

Ref.: [Review of the Regulation on a pan-European personal pension product](#)
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Supplementary pensions are important, but there is no need for an EU-level pension product

Finance Finland supports the European Commission's objective to promote supplementary pension markets.

Finance Finland notes that there is a need to supplement pension provision in Finland as well, despite the strong statutory earnings-related pension system. Pension saving products could be used to direct saving towards arrangements that are tied to retirement age.

The measures proposed by the European Commission to promote the supplementary pension market are limited and have little impact. The Commission proposes, among other things, new pension registers. However, at least in the Finnish supplementary pension market, the problem is not a lack of pension information or pension registers. Pension provision in Finland is well recorded, and information on supplementary pensions is readily available through service providers' online services or online banking. Finance Finland does not support the establishment of new pension registers.

In Finland, the private law regulation governing pension insurance and long-term saving agreements related to supplementary pensions is already well established, and these products have been popular in the past. Thus, there is no need in Finland for the Pan-European Personal Pension Product (PEPP), and it does not provide a better alternative to the existing pension insurance and long-term saving agreements governed by Finnish regulation.

However, the development of the market for supplementary pension saving in Finland is hindered by tax treatment, according to which the retirement age for voluntary pension saving has in recent years been as high as 70 years. To make matters worse, the tax deduction for voluntary pension saving will be abolished in Finland as of 1 January 2027, which will in practice bring individual pension saving to an end.

The **tax treatment** of the PEPP in Finland **is already the same – and equally poor** – as the tax treatment of domestic individual supplementary pension products. A PEPP is not attractive without reasonable tax-related conditions. Such tax-related **conditions would include a sensible retirement age and the right to deduct contributions** or some other incentive. However, the European Union does not have competence in taxation. Nevertheless, it is positive that the European Commission has issued a recommendation encouraging Member States to introduce tax and other incentives in order to promote the uptake of supplementary pension products. Finance Finland supports this recommendation.

The Finnish regulation on the **information** to be provided to customers concerning supplementary pensions is already adequate. If the European Insurance and Occupational Pensions Authority (EIOPA) issues EU-level guidance concerning, among other things, information to be provided to customers, it should take account

of the specific characteristics of national systems. Finance Finland will also continue to support minimum harmonisation and the greatest possible degree of national flexibility in order to ensure that the specific characteristics of national pension systems are sufficiently respected.

With regard to the amendments to the detailed regulation on the Pan-European Personal Pension Product (PEPP), improvements such as **the removal of the fixed fee cap and the mandatory sub-accounts requirements** are important steps in the right direction. Finance Finland welcomes **the flexibility to offer tailored PEPPs without being required to also offer a Basic PEPP**.

Finland could best promote supplementary pensions on the basis of domestic regulation

Pension saving was once popular in Finland, but demand has been suppressed by the tax reforms introduced over the past twenty years. Finland would, if it so wished, be able to promote supplementary pensions through its own decision-making. Apart from the tax-related conditions, the domestic regulation on supplementary pensions is already well established.