



## Press Release

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### **EIOPA CALLS FOR A NEW APPROACH TO INFORMATION DISCLOSURE FOR DEFINED CONTRIBUTION SCHEMES**

- *EIOPA Report on Good Practices related to the provision of information for Defined Contribution (DC) schemes draws on the latest insights from behavioural economics and communication science to advise how information to pension scheme members should be presented;*
- *EIOPA argues that effective information provision needs to take into account human characteristics and behavioural patterns.*
- *The Report provides examples of good practices on information provision from various Member States.*

**Frankfurt, 22 February 2013** – The European Insurance and Occupational Pensions Authority (EIOPA) has published today its Report on Good Practices related to the provision of information for Defined Contribution (DC) schemes. The Report is part of EIOPA own-initiative work. It is addressed to policymakers responsible for information disclosure to pension scheme members.

In its study EIOPA calls for a new approach to information disclosure in the context of the changes being made to pension systems throughout the EU. EIOPA believes that there is a growing need to support people to make effective financial decisions in their retirement planning by providing information focused on behavioural purposes. 'Just providing "sufficient" legally and technically relevant information has proven not to be effective, and can even be counter-productive', as stated in the Report.

EIOPA explains that people are usually not homo economicus: they try to reduce complexity, use rules of thumb, are prone to bias when making decisions, are

unrealistically optimistic, let short term interests prevail over the long-term and have limited self-control to save for later. The study argues that in order to be effective, information needs to take these human characteristics into account.

The Report contains a checklist based on insights from behavioural economics and communication science about how people process information, and presents examples of good practices for providing information that are already in place in various Member States.

The Report also makes an important point that providing effective information alone, is not a panacea. It should be used in combination with other tools, such as financial education, default investment funds and possible mandatory approaches.

Gabriel Bernardino, Chairman of EIOPA, said: "Evidence shows that we need a new approach to information disclosure. This Report highlights how information can be structured and presented to help scheme members to make appropriate financial decisions. I do hope that this Report will encourage those responsible for pension scheme communications to provide clear, member-friendly and comprehensible information that guides and supports European citizens in effective retirement planning".

***Note for Editors:***

The **European Insurance and Occupational Pensions Authority (EIOPA)** was established as a result of the reforms to the structure of supervision of the financial sector in the European Union. The reform was initiated by the European Commission, following the recommendations of a Committee of Wise Men, chaired by Mr. de Larosière, and supported by the European Council and Parliament.

EIOPA is part of the European System of Financial Supervision consisting of three European Supervisory Authorities, the National Supervisory Authorities and the European Systemic Risk Board. It is an independent advisory body to the European Commission, the European Parliament and the Council of the European Union.

EIOPA's core responsibilities are to support the stability of the financial system, transparency of markets and financial products as well as the protection of insurance policyholders, pension scheme members and beneficiaries.