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## PENSION SURVEY

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# Glass half full

With nearly half of Europeans not saving for retirement, Insurance Europe's pension survey contains clear messages for policymakers

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. As the European federation representing major providers of pension products, Insurance Europe carried out a survey of over 10 000 people in 10 countries to find out how they are preparing financially for retirement and what they expect from their pensions.

It discovered that a staggering 43% were not saving for their retirement. Although nearly two-thirds of those said that they were interested in saving, a worrying 42% felt they could not afford to. More women than men were not saving, as were more younger people and people with lower educational qualifications. These results clearly show that there is a pressing need to raise awareness of the need for pension saving and to improve levels of financial literacy so that individuals can make the most appropriate decisions for their circumstances.

### Pension priorities

Among the survey respondents, by far their highest priority when saving for retirement was the security of the money they had invested. Also important were being able to increase or stop contributions (flexibility), to leave savings to descendants (legacy) and to transfer or access savings (liquidity). Least important to those surveyed was being able to move savings between European

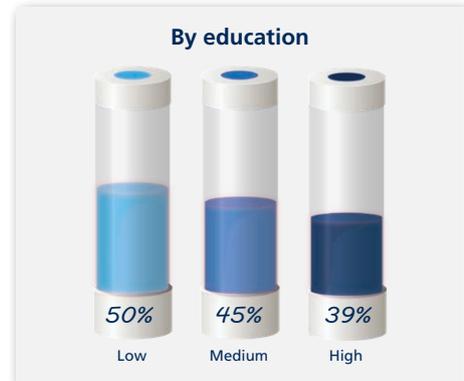
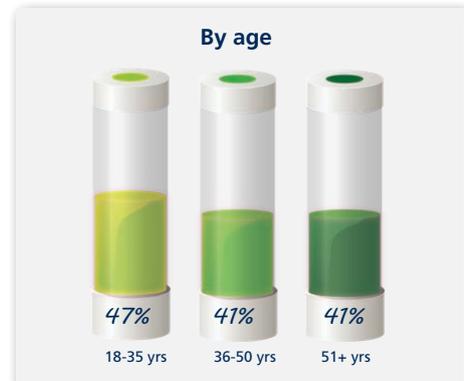
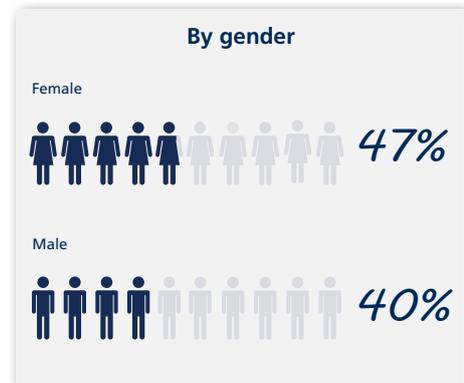
## Key survey findings



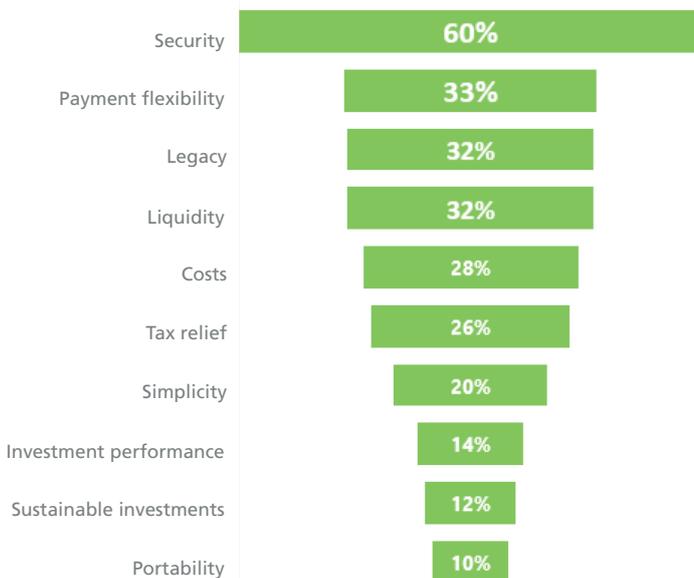
## About the survey

- 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

## Respondents not saving



## Pension saving priorities

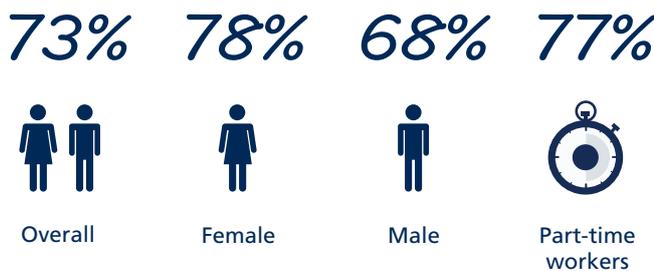


countries (portability). These priorities were, of course, affected by individual circumstances, such as age, employment status or gender. The survey thus confirms the need for pension policies to be consumer-centric, based on evidence of users' demands and needs.

### Safety or 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: investment, longevity, mortality and morbidity (ill health). For their retirement savings, respondents overwhelmingly (73%) chose investment safety over performance.

#### Safety favoured over performance



A significant proportion of respondents expressed interest in buying additional cover for biometric risks: 46% were interested in mortality cover, 43% longevity and 40% morbidity. There is thus a clear appetite for certain protective features traditionally offered by insurers, such as annuities and guarantees, making it crucial that pension policies enable insurers to fulfil their important role in tackling the pension savings gap.

Those preferences were reflected in the information that savers wanted to receive, with survey respondents most interested in learning about the guarantees included with a particular product, both before signing the contract and once it was in force. Such information was valued even more than that on cost or risks. And over two-thirds of respondents preferred to receive information digitally rather than on paper, demonstrating that pension policies must allow providers to engage in innovative ways with their customers.

### Projecting the future

Interestingly, people's responses on how they preferred to receive their pension savings at retirement varied depending

on whether they were given projections of the amounts they would be likely to receive. Without projections, people preferred annuities over flexible withdrawals or lump sums, whereas with projections there was an even split between those choosing annuities and lump sums.

Overall, 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 by both national and EU policymakers is needed if Europe's citizens are to enjoy a financially secure retirement. ●

#### Top five information priorities

