



PensionsEurope statistical survey 2012

1. Introduction

The PensionsEurope Statistical Survey 2012 is based on figures provided by PensionsEurope Members (national associations of pension funds and similar institutions for supplementary/ occupational pension provision) and several CEE countries. The Survey is based on the data provided by **19** PensionsEurope Members associations¹ and **4** CEE countries² and covers **132,186** IORPs³. The survey covers the figures for the year 2010.

The PensionsEurope estimates that end 2010, **€ 4,393.563 bn** of assets is managed in the Member States covered by the survey for future workplace private pension payments. This figure includes assets managed by different financing vehicles (IORPs, insurance companies and book reserves). Through Member Associations covered by the survey, including Members of the CEEC Forum, PensionsEurope represents approximately **70%** or **€ 3,043.823 bn** of this total amount as PensionsEurope mainly represents IORPs and book reserves vehicles. The figures on insurance companies are likely to be underestimated as not all PensionsEurope Members were able to report or estimate the assets held by life insurance companies for future workplace pension payments, nor is there aggregate data available at EU level on assets held by life insurers to back workplace pensions.

2. Methodology

The PensionsEurope statistical survey is structured to reflect the diversity of the European landscape for workplace pensions. To reflect reality, a distinction is made between mandatory and voluntary privately managed pension arrangements which are accessed through paid work (2nd pillar in PensionsEurope terminology)

- **“Mandatory”** schemes linked to paid work are defined as private pension arrangements for which the “product characteristics” are set in the national statutory law.

¹ Austria, Belgium, Croatia Finland, France (AFG), Germany, Hungary, Iceland, Ireland, Italy, Luxembourg, Norway, Portugal, Romania, Spain (Inverco and CNEPS), Sweden, Switzerland, the Netherlands and the United Kingdom.

² Bulgaria, Croatia, Estonia and Slovakia. Please note that Hungary, Croatia and Romania are both PensionsEurope Members and CEE Countries.

³ The survey also covers 124,000 pension plans under the French system (PERCO and PEE). This figure does not include IORPs in Germany and Switzerland.

- “**Voluntary**” schemes linked to paid work are defined as private pension arrangements for which the “product characteristics” are negotiated by social partners or at company level within a legally defined framework.

3. Work-related pension provision – mandatory schemes

Mandatory schemes are found in some EU-15 Member States but these types of schemes are most found in the **CEE region** as well as in Iceland, Finland and Sweden⁴.

3.1 Assets under management:

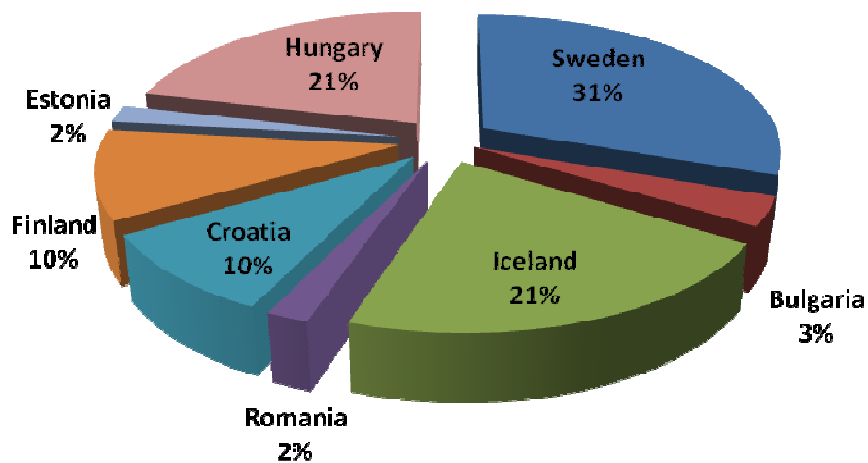
The value of mandatory private pension arrangements in the Member States covered by the survey is estimated – end 2010 – at approximately **€ 124.063 bn**. This figure represents assets managed by different financing vehicles (IORPs, group insurance and book reserves). Through Member Associations, the PensionsEurope represents approximately **€ 52.463 bn** or **42.3%** of this “workplace saving pot”. The remaining **57.7%** are managed by insurance undertakings.

The assets managed by IORPs between 2007 and 2010 are as follows (in billion €):

	2007	2008	2009	2010
Bulgaria	0.841	0.930	1.351	1.755
Croatia	2.867	3.127	3.987	4.92
Estonia	0.700	n/a	0.950	1.071
Finland	8,700	n/a	6.600	5.4
Hungary	7.870	7.060	9.148	11.100
Iceland	19.368	8.8	8.938	11.207
Romania	n/a	0.209	0.564	1.01
Slovakia	1.518	2.231	2.899	n/a
Sweden	n/a	n/a	n/a	16
TOTAL	41.864	13.557	34.437	52.463

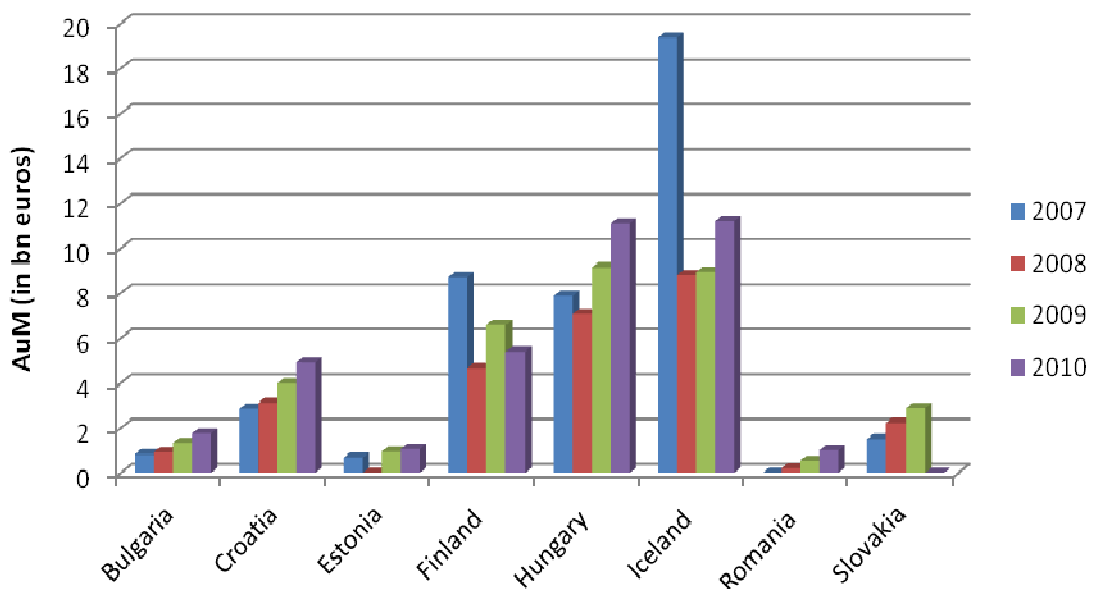
⁴ To observe the development of a particular market, it is advisable to use national currencies.

The geographical split of the IORPs' assets under management of mandatory private pension arrangements is as follows:

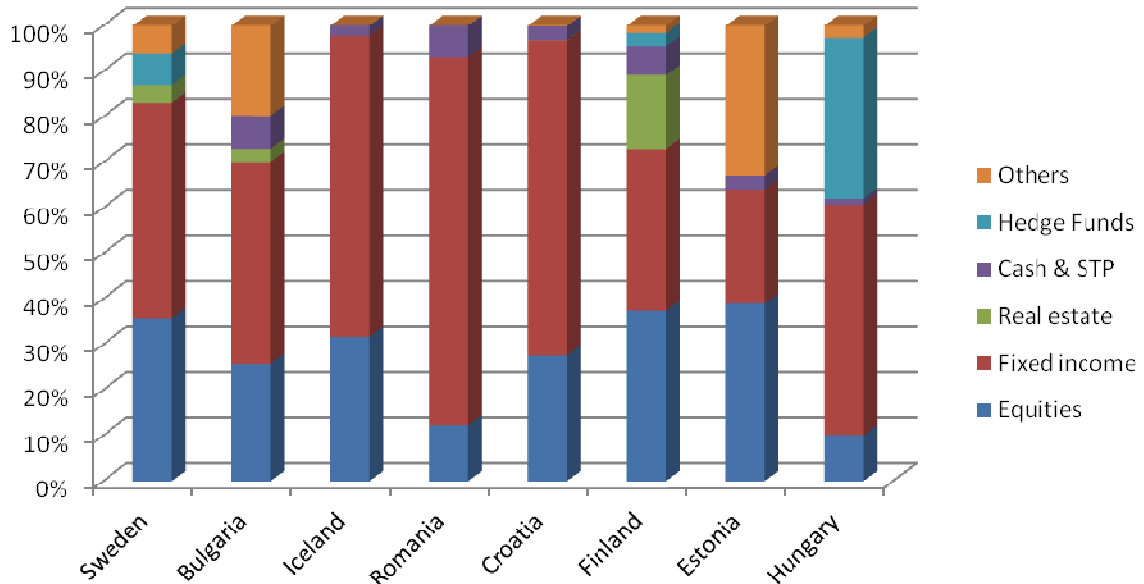


3.2 Evolution of assets under management:

The evolution of the assets under management held by IORPs from 2007 to 2010 is as follows:



3.3 Asset allocation



4. Work-related pension provision – voluntary schemes

According to the organization and the structure of 2nd pillar pension market in the Member States, different financing vehicles are used: IORPs (pension funds), book reserves and insurance companies.

4.1 Assets under management:

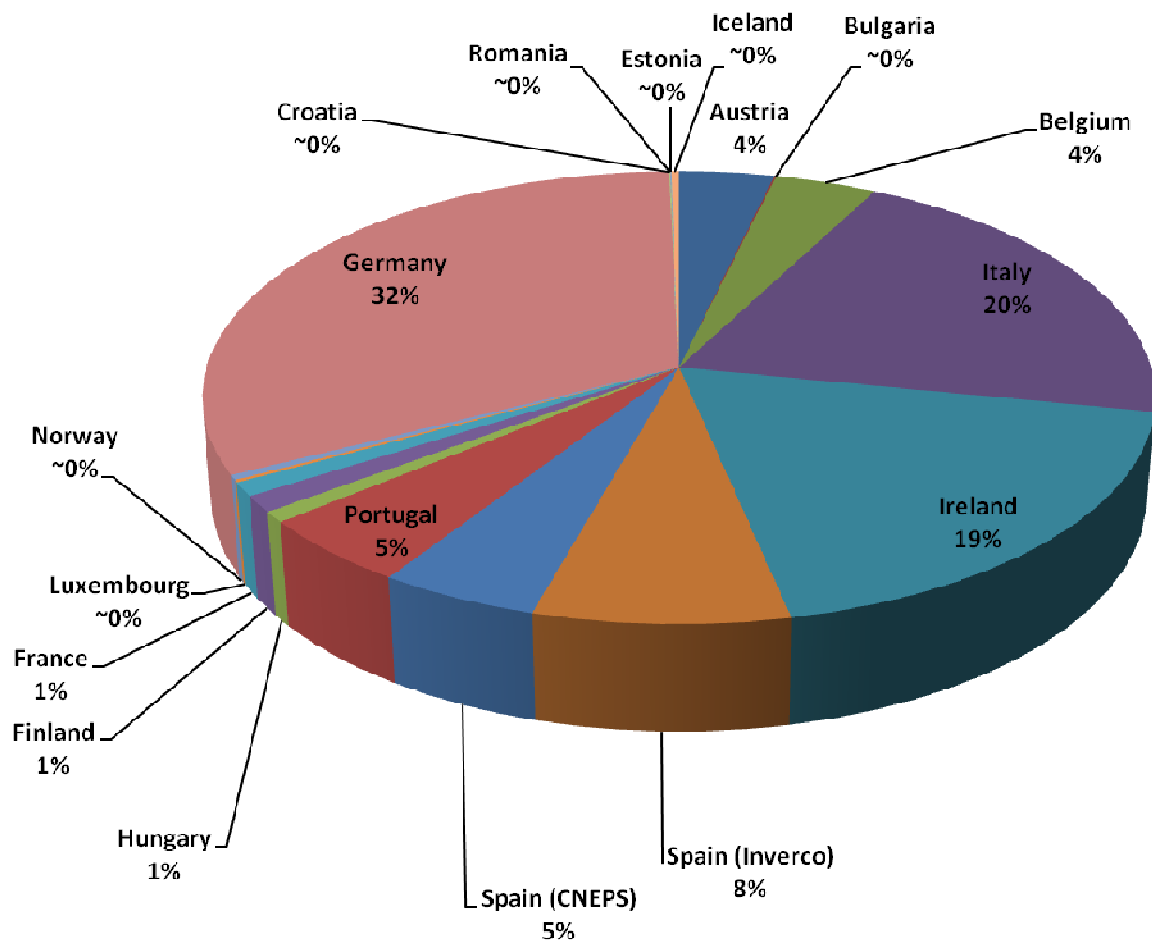
The value of voluntary private pension arrangements in the Member States covered by the survey is estimated end 2010 – at approximately **€ 4,269.5 bn**. This figure represents assets managed by the above-mentioned financing vehicles. Through Member Associations, the PensionsEurope represents approximately **€ 2991.36 bn** or **70%** of this “workplace saving pot”. The remaining 30% is provided by insurance undertakings. Please note that boxes are striped when the financing vehicle is not used in the Member State.

The assets managed by IORPs between 2009 and 2010 are as follows (in billion €):

	Sector		Pension funds/IORPs		Group insurance		Book reserves	
	2009	2010	2009	2010	2009	2010	2009	2010
Austria	36.22	35.60	13.70	14.90	2.19	2.70	20.33	18.00
Belgium	56.00	60.00	14.20	16.00	42.00	44.00		
Bulgaria	0.27	0.29	0.27	0.29				
Croatia	n/a	0.53	n/a	0.20	n/a	0.33		
Estonia	n/a	0.25	0.07	0.09	n/a	n/a		
Finland	12.60	12.60	5.37	4.84	7.23	7.76		
France	n/a	n/a	n/a	4.00 ⁵	n/a	n/a		
Germany	430.40	482.50	130.70	138.70	50.50	53	249.20	256.5
Hungary	2.97	3.10	2.97	3.10				
Iceland	n/a	2.07	0.96	1.24	n/a	n/a	n/a	n/a
Ireland	72.20	75.50	72.20	75.50				
Italy	72.96	97.35	60.71	83.22	8.97	11.21	3.28	2.92
Luxembourg	n/a	0.69	n/a	0.69				
The Netherlands	743.00	801.33	743.00	801.33	n/a	n/a		
Norway	n/a	132	n/a	25	n/a	107		
Portugal	21.92	19.72	21.92	19.72				
Romania	0.05	0.08	0.05	0.08				
Spain (Inverco)	n/a	69.1	n/a	31.24	n/a	28.86	n/a	9.00
Spain (CNEPS)	n/a	19.527	n/a	19.527				
Switzerland	n/a	503.26	n/a	289.27	n/a	227.06		
UK	1,869.00	1,954.00	1,236.00	1,176.00	633.00	778.00		
TOTAL	3317.59	4269.5	2302.12	2704.94	743.89	1259.9	272.81	286.42

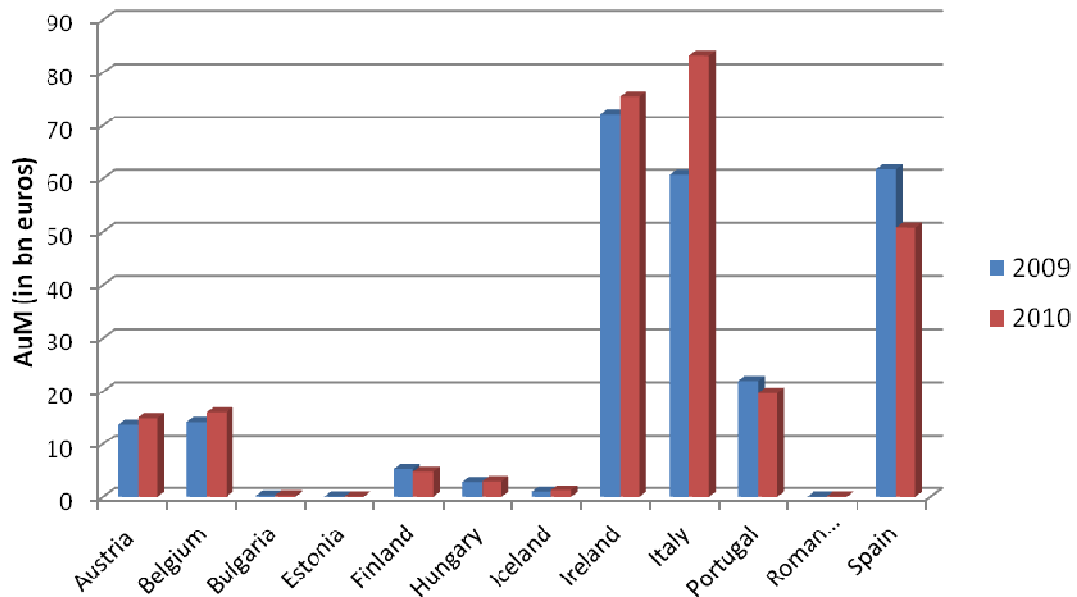
In 2010, more than 85% of the 2nd pillar pension funds' assets in Europe are concentrated in the Netherlands (€ 801.33 bn or 28.8%), in the United Kingdom (€ 1,176 bn or 42.25%) and in Switzerland (€ 289.27 bn or 10.6%). The geographical split of the remaining 15% 2nd pillar pension funds' assets under management of voluntary private pension arrangements is as follows:

⁵ Assets in PERCO and PEE systems



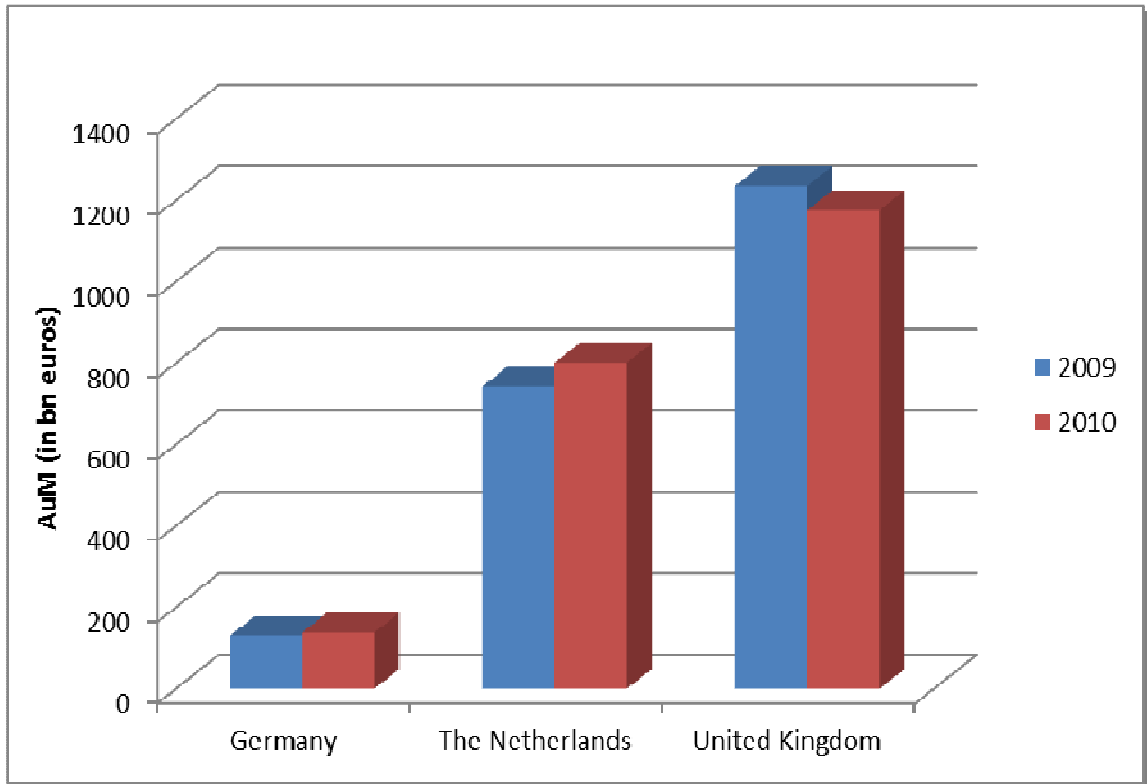
4.2 Evolution of assets under management:

The evolution of the assets under management held by IORPs in 2009 and 2010 is as follows (excluding the Netherlands and the United Kingdom):



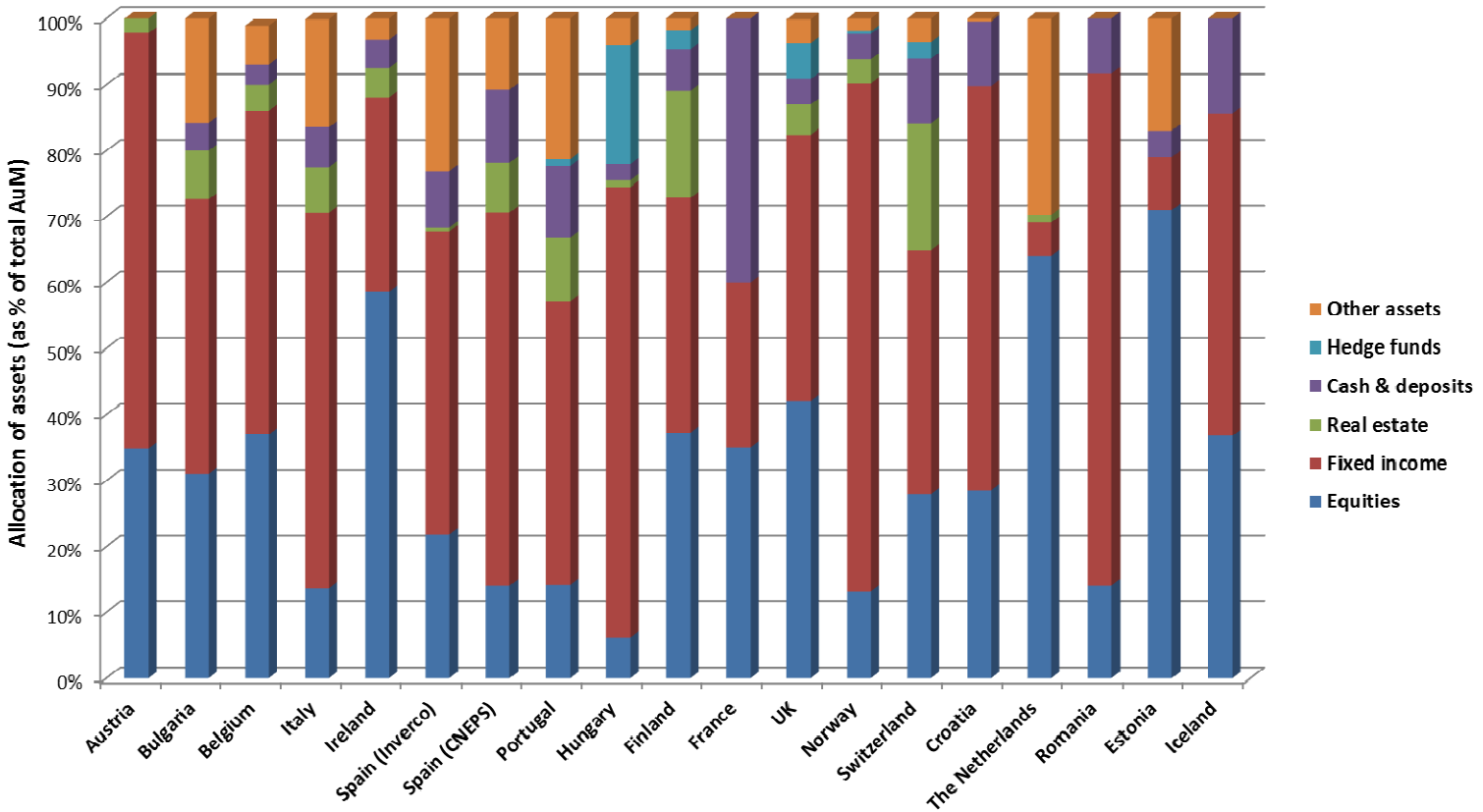
The evolution of the assets under management held by IORPs in Germany, the Netherlands and the United Kingdom⁶ in 2009 and 2010 is as follows:

⁶ Exchange rate 15 December 2009: 1GBP=1.116 EUR



4.3 Asset allocation:

The aggregate asset allocation of IORPs in 2010 in 17 Members States covered by the Survey is as follows:



The traditional asset classes (bonds and equities) remain the main asset classes used by IORPs. The degree of exposure to equities can be divided in three groups of Member States:

- Low exposure (less or around 10% of total assets under management): CEE countries such as Hungary and Romania. It is also relatively low in Italy (13.7%), Portugal (14.2%) and Norway (13.24%).
- Medium exposure (around one third of total assets under management): Austria (34.83%), Belgium (37%), Bulgaria (31.06%), Finland (32.7%), France (35%), Croatia (28.5%) and Iceland (36.8%).

- High exposure (more than 40% of total assets under management): Ireland (58.6%), UK (42%), the Netherlands (64.1%) and Estonia (71%)

The IORPs have often a high exposure in fixed income. The most common proportion of bonds in the asset mix is around 50%. It is the case in Belgium, Bulgaria, Italy, Spain, Portugal, and Iceland. A high exposure to bonds (more than 60% of AuM) can be found in Member States such as Austria, Hungary, Norway, Croatia and Romania. The proportion of bonds is low or very low in Ireland (29.5%), France (25%), the Netherlands (5.01%) and Estonia (8%).

Few Member States have reported investment in hedge funds: Portugal (1%), the UK (5.4%), Norway (0.4%) and Hungary (18.04%⁷).

Assets invested in real estate vary from 0 to 11% of the total assets with an average value of 5%. Investments in cash and deposits represent basically the same average than those in real estate except for France where it represents 40% of the asset mix.

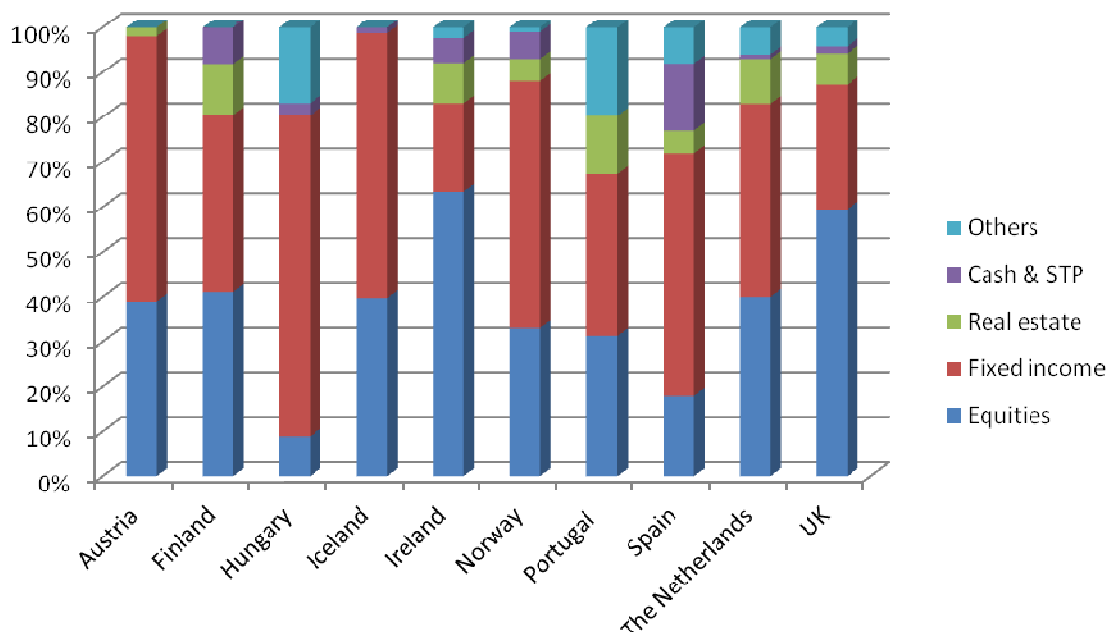
4.4 Evolution of asset allocation

In the past 5 years, IORPs have often adopted a more conservative approach. They have re-allocated their assets in order to cope with the consequences of the financial and economic crisis and notably with the low interest rate environment that followed and still continues. Indeed, balance sheets of pension funds are particularly exposed to the low-interest rate environment due to the long-term duration of their liabilities compared to those of their assets.

Moreover, changes in the regulatory environment including accounting standards (introduction of fair value principles, greater transparency and consistency in financial statements etc.) and solvency regulations have changed the investment strategies of the pension funds.

The following chart shows the asset allocation of 10 PensionsEurope Members in 2006 before the economic and financial crisis:

⁷ This figure includes investments in investment funds.



Between 2006 and 2010, the share of equities as total of assets under management decreased by 10.7% in Austria, 20% in Finland, 30% in Hungary, 7.4% in Iceland, 7.6% in Ireland, 60% in Norway, 52% in Portugal and 30% in the UK. On the contrary it increased by 60% in the Netherlands and 2.5% in Spain. Therefore, the general trend between 2006 and 2010 has been towards a decrease in equity exposure.

Regarding the bond exposure, it is more difficult to emphasize a general trend in the IORPs' asset allocation behaviour. Indeed, IORPs in Members States such as Hungary, Iceland, Spain, The Netherlands and Finland decreased their exposure to bonds between 2006 and 2010 by respectively 4.6%, 17.3%, 5.1%, 50% and 15%. In the same time, IORPs in some Member States invested massively in fixed income during this period. The proportion of bonds as percentage of total assets raised by 6.8% in Austria, 49.7% in Ireland, 39.9% in Norway, 25.5% in Portugal, and 46% in the United Kingdom.

5. The importance of 2nd pillar pension funds' assets as to GDP

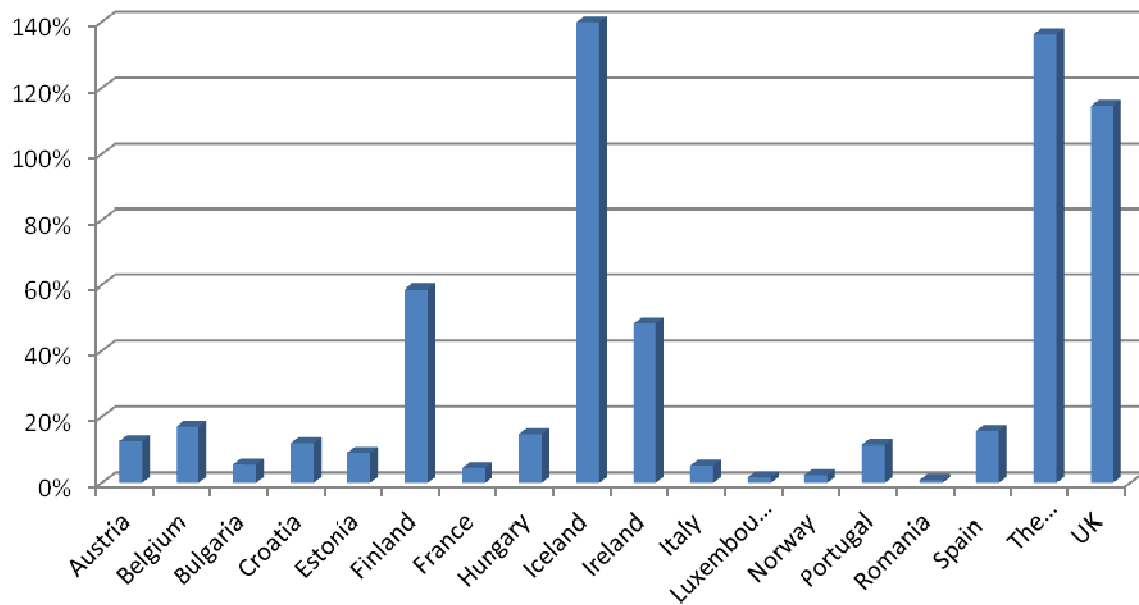
The following table represents the share of occupational sector and IORPs as % of GDP and the share of IORPs as % of the total occupational sector. The occupational sector represents the assets managed by IORPs, group insurance and book reserves.

	GDP 2010 (bn. €, current prices)	Assets of occupational pension sector as % of GDP	Assets of IORPs as % of assets of occupational pension sector	Assets of IORPs as % of GDP
Austria	286.197	12.44%	41.85%	5.21%
Belgium	354.378	16.93%	26.67%	4.51%
Bulgaria	36.033	5.67%	100.24%	5.68%
Croatia	45.899*	11.87%	93.94%	11.15%
Estonia	14.305	9.23%	87.89%	8.12%
Finland	179.721	58.76%	9.70%	5.70%
France	1,932.801	4.60%	4.49%	0.21%
Hungary	97.094	14.63%	100.00%	14.63%
Iceland	9.494	139.87%	93.76%	131.14%
Ireland	155.992	48.40%	100.00%	48.40%
Italy	1,556.028	5.35%	100.00%	5.35%
Luxembourg	40.266	1.71%	100.00%	1.71%
Norway	315.233	2.38%	19.14%	0.46%
Portugal	172.571*	11.43%	100.00%	11.43%
Romania	124.058	0.88%	100.00%	0.88%
Spain	1,051.342	15.61%	30.94%	4.83%
Sweden	346.536	n/a	n/a	4.62%
The Netherlands	588.414	136.18%	100.00%	136.18%
UK	1,706.301	114.52%	60.18%	68.92%
TOTAL	8,794.19			

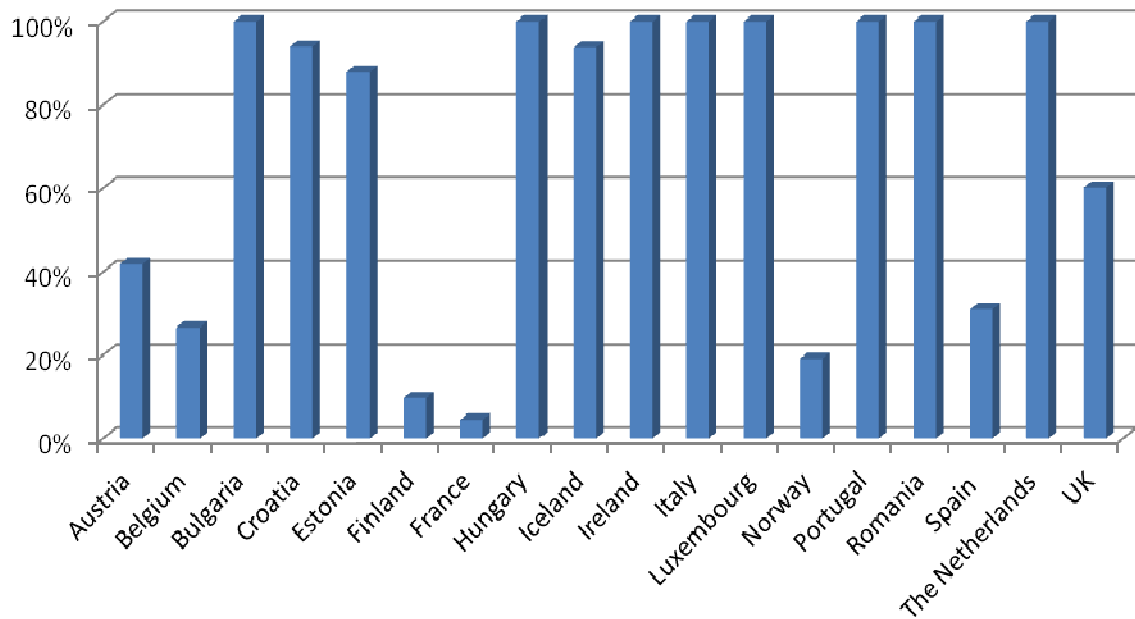
Source: PensionsEurope members and Eurostat (GDP).

(*) forecast

The following chart shows the share of the total assets of the occupational private pension sector as % of GDP:



The following chart shows the share of the assets of IORPs as % of the total assets of private occupational pension sector:



The following chart shows the share of the IORPs' assets as % of GDP:

