

POSITION PAPER

DATE: 09/02/2026

SUBJECT: Supplementary Pension Package

Executive Summary

Europe faces a dual challenge: ensuring adequate pensions in the context of rapid ageing, while mobilising long-term capital to support competitiveness, the green and digital transition and strategic autonomy. Well-designed funded occupational pension systems are uniquely positioned to address both challenges.

The European Commission's supplementary pension package rightly recognises the urgency of strengthening funded pensions across the EU. The accompanying recommendations provide a valuable roadmap for Member States, which includes auto-enrolment, pension tracking systems and improved pension dashboards, while respecting national competences and the role of social partners.

The review of the IORP2 Directive contains several positive elements. A reinforced prudent person principle can pave the way for more investments in alternative asset classes in Europe. We also support a stronger role for pension tracking systems. The review of the PEPP Regulation could improve the access to funded pension products in countries where occupational pensions are lacking, provided the changes do not undermine well-functioning occupational systems.

At the same time, parts of the IORP2 proposal risk shifting the regulation of occupational pensions towards a retail consumer-protection model that does not fit collectively organised, not-for-profit schemes governed by social partners. The following themes are most important:

- A **general duty of care** will duplicate the safeguards provided by the social partner governance model, leading to unnecessary supervisory requirements and additional costs.
- Communication rules should focus on information that is relevant for members. Adding more, and harmonised, information requirements will make the **Pension Benefit Statement** less useful.
- **Benchmarking pension funds** against peers or market benchmarks will disincentivise investing in long-term, illiquid and alternative assets, thereby undermining the objectives of the Savings and Investment Union. If retained, ensure that IORPs define their own benchmarks in line with their investment strategy, extend the assessment horizon and clearly define key concepts.
- The mandatory appointment of a **depository** is neither necessary nor proportionate for IORPs.
- A mandatory regular **supervisory dialogue on the viability** of an IORP should not be considered a competence of the supervisor and may further increase administrative burdens.

By preserving the strengths of the proposal and addressing these and other concerns, the review of the IORP2 Directive can provide a proportionate and future-proof framework that supports the expansion of occupational pensions across the EU without undermining systems that already deliver good outcomes for members and beneficiaries.

Content

Introduction: the Role of Occupational Pensions in addressing Europe’s Ageing Crisis and Boosting Competitiveness	2
IORP2 Review Proposal and the Social Partner Model	3
Prudent Person Principle (Article 19).....	4
Duty of Care (Article 44a).....	4
Communication rules (Articles 38-40)	5
Underperformance (Article 41a)	7
Depositary requirement (Article 33).....	8
Regular supervisory dialogue (Article 49a).....	8
Multi-sponsor IORPs (Article 9a).....	9
Pension Tracking Systems (Article 37a)	9
Regulatory Own Funds (article 15).....	10
PEPP Regulation	10

Introduction: the Role of Occupational Pensions in addressing Europe’s Ageing Crisis and Boosting Competitiveness

Europe is ageing rapidly. Increasing life expectancy, more people retiring and dropping birthrates will result in more retirees relative to a shrinking working population. There are currently roughly three Europeans working per person over 65 and this will drop to below two by 2050, putting pressure on pay-as-you-go systems.

Moreover, the EU needs a significant boost in investments. The Draghi report estimates that additional investment needs are 750 to 800 billion Euro per year, making it necessary to increase the participation of EU citizens in capital markets, in order to provide EU companies with risk capital to grow and increase investments in the green and digital transition, and strategic autonomy.

To tackle both challenges, Europe needs more funded pensions. Occupational pensions are the best way to provide an adequate income throughout retirement and give EU citizens access to diversified and cost-efficient capital market investments. Currently, only a small number of Member States have developed funded systems with broad coverage, sufficient contributions and adequate replacement rates. We therefore welcome the objectives of the European Commission’s pension package. It conveys the urgency of taking action, which we fully support.

The Commission’s recommendations provide a roadmap how to expand funded pension systems, while allowing for tailoring to national circumstances. Well-designed auto-enrolment systems can be an effective policy tool for giving Europeans access to a pension scheme in countries where

mandatory systems are politically not feasible. Pension tracking systems give citizens a clear overview of their accruals and can nudge towards additional uptake of pension products. Pension dashboards provide Member States with insights in the adequacy and sustainability of their pension system and encourage action to develop supplementary pension schemes. The European Commission should encourage the implementation of the recommendations with all means available, while respecting national competences and social partners, and monitor national developments closely.

The IORP2 review proposal contains several useful elements that modernise the framework. The reinforced prudent person principle will help pension funds diversify their portfolios and incorporate sustainability in their investment strategies. The proposal also aims to strengthen the role of pension tracking services. At the same time, other elements of the proposal are at odds with the social partner model of occupational pensions.

IORP2 Review Proposal and the Social Partner Model

The social partner model of occupational pensions is a tried and tested system that puts the interests of individuals at its core. Important elements are:

- **Mandatory systems with collective scheme design**, in which social partners set sufficiently high contribution levels based on replacement rate targets and risk-sharing amongst members to achieve better returns.
- **Member and sponsor representation** in governance structures through the paritarian governance model. Members – active, retired and deferred – are represented in the Board and special accountability committees.
- **Economies of scale and low-cost execution**. Under our extensive cost report framework, Dutch pension funds had a cost ratio of 0.47% in 2023, including a significant allocations to alternative asset classes that are more expensive to manage.

The social partner model is a central tenet of the [Rhineland model](#) of capitalism that has spread throughout Europe. The Member States with strong occupational pension systems all employ a variation of this social partner model. In these Member States, the pension fund is both a social and a financial institution. The pension package proposed by the Commission aims to further regulate occupational pension systems in the EU, even though some of these safeguards are already successfully provided by the social partner governance model. While regulation and supervision need to underpin any pension system, legislating for elements that are taken care of through the governance model will cause friction and duplicative costs.

We call on the co-legislators to respect the role of social partners through the review of IORP2.

We see the model challenged in two ways:

- **Shift towards the retail consumer protection**. While occupational pension systems are designed to overcome individual biases – procrastination, present bias, complexity avoidance – the review aims to emphasize the role of individual members. The review prescribes a large amount of new information elements, which we know from research and experience will not only contribute to pension awareness and understanding, but lead to an information overload. In favour of our participants the information needs to be either actionable or relevant to individuals' personal situation. The introduction of a depositary and general duty of care are also unnecessary elements copied from consumer product regulation.
- **Increasing cost of regulation** at a time when simplification is the main objective of any other review. By duplicating the role of the social partner model through regulation, we foresee a rise

in administrative and supervisory costs at the expense of members and beneficiaries. Additional costs will weigh most significantly on smaller pension funds and make the development of occupational pensions in countries without it less attractive.

Prudent Person Principle (Article 19)

The proposed amendments to Article 19 (prudent person principle) strengthen a genuinely risk-based investment framework for IORPs. By explicitly discouraging national quantitative investment limits and reaffirming that investment decisions should be assessed in light of the fund's overall risk profile, benefits and long-term objectives, the proposal provides pension funds with greater flexibility to diversify their portfolios. This creates more room to invest in alternative and illiquid asset classes, such as infrastructure, private equity and private debt, which are well suited to the long investment horizons of occupational pension funds. We believe that a clearer and more consistent application of the prudent person principle can support higher long-term returns and contribute to financing the real economy and the Savings and Investment Union, while fully preserving the core requirement that investments are made in the best interest of members and beneficiaries and subject to robust governance and risk management.

The proposals also see a greater role for sustainability preferences of members and beneficiaries. Dutch pension funds believe it is important to incorporate (sustainability) preferences of members and use various methods of gauging these preferences, depending on the size and governance structures of the pension scheme. We recommend clarifying that "gauging" can be done in different ways: through surveys, but also through the representation of members in governance structures, or structured direct dialogue with members (e.g. focus groups). This could be done in an introductory clause.

Moreover, the definition of sustainability preference must also be improved. The proposed definition refers to a member's "choice" for certain financial instruments, in which they "determine" their preferences.¹ However, Dutch members typically have no investment choice, and their preferences need to be translated to a collective investment policy.

- **We support the amendments to the prudent person principle.**
- **We recommend improvements to the provisions on gauging sustainability preferences of members and beneficiaries. The definition of "sustainability preference" must also be improved to reflect the automatic and mandatory enrolment process.**

Duty of Care (Article 44a)

The proposal introduces a broad, general duty of care for IORPs. In the Netherlands, IORPs are subject to specific duties of care on communication and choice guidance, next to a civil-law duty of care. Moreover, the governance model of IORPs is designed to ensure that the pension scheme is managed in the interest of the member.

While the intention to enhance members protection even further is commendable, the proposal for a general duty of care constitutes an open-ended obligation that risks increasing supervisory intensity,

¹ "sustainability preferences shall mean a member's, beneficiary's, or prospective member's **choice** as to whether and, if so, to what extent, one or more of the following financial instruments are to be integrated into his or her investment".

reporting requirements and compliance costs across Europe. A broadly formulated duty of care functions as a catch-all norm, creating legal uncertainty for IORPs. Its interpretation would largely be shaped *ex post* by supervisors and courts, increasing litigation risk. In a recent review of the Dutch pension law, the legislator therefore chose not to implement a general duty of care but instead introduced the two aforementioned *specific* duties of care on communication and choice guidance.

Furthermore, linking the duty of care explicitly to “adequate, risk-adjusted and cost-efficient returns” invites hindsight-based assessments. This incentivises defensive behaviour, benchmark-hugging and reduced risk-taking, discouraging investment with higher expected returns in volatile, illiquid or innovative asset classes such as infrastructure, private equity and venture capital. This runs counter to the EU’s objectives under the Savings and Investment Union and the Draghi Report.

Moreover, we are concerned about the obligation to inform members about the consequences of their decisions. Consequences of decision-making can be highly dependent on external factors. One example that is pertinent to the Netherlands are the tax implications of decumulation options. Tax implications can be huge, but require a full picture of an individual’s income, which pension funds simply do not have access to.²

→ **We therefore urge the co-legislators to remove Article 44a.**

Communication rules (Articles 38-40)

Based on our decades-long experience in communicating with members, we observe that detailed “push-information” in a single layer with many information points that are not actionable or relevant to individual situations, often goes unread or is misunderstood. Pension communication should be designed based on a realistic understanding of how individuals use information, grounded in insights from behavioural science, rather than the rational actor model in which more information automatically leads to better outcomes. Dutch pension funds have therefore invested heavily in layered communication and alternative communication channels, such as their own web-portals, that incorporate these principles. These communication tools allow for the differentiation of communication towards different target groups. In our [response](#) to the consultation on the supplementary pension package, we proposed to apply principle-based communication rules, instead of prescribing a detailed information document through the Pension Benefit Statement (PBS).

A governmental [evaluation](#) of pension communication in the Netherlands found that communication channels other than the PBS are far more used and considered more helpful by members. In particular the national Pension Tracking Service and web-portals of pension funds scored better. In the evaluation, the Dutch Ombudsman on Pensions concludes that “the content of the PBS is not used and the PBS only serves to bring attention to pensions”. In the same evaluation, the Dutch supervisor AFM also remarks that the PBS mainly has an attentive function - for people to receive an annual reminder on their pensions – and not so much an informative function.

² An option for a 10% lump sum of pension capital at retirement is being discussed in Parliament in the Netherlands. Due to the progressive tax system (for higher incomes) and due to the risk of reduced means-tested allowances for housing and healthcare (for lower incomes), the attractiveness of the lumpsum is dependent on information the pension fund has no access to.

This does not mean that the information from the PBS should not be made available. Instead of prescribing the carrier and medium of communication, IORP2 should, for example, lay down the principle that information should always be available, easy to find and easily accessible. We propose an obligation for IORPs to make complete and updated information available for a member to download, retrieve or archive at a self-selected time, in a way the members prefer. We also propose that IORP2 only prescribes information points that are relevant and actionable.

Union Standardised Format

In particular, the Union Standardised Format for the PBS would lead to a harmonised format that is by definition less tailored to national specificities. These would include, among other things:

- Is communication in terms of capital or projected benefits prioritised? It might be logical to prioritise capital for pure defined-contribution (DC) schemes and projected benefits for defined-benefit (DB) schemes. However, there are many hybrid systems, like the Netherlands, which combines DC with mandatory annuitisation. At the opposite side, there are DB systems with lump sum as the default.
- Survivor pensions: there are many different types of survivor pensions, which differ greatly between Member States.
- Disability pensions: similarly, there are large differences in disability pensions between Member States.
- Taxation elements: in the accrual phase, the Dutch PBS mentions how much tax relief has been granted by the pension scheme. If the maximum allowed tax relief has not been fully exhausted, individuals can use it for additional third pillar pension.

Under the proposal for a Union Standardised Format, Member States would essentially lose the ability to adapt the PBS to national characteristics and to allow for (digital) improvements. The Commission has not provided arguments why this form of harmonisation would be warranted under the subsidiarity principle. The vast majority of pension schemes operates within a single Member State, so there are no benefits in terms of economies of scale.

- **We therefore urge the co-legislators to remove the mandate for a Union Format for the PBS from the proposal.**

Transparency on costs

Dutch pension funds report on administrative, asset management and transaction costs under our detailed and mandatory sectoral [reporting framework](#). This information is included in annual reports, the PBS and reported to the supervisors. The framework provides insights into the cost-efficiency of the scheme to the Board of the pension fund and the members and beneficiaries. Dutch pension funds report the costs of asset management, transactions and pension administration separately. Asset management and transaction costs are reported as a percentage of capital, pension administration in euros per member.

We support cost transparency for participants and the inclusion of comprehensive, comparable and understandable cost metrics on the PBS. The current split between asset management, transactions and pension administration allows both members and the Board of the pension fund to compare costs against service levels (web portals, choice guidance), the asset allocation (to low-cost or high-cost asset classes) and investment style (e.g. active or passive).

However, the IORP2 review proposal now adds a lot of detailed information about costs to the PBS:

- a breakdown of all costs incurred,
- on an annual basis and compounded since joining the scheme,
- split between pension administration, safekeeping and investment costs,
- an estimation of the impact of the costs on the final capital accumulated,
- in monetary terms and as a percentage.

The proposals require too many metrics, leading to information overload for members and beneficiaries. They will also be complex and costly to implement. Reporting costs on an individual level will be challenging for Dutch pension funds under the new DC pension contract. Asset management costs are borne at a collective level by the pension fund and the assets are not separated into different funds for different cohorts of members (so-called lifecycles). Instead, different cohorts are allocated a mix of fixed-income returns and excess returns based. This means that allocating costs on individual levels will have to be based on arbitrary and theoretical allocation rules. The practical issues will be manifold.³ Keeping track of costs over the lifetime of the product would be challenging in relation to important life events.⁴ Introducing a requirement to report on compounded costs and make estimations over the lifetime of the product requires looking back decades for current members. This would also require new IT systems, resulting in significant administrative costs.

Showing cumulative costs and the projected impact on the final capital will also not serve to increase trust in occupational pensions. Even at a low total expense ratio, these calculations will show significant absolute amounts, simply due to the fact that households in the Netherlands have pension capitals into the several hundreds of thousands of euros on average.⁵ Decoupling costs from returns and asset allocation will create misunderstanding and mistrust and create disincentives to invest in high-cost asset classes such as infrastructure, private equity and venture capital.

→ We urge policymakers to limit cost reporting on the PBS to a total cost ratio, to be specified at the national level.

Underperformance (Article 41a)

The IORP2 review proposal foresees that national competent authorities would set benchmarks for monitoring performance. The article does not define what benchmarks are. It can be understood as benchmarking against some kind of market index or against the performance of peers. Both are fundamentally different, but equally problematic as they lead to an incentive not to deviate from averages. The proposal disincentivises allocations to asset classes with more volatility, i.e. alternatives. Moreover, the short timeframe (three years) also penalises investments with a long investment horizon such as venture capital investments and infrastructure. The proposal therefore undermines the purported objective of the review to increase allocations to these asset classes and the aim of the Savings and Investment Union.

³ Do you allocate on the basis of the pension capital, the number of members, on the basis of age? What to do in case a pension fund decides to give young members more than 100% equity exposure through leverage between age groups?

⁴ What do you do in case of a conversion of capital due to divorce? How to deal with value transfers between pension providers?

⁵ In 2021, the mean pension wealth of households with earners between 55 and 65 was €275 800. Source: [CBS](#)

In the Netherlands, a similar concept has been discussed, the so-called performance test. It was decided that uniform benchmarks for all pension funds could not capture the diversity amongst pension funds and would lead to a comparison of apples and oranges. Factors that would have to be accounted for include: the age cohorts within the pension fund, their risk tolerance, the strategic asset allocation and the existence or absence of sponsor support. As a result, it was decided that pension funds should define their own benchmarks against which to measure underperformance. At an EU level, comparisons would be even more difficult due to divergences between the national pension systems.

- **We urge policymakers to remove the article on underperformance.**
- **If not removed, IORPs should define their own benchmarks, rather than supervisors. The three-year period should be extended to at least five years. The term “benchmark” should also be defined.**

Depository requirement (Article 33)

The mandatory appointment of a depository is unnecessary for IORPs. Pension funds differ fundamentally from retail investment products such as UCITS. UCITSs have daily inflows and redemptions, which required daily Net Asset Value calculations.

Safekeeping of assets is already ensured through arrangements with custodian banks, which perform safekeeping functions that are comparable to the role of the depository under UCITS. The existing internal audit function oversees the controls foreseen to be executed by the depository. This includes oversight of the valuation of assets and liabilities, transactions and cashflow and procedural controls (ISAE-reporting). External supervision puts additional controls on valuations, cashflows and outsourcing.

Moreover, for large pension funds it is customary and necessary to make use of multiple custodians for different asset classes. This allows pension funds to make use of specialised custodians and is preferable from a risk point of view in the interest of their members. The proposal, however, requires the appointment of a single depository. This would mean that pension funds would have to restructure all agreements with their custodians and transfer assets. This would be costly and time-consuming.

- **We recommend maintaining the current provisions of IORP2. If the requirement is maintained, at a minimum it should allowed to rely on multiple depositaries.**

Regular supervisory dialogue (Article 49a)

We recognise the added value of conducting dialogues with the supervisor about the activities of the pension fund. In the Netherlands, such dialogues are already common practice. Article 49a introduces nonetheless a new dialogue of a different nature on “the early identification of vulnerabilities, inefficiencies and structural challenges, and to encourage strategic reflection on the long-term adequacy, efficiency and sustainability of the IORP”. In addition, the proposal gives the supervisor the possibility to require the IORP to consider alternative options or to draw up a remedial plan and to report on this. The proposal also introduces a fixed minimum frequency of once every three years.

We believe that an assessment of the viability and adequacy of the pension scheme should be made by social partners that manage the scheme on behalf of members and beneficiaries. We do not believe supervisors should be involved in strategic discussions and remain focused on supervisory activities.

Most Dutch IORPs have significant scale, meaning that the mandatory nature of these conversations creates an unnecessary administrative burden.

→ **We recommend to remove the article on regular regulatory dialogue from the proposal.**

Multi-sponsor IORPs (Article 9a)

Article 9a proposes that IORPs should be always allowed to operate multiple pension schemes and accept sponsorship of different employers within a pension scheme.

In the Netherlands there are several types of IORPs:

- Sectoral and multi-sponsor IORPs that run a scheme for all employers from a certain sector (e.g. the public sector or media sector). If membership of unions and employer associations is sufficiently high, these schemes are declared mandatory for all employers in the sector (unless they decide to set up their own scheme).
- IORPs that run a scheme for certain professions (e.g. for physical therapists).
- Single-sponsor IORPs.
- Consolidation vehicles that offer different ring-fenced schemes to multiple sponsors.

This means that there are sufficient options for social partners of a company or a sector to choose the type of scheme and IORP that is best suited. That choice can be to opt for a single-sponsor IORP running a single scheme. The proposal may therefore be at odds with the scheme choices that social partners make.

→ **In order not to upset the division of roles between social partners and the IORP, we recommend clarifying that Article 9a should be without prejudice to collective bargaining and national social and labour law.**

Pension Tracking Systems (Article 37a)

Pension Tracking Systems (PTSs) are highly effective and efficient communication tools. The experience in the Netherlands, but also other Member States, has shown the added value of PTS. We believe their role in pension communication can be expanded at the expense of the PBS. We therefore strongly support the European Commission's recommendation to set up PTSs in Member States where they are not yet present. We also are thankful for the support of the European Commission for the [European Tracking Service](#) – of which the Dutch pension sector is a founding member – that is working towards linking the national PTSs.

We also endorse the legal requirement for IORPs to participate in a PTS and to expand the scope to third pillar products. Members should have a comprehensive overview of all their pension accruals. We do take note of the broad definition of PTS and the requirement to participate in "pension tracking services" (plural). In most countries the PTS is a not-for-profit foundation or public entity and there is no benefit in having more than one. The provision should not create a loophole for companies to gain access to information about pension accruals in order to provide for-profit services.

→ **We support the proposal for a legal requirement to participate in a PTS and the expansion to the third pillar.**

Regulatory Own Funds (article 15)

We believe IORP2 could provide more clarity about the obligation for IORPs to maintain regulatory own funds in case their members and beneficiaries fully carry biometric risks themselves (as a collective), rather than the IORP itself. Under Article 15, IORPs must hold own regulatory funds if the IORP “underwrites the liability to cover against biometric risk”.

Following the reform of the Dutch pension law, most pension funds will provide variable annuities. Unlike fixed annuities that are stable, variable annuities (monthly life-long benefits) depend on financial and biometric results and are adjusted on a regular basis. Both negative financial shocks and increased longevity will translate into lower annuities and the IORP therefore bears no risk at all.

Nevertheless, under the transposition of IORP2 in the Dutch pension law, Dutch IORPs will be required to hold regulatory own funds of 1%⁶ that could otherwise be allocated to retired and active members. The text of IORP2 does not specifically discuss whether variable annuities should be considered. Moreover, Article 13 is cause for confusion as it uses different wording, namely “to provide cover against biometric risks”. This has led to the interpretation that own regulatory funds are required.

- **We recommend policymakers to clarify that IORPs that offer variable annuities do not underwrite a liability to cover against biometric risk under Article 15.**

PEPP Regulation

The Netherlands has opted not to allow IORPs to offer PEPPs and they have no ambition to do so in the future. The Netherlands has a mature occupational pension sector. While the Dutch third pillar is much smaller, there are many products which are particularly relevant for the self-employed that fall outside the scope of the second pillar. However, the situation in other EU Member States is different and improved access to good cost-efficient third pillar products could help their citizens get access to pensions. It is already possible for employers in the Netherlands to make voluntary contributions to third pillar products.

- **We therefore see no issue with allowing these contributions to be made to PEPPs, as long as this does not undermine (existing, well-functioning) mandatory occupational systems and collective bargaining.**

We support the introduction of auto-enrolment in countries where mandatory systems are not attainable. However, there is a risk that the development of auto-enrolment could start to undermine mandatory system.

- **It is therefore paramount that the proposal to allow the PEPP as a vehicle for auto-enrolment remains subject to a Member State option.**

⁶ Not all annuities will be variable, but most. A 1% own funds requirement for the 1900 billion IORP sector would amount to roughly 19 billion euros being locked up.