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PEPP: The next step

The news of a second pan-European personal pension product (PEPP) could mean big things for the future of pension provision in Europe. LifeGoals Financial Services executive director, *Panayiotis Mavromichalis*, and Cross Border Benefits Alliance-Europe secretary general, *Dr. Francesco Briganti*, explore the implications

Congratulations to LifeGoals Financial Services (LifeGoals) for becoming the second licensed PEPP provider in Europe. What does this mean for the market?

■ *Panayiotis Mavromichalis*: The LifeGoals PEPP is designed to address critical gaps in the European pensions landscape. It provides a cost-effective, transparent and portable solution ideal for mobile workers, the self-employed and younger savers. Savers can choose from three lifecycle strategies – basic, growth, and aggressive – with automatic risk adjustment over time. Finally, full online onboarding, multilingual support, and comprehensive transparency (down to the underlying investment holdings) ensure a modern, user-centric experience.

The offering also builds on our cross-border IORP platform, already active in Cyprus and Greece, making

us uniquely positioned to offer seamless pension solutions across different member states.

■ *Dr. Francesco Briganti*: This is big news for the European pensions market. When CBBA-Europe met LifeGoals at a conference four years ago, it was clear that we had many common aims and viewpoints. CBBA-Europe has always fought to improve the cross-border activities of IORPs, and has been involved from the outset in the creation of the PEPP.

How long did the process take and what were the challenges along the way?

■ *Mavromichalis*: The journey began in 2019, well before the PEPP regulation came fully into force.

We invested heavily in building the technical infrastructure, compliance frameworks and product structures needed to deliver a true cross-border pension solution.

Despite being technically ready, we faced significant delays due to the slow adoption of the European Union (EU) regulatory framework at the member state level. National rules on accumulation, decumulation and taxation were only finalised in May 2023, more than a year after the regulation became applicable. Even after national rules were in place, the local PEPP application process has opened just recently. Indeed, as we speak, there are member states that are not ready to accept applications or accept sub-account notifications.

Nevertheless, we maintained continuous engagement, both nationally and through European channels.

How did CBBA-Europe support the process?

■ *Mavromichalis*: CBBA-Europe played a crucial role in the broader advocacy effort. The association

eased our exchanges with the European Commission and the European Insurance and Occupational Pensions Authority (EIOPA), and amplified our concerns at EU levels, emphasising the need for enforcement actions where member states delayed or obstructed the PEPP framework.

■ *Briganti*: We actively supported LifeGoals from the outset, fostering a close and collaborative relationship where projects were shared even in their most confidential stages. This support contributed to creating the right conditions for LifeGoals' project to take off successfully.

Through CBBA-Europe, LifeGoals was able to collaborate with other forward-thinking pension stakeholders to push for consistent application of the PEPP regulation across Europe.

Finally, CBBA-Europe is already working on collaborating with LifeGoals not just for the launch, but also in promoting the product across EU member states, using our extensive network and advocacy capabilities.

What are the next steps?

■ *Mavromichalis*: Our immediate focus is on both local expansion and cross-border growth. In Cyprus, we are taking a strategic approach to the launch, complementing it with the release of a new, mobile application designed to offer an enhanced, seamless digital experience for PEPP savers.

At the same time, we are actively seeking business partners across Europe to help distribute and market our PEPP solution. Leveraging our

strength as a fintech-driven platform, with real-time multi-currency, multi-language capabilities, we aim to position our PEPP in jurisdictions where central banks and regulators are open to efficient cross-border pension solutions.

Our goal is to offer an agile, technology-driven pan-European pension platform that addresses the needs of mobile workers, small and medium-sized enterprises (SMEs), and self-employed individuals – groups that have been historically underserved by fragmented national pension systems. Today, fewer than one-third of Europeans aged 25–59 have a private pension product, and the first pillar alone is no longer sufficient to ensure adequate income in retirement. This growing pension adequacy gap is compounded by changing work patterns, labour mobility, and the rise of remote and gig-based employment.

Our PEPP offers a unique solution to these challenges. It is especially well-suited for multinational corporations that operate across jurisdictions and face structural limitations in offering uniform pension benefits. With our PEPP, multinationals can provide a consistent, compliant pension solution in jurisdictions not yet covered by their occupational pension or IORP schemes, creating equity across their European workforce. Similarly, SMEs can use the PEPP as a plug-and-play workplace pension, allowing them to compete for talent on equal footing with larger companies, without the administrative burden of creating a standalone pension scheme.

What are the wider implications for the future of cross-border pensions in Europe?

■ *Mavromichalis*: The successful licensing of new PEPP providers like LifeGoals is a key signal that real progress is possible, but it also highlights the work that remains.

A thriving PEPP ecosystem could bridge the retirement savings gap for mobile workers, freelancers, and the self-employed. It could also support SMEs by giving them a cost-effective alternative to traditional occupational pensions. Finally, it could deepen European capital markets by channelling long-term savings into sustainable investments aligned with the EU's green and digital transitions.

■ *Briganti*: This PEPP has the potential to become a major driver for creating new, replicable PEPPs. This could open the market, generating a domino effect and encouraging other providers to create additional PEPPs.

The push to more decisively relaunch cross-border pensions in Europe is becoming a priority for the EU. This is evident from the last communication by the European Commission on the Savings and Investments Union (SIU), which aims to remove barriers to creating a large investment market, including stronger funded pensions, both occupational and personal.

CBBA-Europe is also advocating for the creation of an occupational version of the PEPP, contained as a new part of the revised PEPP regulation. The PEPP legislation should include a dedicated chapter to ensure that the PEPP can be offered not only by personal pension providers but also by employers, serving typical occupational and corporate purposes.

This advocacy ensures that the future of cross-border pensions in Europe will be more inclusive, efficient, and user-centric.

"A THRIVING PEPP ECOSYSTEM COULD BRIDGE THE RETIREMENT SAVINGS GAP FOR MOBILE WORKERS, FREELANCERS AND THE SELF-EMPLOYED"