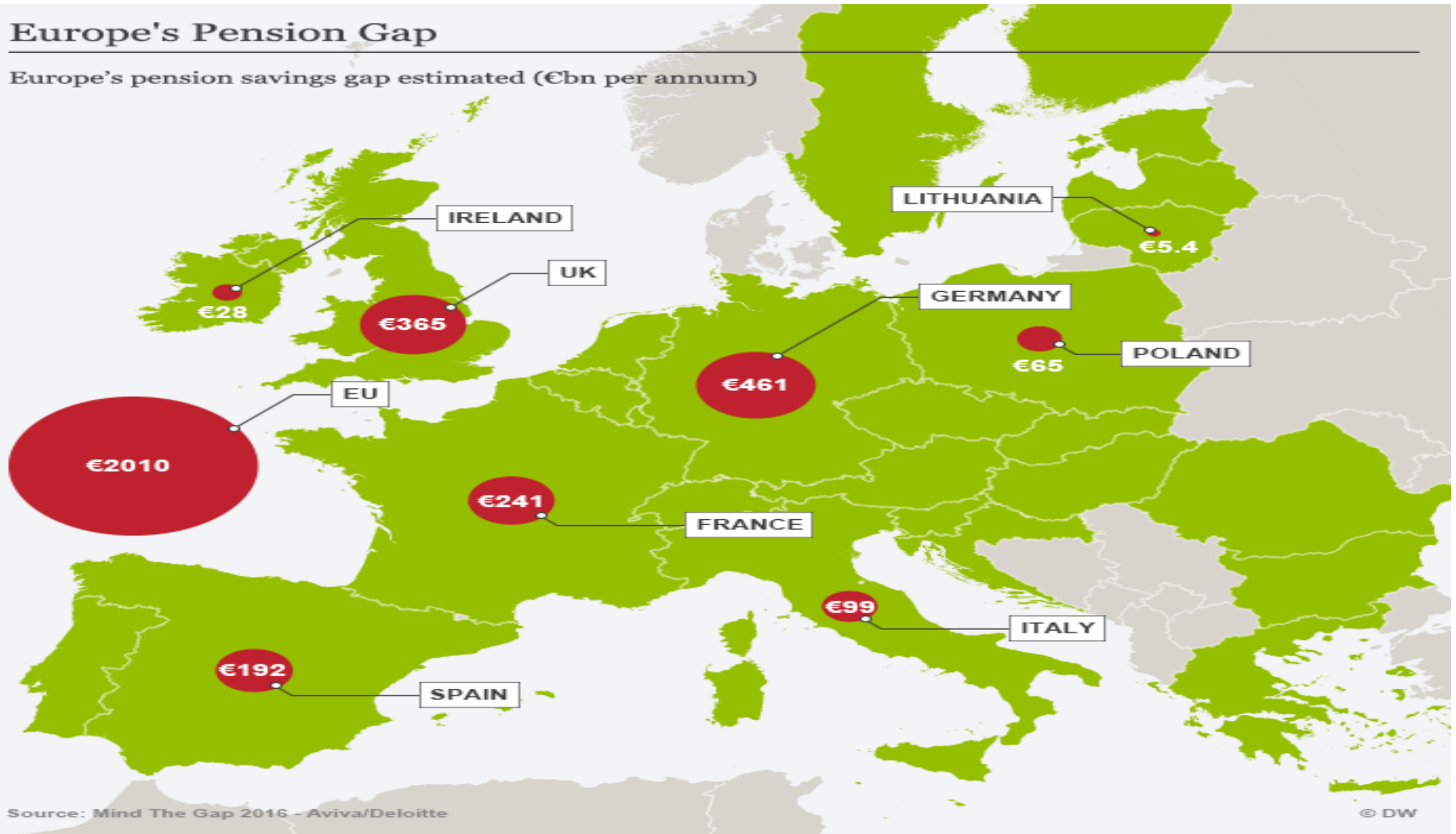


Source: Eurostat-SILC

*data from 2013

Europe's Pension Gap

Europe's pension savings gap estimated (€bn per annum)



Source: Mercer

TOTAL VALUE OF FUND ASSETS SPLIT BY ASSET ALLOCATION AND FUND DOMICILE OF THE TOP 20 FUNDS



PEPP Proposal

- PEPP providers should be able to opt for an asset allocation that suits the precise nature and duration of their liabilities
- PEPP providers are encouraged to allocate a sufficient part of their asset portfolio to sustainable investments in the real economy with long-term economic benefits, in particular to infrastructure projects and corporates

PEPP Proposal Article 34

- PEPP providers shall offer up to five investment options to PEPP savers.
- The investment options shall include a default investment option and may include alternative investment options.
- All investment options shall be designed by PEPP providers on the basis of proven risk-mitigation techniques which shall ensure sufficient protection for PEPP savers.

PEPP Q and A

- **Are there mandatory investment requirements for providers?**
- No. PEPP providers can invest in various types of assets on condition that they respect the prudent person principle. It entails a series of rules for sound investment, such as the following: assets shall be invested in the best long term interests of consumers, shall be predominantly invested on regulated markets and in derivative instruments only in as far as this is beneficial to efficient portfolio management.

PEPP Prudent Person: art 33

- Prudent Person: open norm
- ‘best interest of the PEPP saver’
- The rules set out in points (a) to (g) of paragraph 1 apply only to the extent that there is no more stringent provision in the relevant sectorial legislation applicable to the PEPP provider.
- Who decides PP with 29th regime? EIOPA? NA?