

WHAT DO EUROPEANS WANT FROM THEIR PENSION SAVINGS?

*How are Europeans preparing financially for retirement and what do they really expect from their pension savings?
Insurance Europe surveyed over 10 000 people in 10 countries to find out.*

The EU pension landscape

Well-functioning, affordable and sustainable pension systems are one of the cornerstones of a modern society. Yet with the EU population aged 80 or over projected to more than double between 2017 and 2080, pension systems across Europe are facing major challenges.

With an estimated €2trn a year needed in additional retirement savings in Europe, pensions are high on the political agenda and individuals are increasingly being called on to take responsibility for their future retirement income via supplementary pensions. Insurers are major providers of pension products and therefore have an important role to play in tackling the pension savings gap.

Key survey findings



About the survey

- Date: August 2019
- 10 142 respondents
- 10 countries: Austria, France, Germany, Hungary, Italy, Luxembourg, Poland, Portugal, Spain, Switzerland
- A representative sample:
 - 49% female, 51% male
 - Aged from 18 to 65
 - Different employment statuses
 - Different education levels
 - Different marital statuses

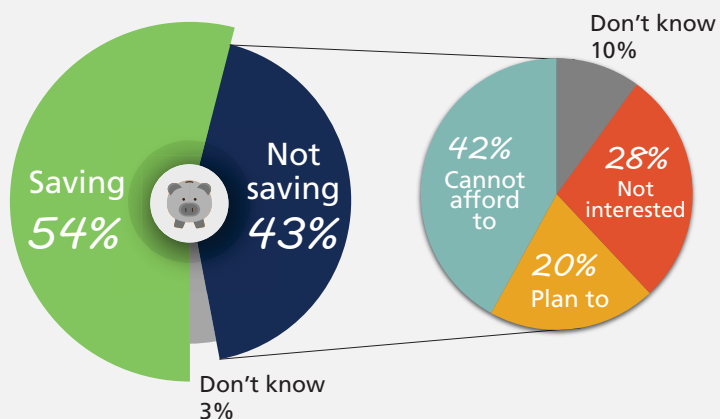


The EU pension savings gap

Almost half of survey respondents were not saving for retirement, although 62% of those were interested in doing so. 42% of those not saving said they could not afford to.



Are you saving for retirement through a supplementary pension?



Respondents not saving

By gender

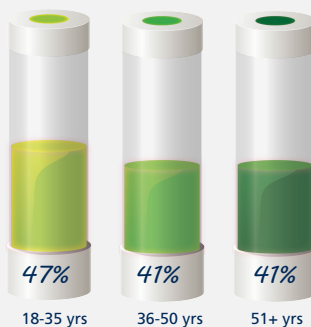
Female



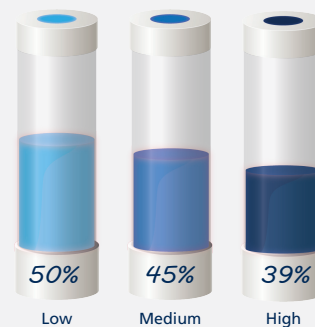
Male



By age



By education



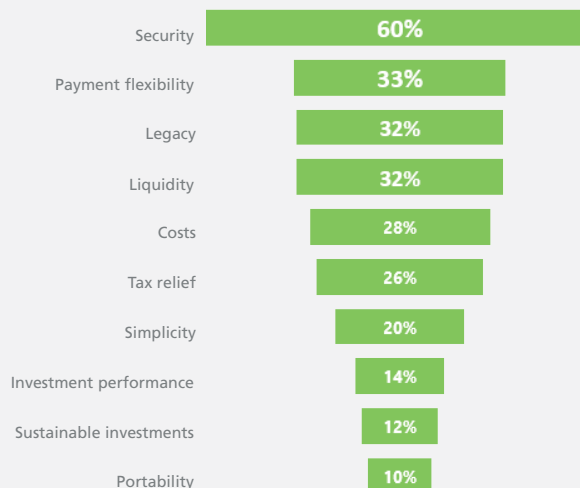
Pension saving priorities

Among our survey respondents, by far the highest priority when saving for retirement was the security of the money invested. Also important were the ability to increase or stop contributions, to leave savings to descendants (legacy) and to transfer or access savings (liquidity).

Least important to them were being able to move savings between European countries (portability) and the sustainability and performance of investments.

Individual circumstances, such as age, employment status and gender, and individual preferences affect people's priorities, creating a trade-off between different objectives.

Pension saving priorities

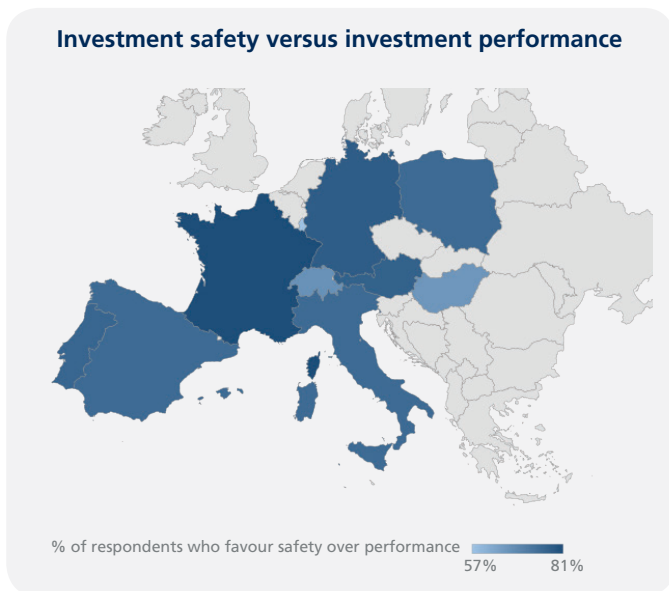
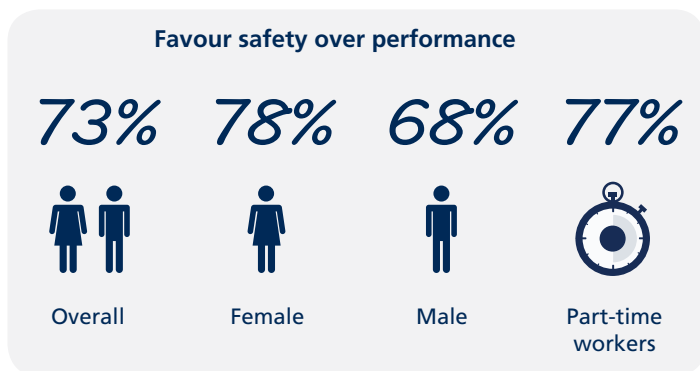


Investment safety or investment performance?

Pension saving can take different forms. What marks out the products offered by insurers is their ability to offer financial protection against a broad range of risks: financial investment, longevity, mortality and morbidity (ill health).

When saving for retirement, survey respondents overwhelmingly (73%) chose investment safety over performance.

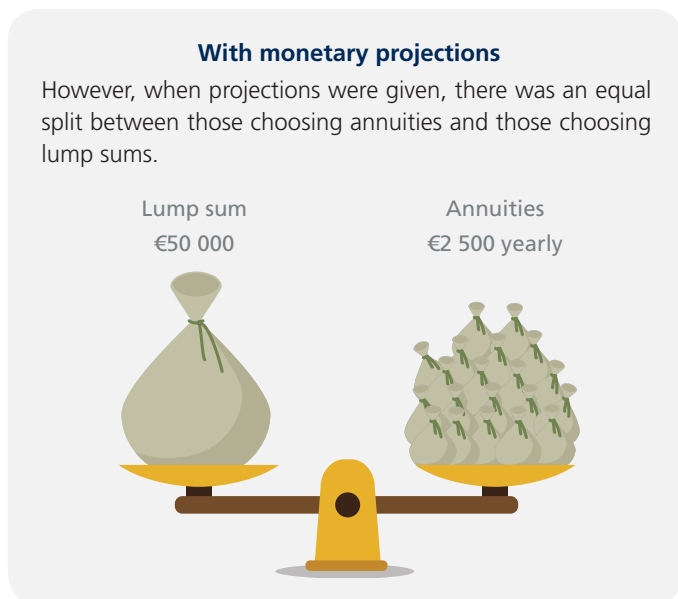
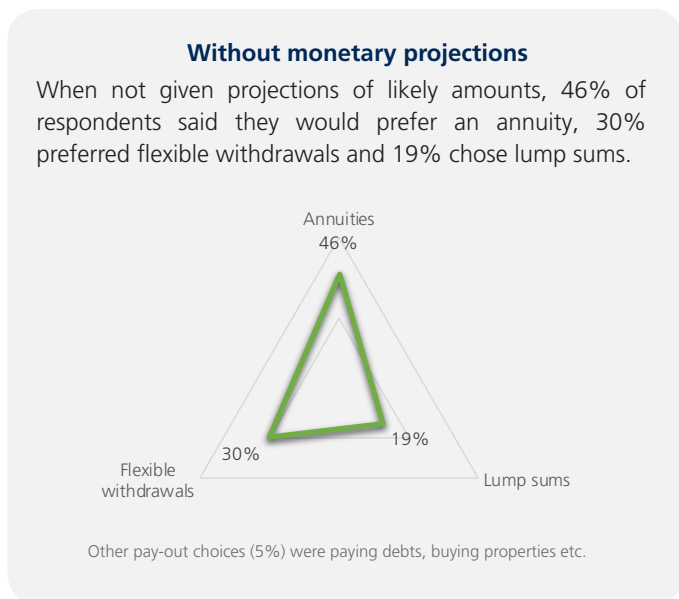
A significant proportion of respondents expressed interest in purchasing additional coverage for biometric risks: mortality (46%), longevity (43%) and morbidity (40%).



Pension pay-outs

People were asked how they would like to receive their pension savings at retirement, ie whether they favoured immediate liquidity or were afraid of outliving their savings (longevity risk).

The responses varied depending on whether people were given monetary projections.

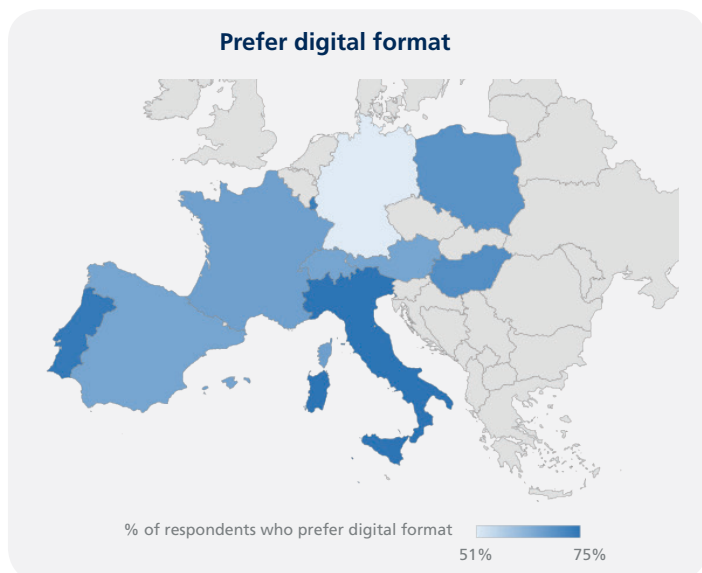
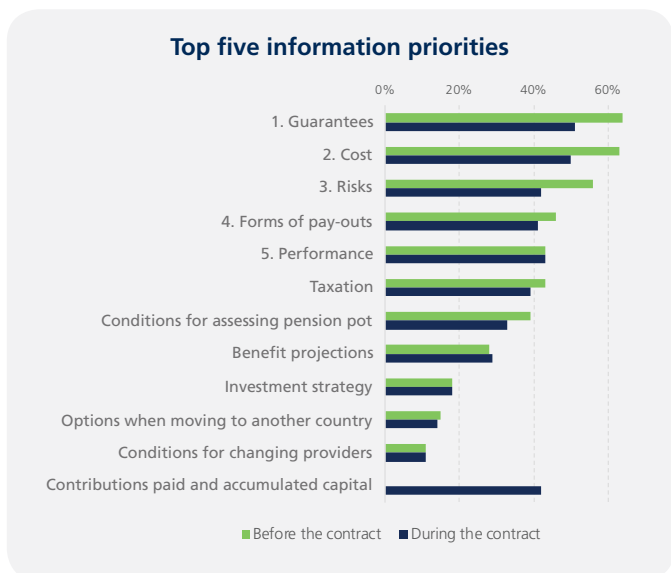
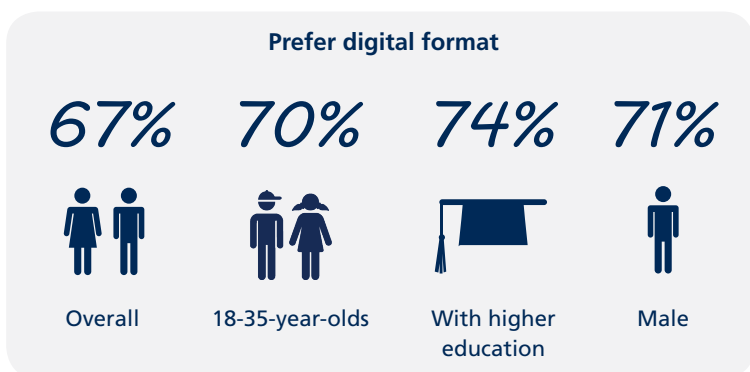


Information preferences

Pension savers require high quality, appropriate information to help them make informed pension decisions, particularly now that more responsibility for retirement income is shifting to them.

67% of survey respondents preferred to receive information on pension products digitally rather than on paper.

The information that respondents were most interested in was about guarantees, both before signing a contract (64%) and once the contract is in force (51%). Also of interest was information on costs, risks, pay-outs and investment performance. Least interesting to them was information on investment strategies, portability and switching.



Insurance Europe recommendations

- There is a pressing need to further **raise awareness of the need for pension savings** and to **improve levels of financial literacy** so that individuals can make the most appropriate decisions for their own circumstances.
- The survey confirms the need for **pension policies to be consumer-centric**, based on evidence of users' demands and needs.
- There is a clear appetite for certain protective features traditionally offered by insurers, such as annuities and guarantees. It is therefore crucial that **pension policies enable insurers to fulfil their important role** in tackling the pension savings gap.
- Europeans overwhelmingly support a digital approach to pension information. It is therefore important that **pension policies allow providers to engage in innovative ways** with their customers.
- The survey confirmed the diversity inherent in retirement saving across Europe. Pensions come in various forms and are influenced by a broad range of factors. As a result, **there is no one-size-fits-all approach that tackles all the challenges**. A combined effort both at national and EU level is needed.