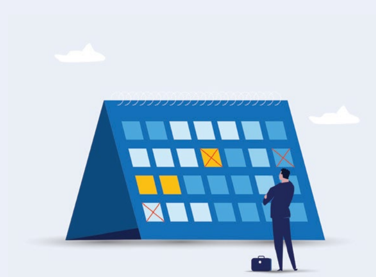
INTERVIEW

Tackling 2025

PensionsEurope secretary general and CEO, *Matti Leppälä*, looks back on an eventful year to date and outlines the key issues shaping the association's agenda for the coming months



2025 is speeding by so fast, with world events keeping Europe's pension funds on their toes – how has the early part of the year been for PensionsEurope?

■ In 2025 we, as surely everyone, have tried to understand where we are going in this challenging environment shaped by global events, which have a strong impact on the European Union (EU) and its priorities and actions. Pension funds are increasingly seen as key partners in many policy topics such as investing in growth assets and defence. We are committed to working constructively to shape practical solutions that are in the interests of the members and beneficiaries of pension funds.

In 2025, PensionsEurope is also actively working on EU policy to support long-term retirement savings and ensure that pension funds operate in a proportionate and practical regulatory environment.

For example, the European Commission's first omnibus package aims to streamline sustainability reporting. We have welcomed the initiative but urge that useful data for investors be preserved.

The framework for financial data access (FIDA) has also been topical this spring. We support excluding IORPs from the scope of the financial data access framework and also, when they manage personal pension products, to avoid excessive compliance costs.

The new Digital Operational Resilience Act (DORA) regulation also became applicable in January, and PensionsEurope is engaging on Level 2 and 3 rules, emphasising the need for proportionality in reporting requirements for small pension funds and clarifying information and communication technology-related definitions.

Finally, the now triennial European IORP stress test takes place this year and will focus on liquidity risk, especially from derivatives. We have been working closely with the European Insurance and Occupational Pensions Authority (EIOPA) on the stress test specifications and scenarios.

Many of these topics came up at your annual conference in Bucharest. What were the key takeaways from the event?

■ The 2025 PensionsEurope Annual Conference, hosted in collaboration with our Romanian member APAPR in April, focused on the theme 'The Way to Better Pensions' amid ongoing economic and geopolitical uncertainty. Key takeaways included that pension funds are well-positioned to offer long-term stability, but need supportive, stable regulatory frameworks. The EU has overregulated the financial markets in recent years and it is vital to get out of this vicious circle and simplify the environment where businesses and pension funds operate. The European Commission's growing emphasis and hopefully also actual support for funded pensions was welcomed, with a call for continued collaboration to strengthen supplementary pension systems. And obviously we discussed the Savings and Investments Union (SIU) plans, how the SIU can benefit citizens and what pension funds need to succeed in this initiative.

We also looked at decumulation strategies and highlighted the complexities of the payout phase in DC and hybrid schemes, infrastructure as an asset class and the expanding role of artificial intelligence in investment strategy and pension administration.

You referenced decumulation there - PensionsEurope recently published a report focusing on the payout phase of DC and hybrid occupational pension plans. Please tell us what inspired the report.

■ As Europe undergoes a major shift from traditional DB pension schemes to DC and various hybrid models, the spotlight has rightly turned to one of the most complex and consequential aspects of retirement planning: decumulation. In April, we published our report, *Decumulation in Focus: Understanding the Payout Phase*. It was prepared by our standing committee Future of Pensions, with participation and input from many of our members. The report offers a timely and in-depth look at how retirees across Europe access their pension savings, and the policy frameworks that support or hinder these decisions they have to make or are made for them.

With more responsibility than before resting on individuals, the report underscores the urgent need for retirement systems that balance stability with flexibility. While fixed annuities provide secure, lifelong income, drawdown solutions and lump sums offer retirees more control, often at the cost of financial certainty. The report emphasises that there is no universal solution, but a well-designed system should give retirees access to both stability and choice.

Key recommendations in the report include developing clear default options, aligning tax incentives with sustainable outcomes, and expanding access to financial guidance and digital tools. The report also highlights the importance of robust regulatory and communication frameworks, especially as many retirees lack the financial literacy needed to navigate these complex decisions.

Can you also elaborate on the SIU initiative you mentioned earlier?

■ Yes, PensionsEurope has come out in support of the European Commission's SIU initiative, especially its focus on supplementary pensions. The SIU offers a rare opportunity to create a more unified and investment-friendly investment environment in Europe.

The European Commission is going to review simultaneously key European pension legislation, the IORP II Directive and the pan-European personal pension (PEPP) product regulation. For PensionsEurope, both are important but also very different regulatory frameworks and they need to be kept separate in the review process.

The SIU plans include many important elements and some of them are legislative and some non-legislative, some are the competence of the EU and may belong to the competences of the member states. We favour the expansion of auto-enrolment in countries with low funded pension coverage and endorse pension tracking systems and dashboards to boost retirement awareness and planning. But these measures belong to the member states considering the structure of their pension system.

We look forward to initiatives that will encourage and enable more growth investment in private equity and venture capital by pension funds. Pension funds wish to benefit fully from the investments in the EU internal market and an important issue is the removal of cross-border tax barriers.

What should be the main priorities for pension funds as we head towards H2?

■ The investment year 2025 has been a difficult one this far. The main priority for pension funds is to act in the best interests of their members and beneficiaries and this means that they need to do their best to secure good investment returns. There are new administrative requirements, such as DORA, and pension funds have to manage them. There are also many pension reforms at national level, such as the transition from DB to DC in the Netherlands and the introduction of auto-enrolment in Ireland. The investments and national developments are the first priorities of pension funds. In addition, the EU level stress tests will require resources from pension funds.

At European level, representative organisations, such as PensionsEurope, will be busy with the agenda of the European Commission. There will be a consultation on pension topics launched in May, and legislative proposals to review the IORP II Directive and PEPP regulation will be published in Q4. The effective advocacy of these and many other initiatives requires close participation and input from national pension fund associations. So, it looks like 2025 will continue to be a busy and important year for pension funds at every level.