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NFU response to DG FISMA's Targeted consultation on supplementary pensions

NFU welcomes the ambition by the EC to strengthen the availability of pension information for citizens across the EU and support efforts to ensure that individuals have a clear and comprehensive view of their retirement entitlements. Any initiative on EU level should however build on existing national best practices rather than replace them, ensuring that successful, well-functioning systems are preserved and unnecessary duplication or double regulation is avoided.

There are already strong examples within the EU and EEA of effective pension tracking systems (PTS). Denmark's PensionsInfo is widely recognised as a frontrunner, while Sweden's minPension.se has, for many years, provided citizens with free, neutral, and comprehensive pension information. The EIOPA study from 2021 highlighted that Denmark and Sweden were among only seven EU countries with a fully implemented PTS, with Norway also in place, putting the entire Scandinavian region in the lead.

In Sweden, minPension.se is funded jointly by the state and pension providers, including those run by social partners, and covers public, occupational, and private pensions. Most private pension funds send data automatically, and users can add missing information and run forecasts to explore different retirement ages and scenarios. A successful PTS should be simple, digital, intuitive, and secure, while ensuring objectivity of information and coverage of all pillars.

It is essential that EU-level solutions respect national differences in old-age provision systems, including the role of social partners in negotiating and managing occupational pensions, as well as the interaction with taxation and public spending in social security benefits. In Sweden, around 90% of occupational pensions are negotiated in collective agreements, and a separate tracking system is operated by the social partners themselves. These arrangements ensure that pensions are invested for the long term, at low cost, and with the shared aim of delivering sustainable and resilient pensions without direct political involvement.

For Member States that already operate a well-functioning PTS, such as many of the Nordic countries, there should be no requirement to replace or substantially modify existing systems, as this could create redundant costs and complexity. In the longer term, it may be useful to develop a set of minimum recommendation standards at EU level, based on social dialogue and aligned with the EU's mandate. However,

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binding legal rules for PTS design could risk undermining the flexibility and initiative of social partners to negotiate solutions that are robust, adaptable, and suited to the realities of the labour market.

- PTS Norway: minpensjon.no. Covers the first two pillars, although patchy when it comes to displaying occupational pension from employment in public sector

Pension Tracking Systems and Dashboards

The consultation seeks views on the effectiveness, coverage, and design of pension tracking systems, which consolidate information from different pension schemes and may provide projections of future benefits. Respondents are asked whether their Member State has a functioning system, whether it should be improved or extended, and which features are most important for usefulness, such as ease of access, objectivity, comprehensive coverage of all pension pillars, and cost-effectiveness.

Answers are also requested on the types of information a system should include, for example details of past contributions, projected retirement benefits, simulation tools for different scenarios, and information on early withdrawal options. In addition, the consultation asks about the main challenges in establishing such systems, including data protection, data accuracy, platform accessibility and presentation, maintenance and governance, and interoperability between Member States.

NFU draft response (based on statements by Finansforbundet Denmark and Forena Sweden):

The EIOPA Annual Report 2021 shows that Denmark and Sweden were two of only seven EU countries that had implemented a pension tracking system (PTS). At the time of the study, Norway had also implemented such a system, placing the whole of Scandinavia in the lead. EU-level solutions in this area should respect national systems and avoid unnecessary duplication or double regulation.

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To ensure sustainable and future-oriented pension policy, it is vital to monitor relevant developments and their underlying causes. Pension dashboards can serve this purpose but should remain primarily a national responsibility and build upon national systems, led by the public with close involvement of pension providers, the pension sector, and social partners. Effective dashboards must be based on readily available national data.

NFU acknowledges that consumer organisations have long called for stronger EU pension schemes, particularly to protect savers and improve consumers' financial situation. This intention is important, but should not undermine the independence of social partners to negotiate on occupational pension schemes. The EU should therefore guarantee that pension savers, via consumer organisations, and employees, via trade unions, are directly involved in shaping common pension frameworks, with both groups explicitly represented in supervisory bodies to ensure their perspectives are reflected in governance and oversight.

AUTO-ENROLMENT

The consultation explores the role of auto-enrolment in the EU's strategy on supplementary pensions, drawing on a European Commission study of best practices and performance. It considers whether Member States should promote auto-enrolment to encourage individuals to direct part of their income or savings into supplementary pension schemes. The purpose is to identify approaches and factors that determine success, such as the availability of default options, the cost-effectiveness of starting contributions at an earlier age, the design of pay-in and pay-out phases, incentives for employers to facilitate enrolment, and the types of pension schemes used, including occupational schemes and other workplace pension products.

The initiative also seeks to identify best practices for practical aspects, including the eligibility of schemes and workers, the duties of employers and professionals, the enrolment process, opt-out arrangements, transparency, portability, safeguards for beneficiaries, and the role of taxation.

Stakeholders are invited to share their views on the features that make an auto-enrolment mechanism successful, including how it should be administered, how contribution levels should be structured, how opt-out rules and re-enrolment should work, what incentives the state should provide, how to preserve

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sustainability, whether early withdrawals should be permitted, and the role of social partners in its design. They are also asked to comment on the characteristics of default pension plans, such as whether they should follow a life-cycle investment strategy, allow changes to the plan or risk profile, require minimum contributions, offer capital guarantees, or include a sufficiently broad target population to ensure cost-effectiveness and investment diversification.

The consultation further seeks opinions on who should be responsible for establishing default pension plans, whether this should be the legislator, the social partners, the employer, or another body. It also asks what measures should be adopted to ensure equal opportunities for self-employed persons and employees not covered by auto-enrolment, for example by granting equivalent tax incentives or subsidies to participate in pension plans. Finally, it addresses the role of public authorities in enabling auto-enrolment, including setting the legal framework, providing guidance, offering incentives or subsidies, delivering administrative support, and supplying comprehensive and impartial information to the target population.

- Auto-enrolment: mandatory occupational pension in Norway for all employees and since 2021 everyone as a pension account for defined contribution occupational pension linked to the personal id number, which follows the employee throughout their career

NFU draft response

As Nordic trade union confederation, we recognise that auto-enrolment may be relevant in certain EU countries with low supplementary pension coverage. However, it is neither necessary nor appropriate in contexts where high coverage is already achieved through collective agreements, as in Denmark and Sweden.

In Denmark, automatic pension coverage is effectively ensured by collective agreements, where participation is mandatory for employees covered by those agreements. This model secures very high coverage, delivers solidarity-based risk-sharing, and keeps costs low. In Sweden, occupational pension schemes are already semi-obligatory, covering all employees working for companies that are affiliated with an employers' organisation or have signed a collective agreement. Employees in such schemes may choose between a range of investment options determined by

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the social partners, with a default option applied if no active choice is made. In both countries, these arrangements are negotiated between social partners, supported by a stable legal framework, and embedded in the broader labour market and social welfare systems.

From a trade union perspective, EU initiatives on auto-enrolment must not undermine collective agreement-based systems or introduce mandatory individual schemes that would weaken occupational pensions. The independence of social partners to negotiate on pension arrangements is a cornerstone of our labour market models. A competing obligatory auto-enrolment scheme risks conflicting with this independence, reducing the flexibility to adapt solutions to specific labour market conditions, and potentially disturbing the balance of national pension systems.

Auto-enrolment, if pursued at EU level, should therefore be targeted exclusively at groups without occupational pension coverage, such as freelancers or platform workers, and not applied broadly in countries with functioning collective systems. The EU must take into account regional and national specificities, including the interaction between pension provision, labour markets, and social security systems. Imposing a uniform model would risk disrupting established arrangements, reducing competition and innovation among pension providers, and ultimately limiting the diversity of solutions that help keep costs low.

We are also concerned that mandatory auto-enrolment without an opt-out option could undermine autonomy and flexibility, affecting both savers and the market. It could nudge individuals into financial products that do not serve their best interests, while at the same time weakening the role of social partners in shaping pension solutions. Any EU policy in this area should instead strengthen, not sideline, the role of social dialogue and collective bargaining in delivering sustainable, cost-effective, and inclusive pension coverage.

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REVIEW OF THE PEPP REGULATION

The consultation seeks feedback on whether the PEPP Regulation should be reviewed to improve uptake of the product, which has so far been limited due to factors such as the fee cap, lack of national implementation, and less favourable tax treatment compared with domestic personal pensions. Possible changes include introducing a simplified and accessible default option (the Basic PEPP), facilitating digital onboarding, ensuring cost-effectiveness, improving cross-border access, and removing barriers to participation.

Stakeholders are asked for their views on the design of the Basic PEPP, including whether it should have a built-in lifecycle investment strategy, be available on an execution-only basis, and maintain alternative investment options. Questions also address the structure and necessity of national sub-accounts, the level and scope of the fee cap, the adequacy of risk-mitigation requirements, and the potential role of the Basic PEPP in workplace auto-enrolment schemes.

Further input is sought on registration, supervision, investment rules, the competitive position of the PEPP against national products, distribution barriers, individual transferability from other pension products, and the adequacy of transparency and information requirements, including the integration of PEPP into national pension tracking systems. The consultation also invites feedback on tax treatment and on any other issues that could help scale up the PEPP.

NFU draft response:

NFU takes a positive view of the PEPP but stresses that it should not receive tax advantages that are not equally available to occupational pensions, and that tax incentives should remain within the competence of Member States. The PEPP should be transparent and cost-effective, but this must never come at the expense of consumer protection. It is important to underline that the PEPP operates on a different logic from the Danish model, as it is based on individual savings, individual risk, and no collective risk-sharing. This distinction means that the PEPP could create competition for Danish pension schemes, particularly if it were to benefit from favourable EU tax treatment without meeting the same requirements as occupational pensions. The PEPP may have relevance for individuals without occupational pension coverage, such as cross-border workers or the self-employed, but it should not be positioned as a broad alternative in Denmark.

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We are cautious about any unnecessary expansion of the scope of the IORP II Directive, as this could lead to increased administrative burdens, even for well-functioning Danish pension funds. Denmark already maintains high regulatory standards and strong governance structures, and any new EU requirements should take these into account. At the same time, we support measures that would strengthen the duty of care and enhance transparency in order to safeguard members' savings.

We support diversification when it is underpinned by robust risk management, but members' long-term security and the stability of returns must be prioritised. Strong governance is essential, particularly for investments in illiquid assets such as unlisted funds and infrastructure. Danish pension funds already have considerable experience in this area, but such investments require a long-term approach and must rest on a solid ethical foundation. The objective is not to pursue alternative assets for their own sake, but to ensure they contribute to secure and stable returns for members.

We acknowledge the EU's overarching goals of increasing pension savings and improving portability. However, the means of achieving these objectives must reflect the fact that some Member States, such as Denmark, already enjoy high coverage and operate well-functioning models. EU action should therefore build upon these existing systems rather than challenge or duplicate them.

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