



PensionsEurope statistical survey 2013

1. Introduction

The PensionsEurope Statistical Survey 2013 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 **21** PensionsEurope Members associations¹ and **6** CEE countries² and covers **132,061** IORPs³. It covers the figures for the year 2011 and 2012 (best estimates when available).

PensionsEurope estimates that end-2011, **€ 4,871.046 bn** of assets are managed in countries 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 **67%** or **€ 3,258.372 bn** of this total amount as the PensionsEurope members mainly represent IORPs and book reserves vehicles.

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.
- **“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.

¹ Austria, Belgium, Finland, France (AFG and CTIP), 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, Latvia and Estonia. Please note that Hungary and Romania are both PensionsEurope Members and CEE Countries.

³ The survey also covers 148,000 pension plans under the French system (PERCO and PEE) as well as Swedish pension foundations.

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:

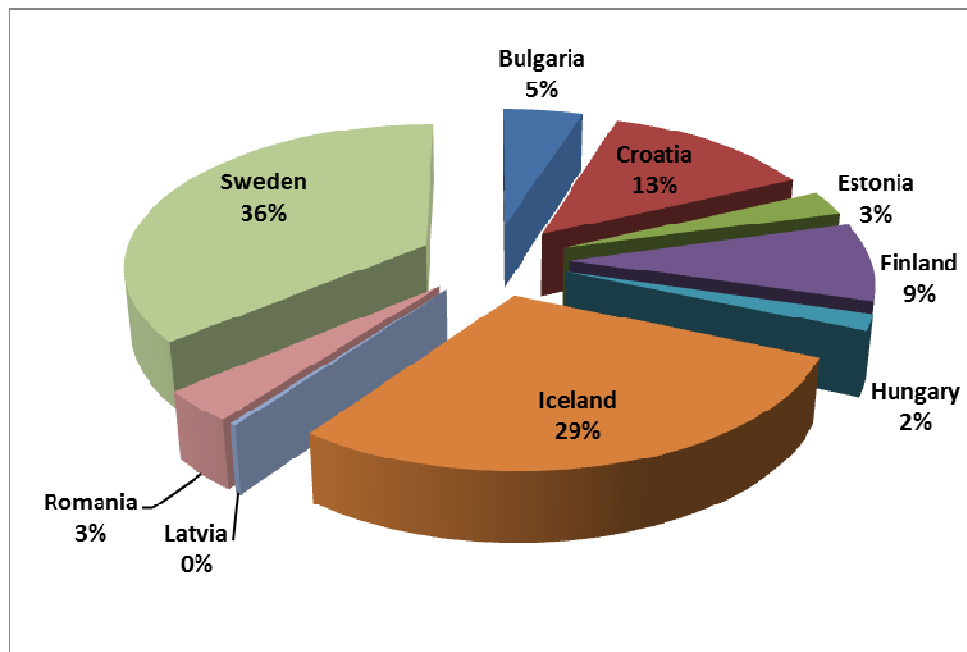
The value of mandatory private pension arrangements in the countries covered by the survey is estimated at end- 2011 at approximately **€ 174.246 bn**. This figure represents assets managed by different financing vehicles (IORPs, group insurance and book reserves). Through Member Associations, PensionsEurope represents approximately **€41.54 bn** or about **25%** of this “workplace saving pot”. The remaining **75%** are managed by insurance undertakings.

The assets managed by IORPs between 2007 and 2011 are as follows (in billion €):

	2007	2008	2009	2010	2011
Bulgaria	0.841	0.930	1.351	1.755	2.058
Croatia	2.867	3.127	3.987	4.92	5.45
Estonia	0.700	n/a	0.950	1.071	1.13
Finland	8.700	n/a	6.600	5.4	3.60
Latvia	n/a	n/a	n/a	n/a	0.125
Hungary	7.870	7.060	9.148	11.100	0.77
Iceland	19.368	8.8	8.938	11.207	11.92
Romania	n/a	0.209	0.564	1.01	1.48
Sweden	n/a	n/a	n/a	16	15
TOTAL	40.346	20.126	31.538	52.463	41.54

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

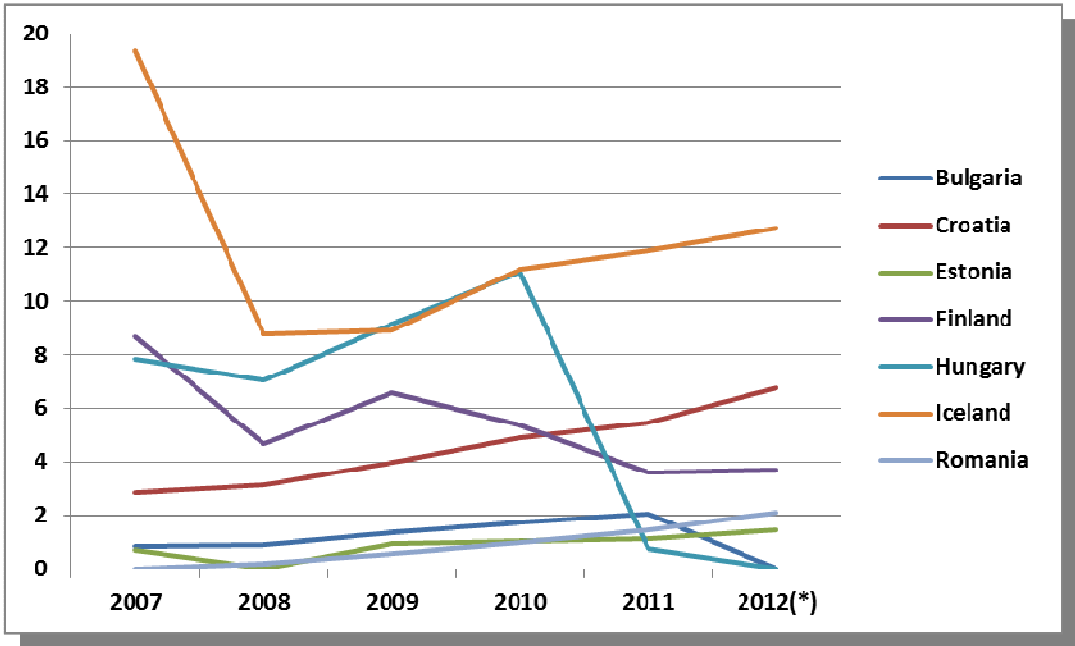
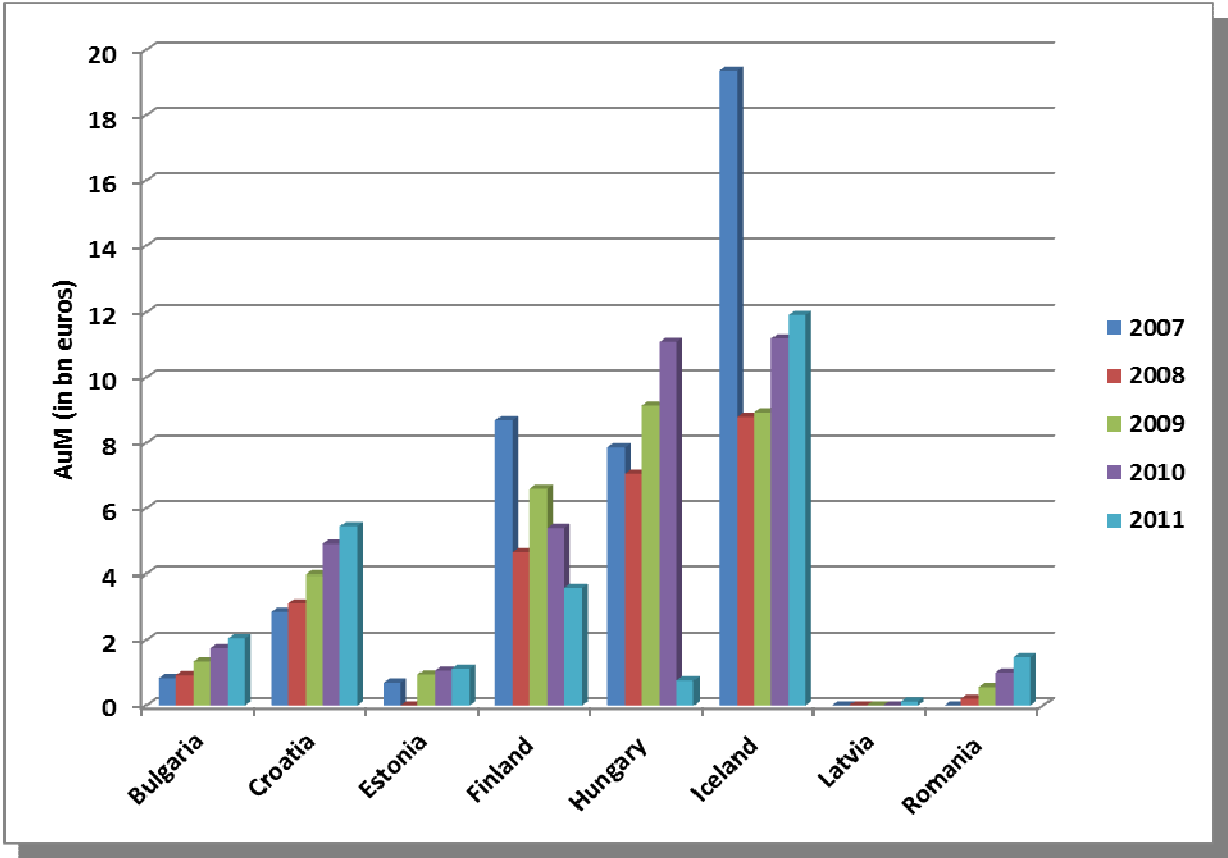
The geographical split of the IORPs' assets under management of mandatory private pension arrangements is as follows:



3.2 Evolution of assets under management:

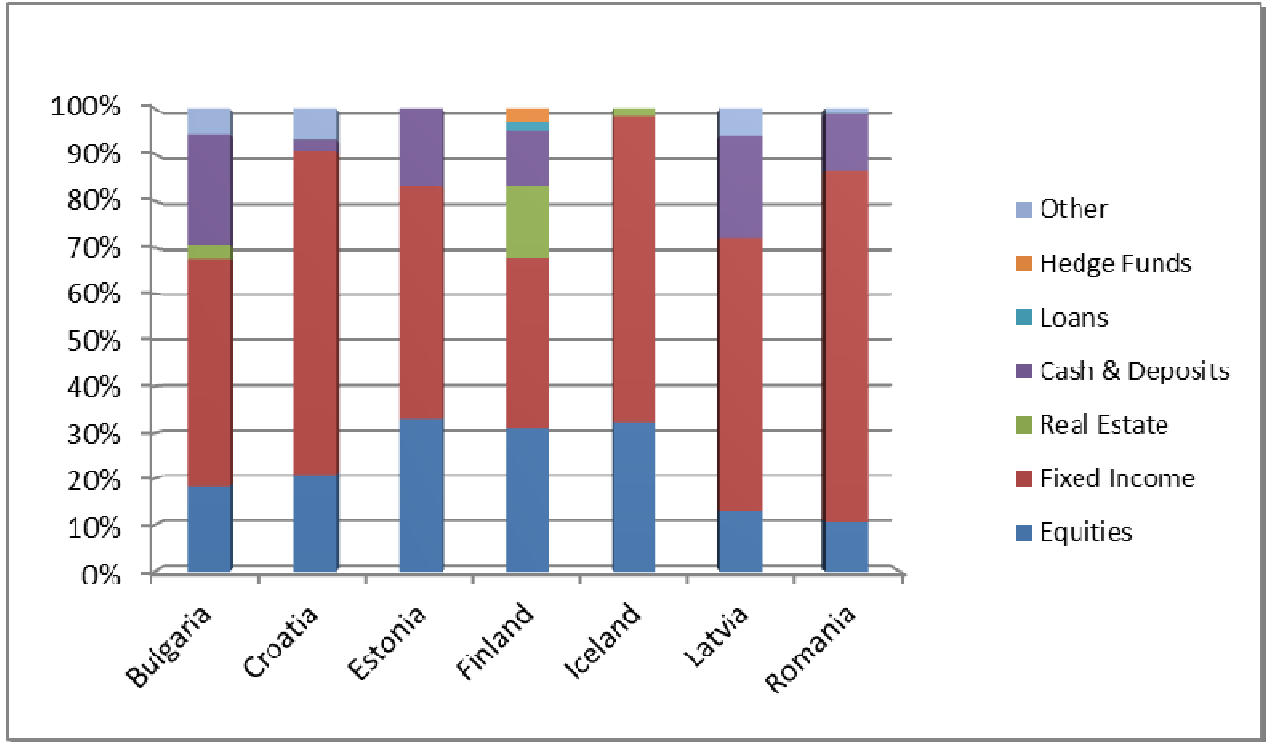
The evolution of the assets under management held by IORPs managing mandatory private pension schemes from 2007 to 2011⁵ is as follows:

⁵ including 2012 best estimates in the second chart



3.3 Asset allocation

In 2011, the asset allocation of IORPs managing mandatory schemes is as follows:



4. Work-related pension provision – voluntary schemes

According to the organisation and the structure of 2nd pillar pension market in the countries, 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 countries covered by the survey is estimated end 2011 – at approximately **€ 4,696.8 bn**. This figure represents assets managed by the above-mentioned financing vehicles. Through Member Associations, PensionsEurope represents approximately **€ 3,216.832 bn** or **68.5%** of this “workplace saving pot”. The remaining 32% is provided by insurance undertakings. Please note that boxes are striped when the

financing vehicle is not used in the country. The assets managed by IORPs between 2010 and 2011 are as follows (in billion €):

	Sector		Pension funds/IORPs		Group insurance		Book reserves	
	2010	2011	2010	2011	2010	2011	2010	2011
Austria	35.60	34.2	14.90	14.8	2.70	2.9	18	16.5
Belgium	60.00	60	16.00	16.045	44.00	45		
Bulgaria	0.29	0.2927	0.29	0.293	n/a	n/a		
Croatia	0.53	0.584	0.2	0.261	0.33	0.323		
Estonia	0.25	0.238	0.09	0.085	n/a	0.153		
Finland	12.60	11	4.84	4.4	7.76	6.6		
France	n/a	169	4(*)	5	n/a	164		
Germany	482.50	500.7	138.70	145.4	53	55.7	256.50	264.6
Hungary	3.10	2.94	3.10	2.94				
Iceland	2.07	2.164	1.24	1.32	n/a			
Ireland	75.50	72.3	75.50	72.3	n/a	12.72		
Italy	97.35	90.769	83.22	74.967	11.21	13.19	2.92	2.61
Latvia	n/a	0.17	n/a	0.17	n/a	n/a		
Luxembourg	0.69	n/a	0.69	n/a				
The Netherlands	801.33	873.112	801.33	873.112	n/a	n/a		
Norway	132	142	25	26	107	116		
Portugal	19.72	13.238	19.72	13.238	n/a	n/a		
Romania	0.08	0.1	0.08	0.1	n/a	n/a		
Spain(**)	88.627	97.96	50.77	63.49	28.86	28.27	9.00	6.2
Switzerland	503.26	537	289.27	302	227.06	n/a		
Sweden	n/a	135	n/a	135	n/a	n/a		
UK	1,954.00	1954	1,176	1176	778.00	778		
TOTAL	4269.5	4696.8	2704.9	2926.972	1259.9	1222.86	286.42	289.91

(*) Covers PERCO retirement plans

(**) There are two PensionsEurope's members in Spain: CNEPS and Inverco. The figures in the table can be split as follow:

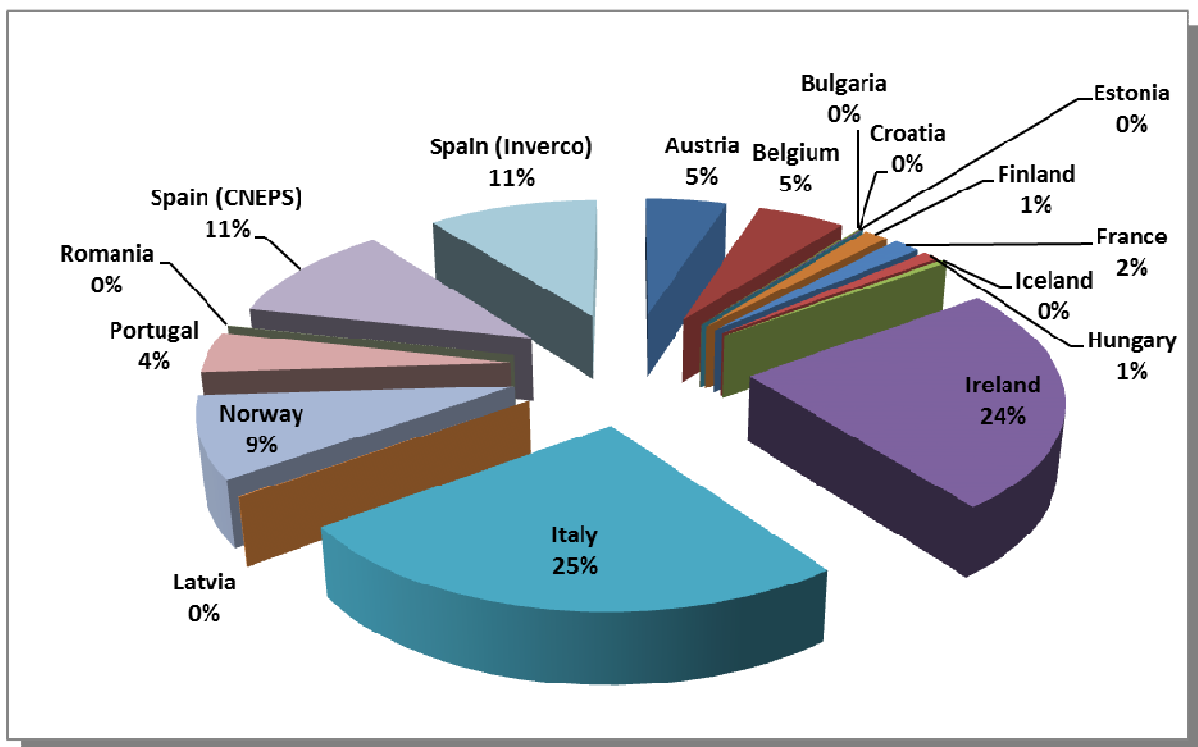
CNEPS (mutualities): IORPs with 19.527bn AuM in 2010 and 32.417bn in 2011

Inverco: In 2010: total assets: €69.1bn (IORPs: €31.24bn; insurers: €28.86bn; book reserves €9bn). In 2011: total assets: €65.54bn (IORPs: €31.07bn; insurers: €28.27bn; book reserves €6.2bn)

Please note that 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.

More than 85% of the 2nd pillar pension funds' assets in Europe are concentrated in the Netherlands (€ 873.112 bn or 27% of the total IORPs' and book reserves' AuM), in the United Kingdom (€ 1,176 bn or 36.5%), in Germany (€ 410 bn or 12.7%) and in Switzerland (€ 302 bn or 9.4%). The geographical split of the remaining 15% 2nd pillar pension funds' assets under management of voluntary private pension arrangements is as follows:



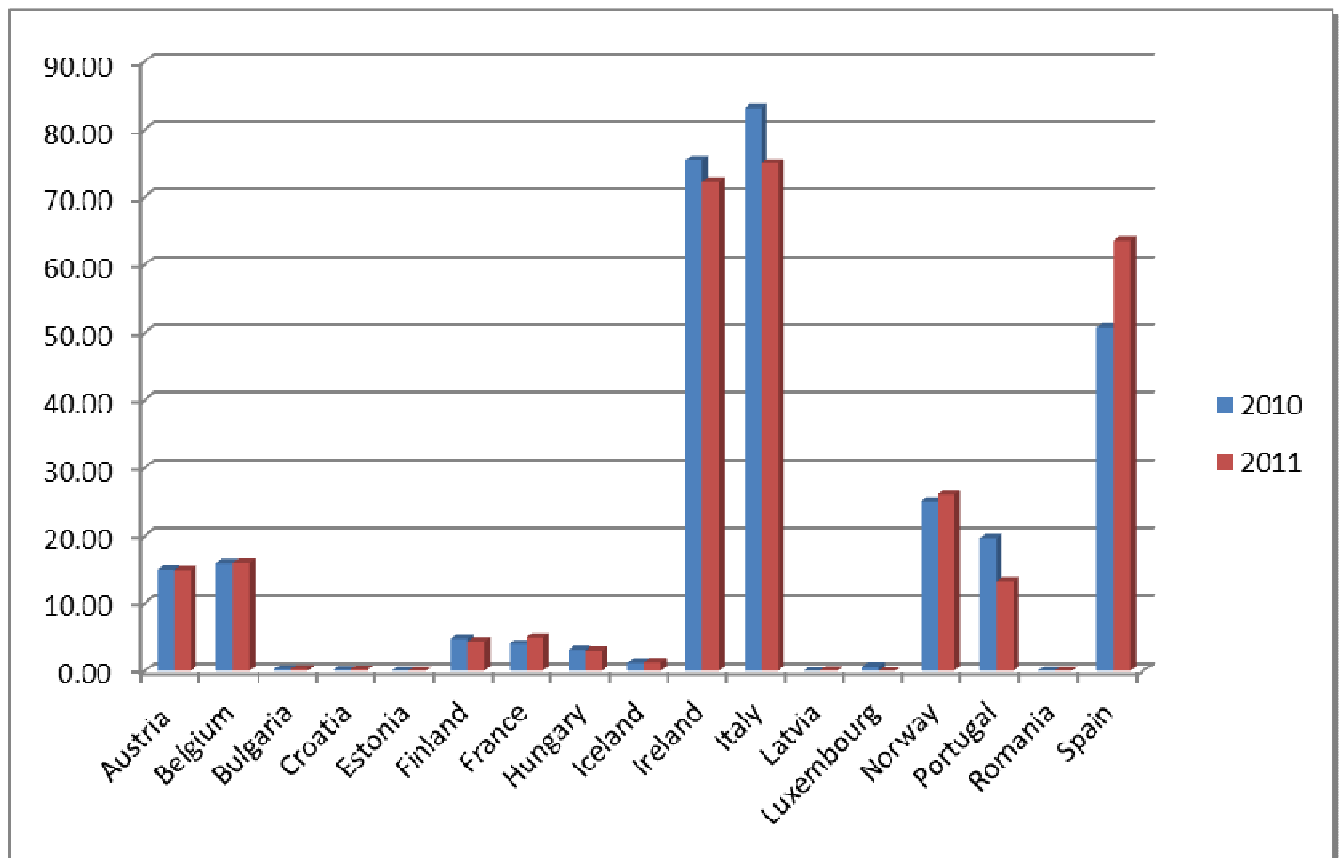
The best estimate of the 2nd pillar pension funds' assets under management of voluntary private pension arrangements for the year 2012 (when available) is as follow:

	Sector	Pension funds/IORPs	Group insurance	Book reserves
	2012	2012	2012	2012
Austria	35.3	16.3	16	3
Croatia	0.648	0.322	0.326	
Estonia	0.285	0.096	0.189	
France	180.5	6.5	174	
Iceland	1.408	1.408	n/a	
Ireland	76	75		
Italy	97.423	n/a	13.19	n/a
The Netherlands	1008.530	1008.530	n/a	
Norway	159	27	132	
Romania	0.132	0.132	n/a	
Spain (*)	66.4	31.07	28.27	6.2
UK	2151	1295	856	
TOTAL	3776.626	2461.358	1219.975	9.2

(*) Figures only cover pension institutions represented by Inverco

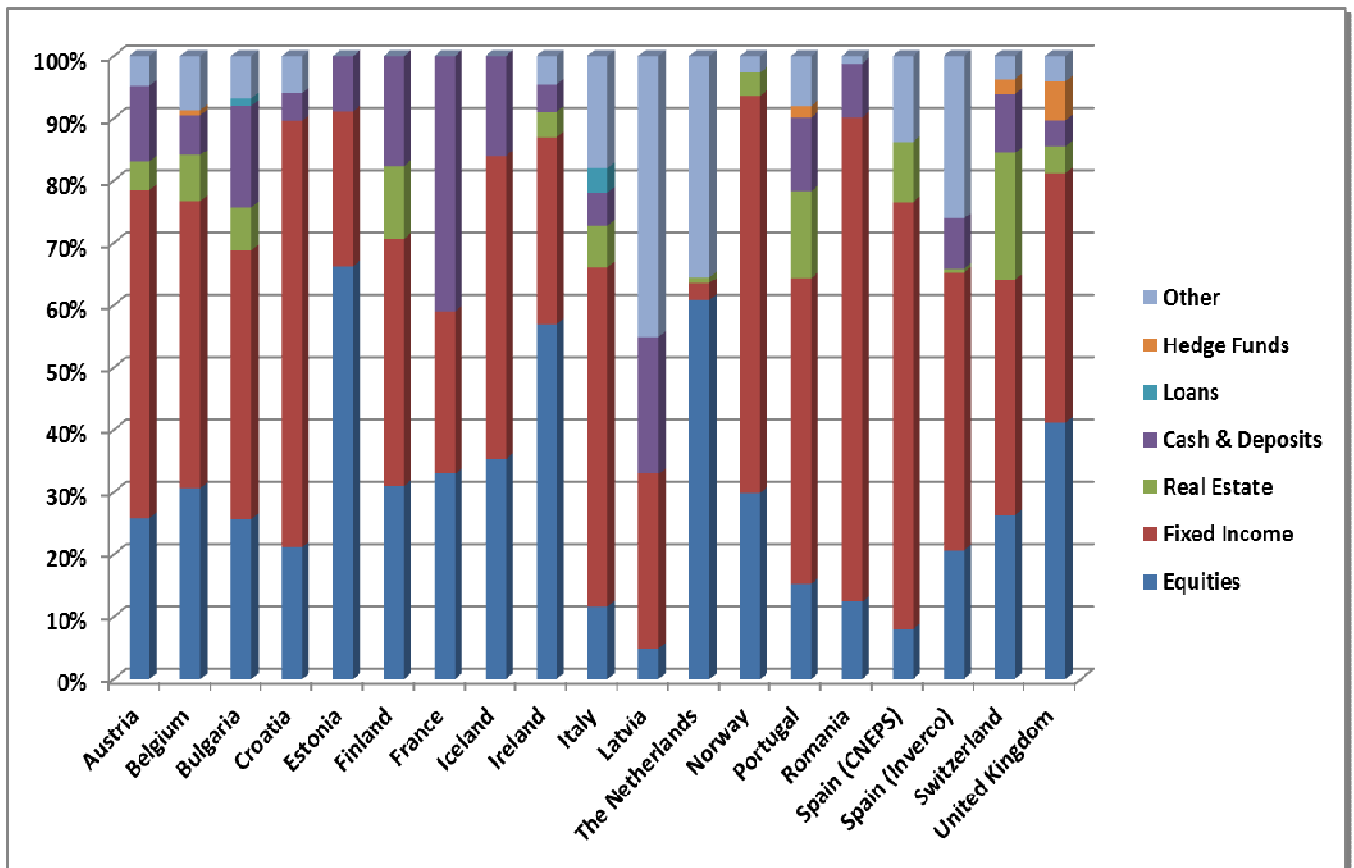
4.2 Evolution of assets under management:

The evolution of the assets under management held by IORPs between 2010 and 2011 is as follows, in bn euros (excluding, for clarity purposes, the Netherlands, Germany, Switzerland and the UK):



4.3 Asset allocation:

The aggregate asset allocation of IORPs in 2011 in 18 countries covered by the survey is as follows:



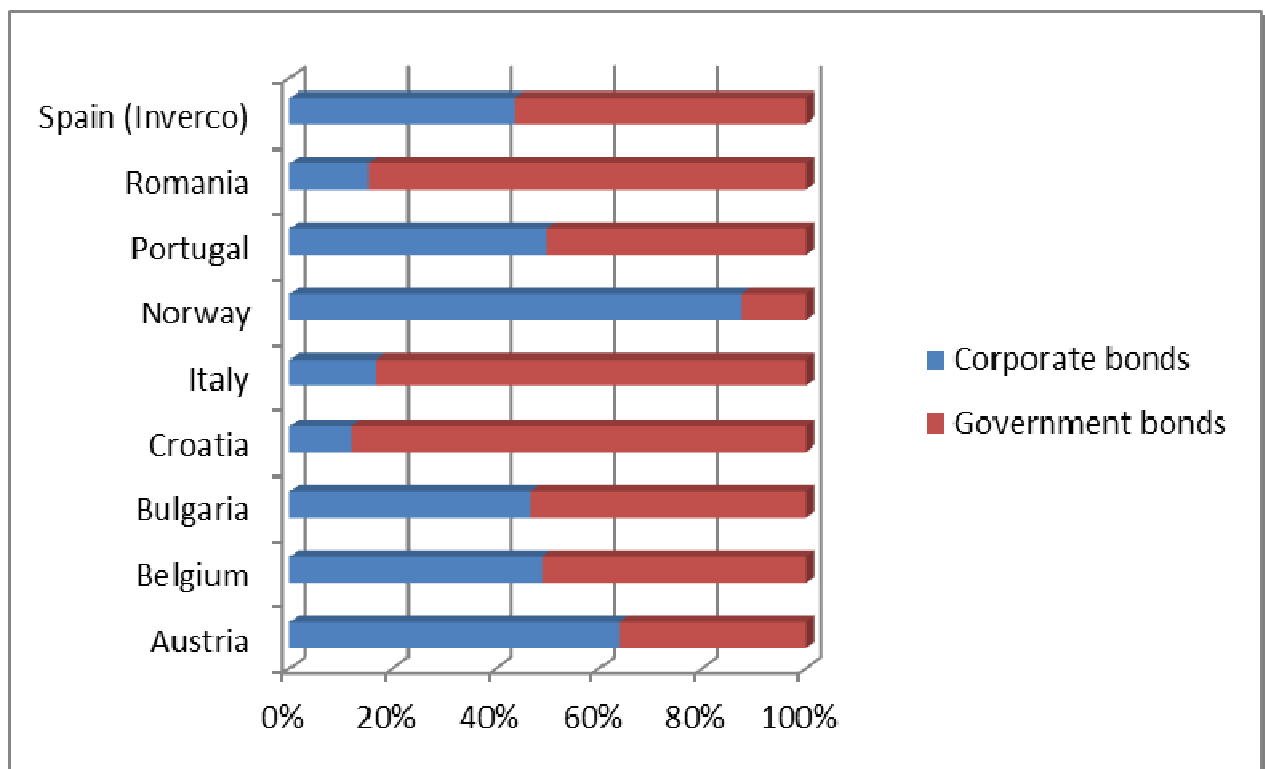
The traditional asset classes (bonds and equities) remain the main asset classes used by IORPs. The degree of exposure to equities can be divided in three groups of countries:

- Low exposure (less or around 10% of total assets under management): In Italy (12.09%), Romania (12.5%), Portugal (15.40%) and Spain (8.03%).

- Medium exposure (around one third of total assets under management): Austria (25.90%), Belgium (30.6%), Bulgaria (26.07%), Finland (29.20%), France (33%), Croatia (21.16%) and Iceland (35.40%).
- High exposure (more than 40% of total assets under management): Ireland (57%), the Netherlands (60.82%), the UK (41.10%), and Estonia (67%)

The IORPs have often a high exposure in fixed income investments. 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 countries such as Norway (61.10%), Croatia (68.47%) and Romania (77.60%). The proportion of bonds is low or very low in Ireland (30%), France (26%) and Estonia (25%).

Fixed income investments can be usually divided between corporate Bonds or Government bonds. When available, the breakdown of fixed income investments is as follows:

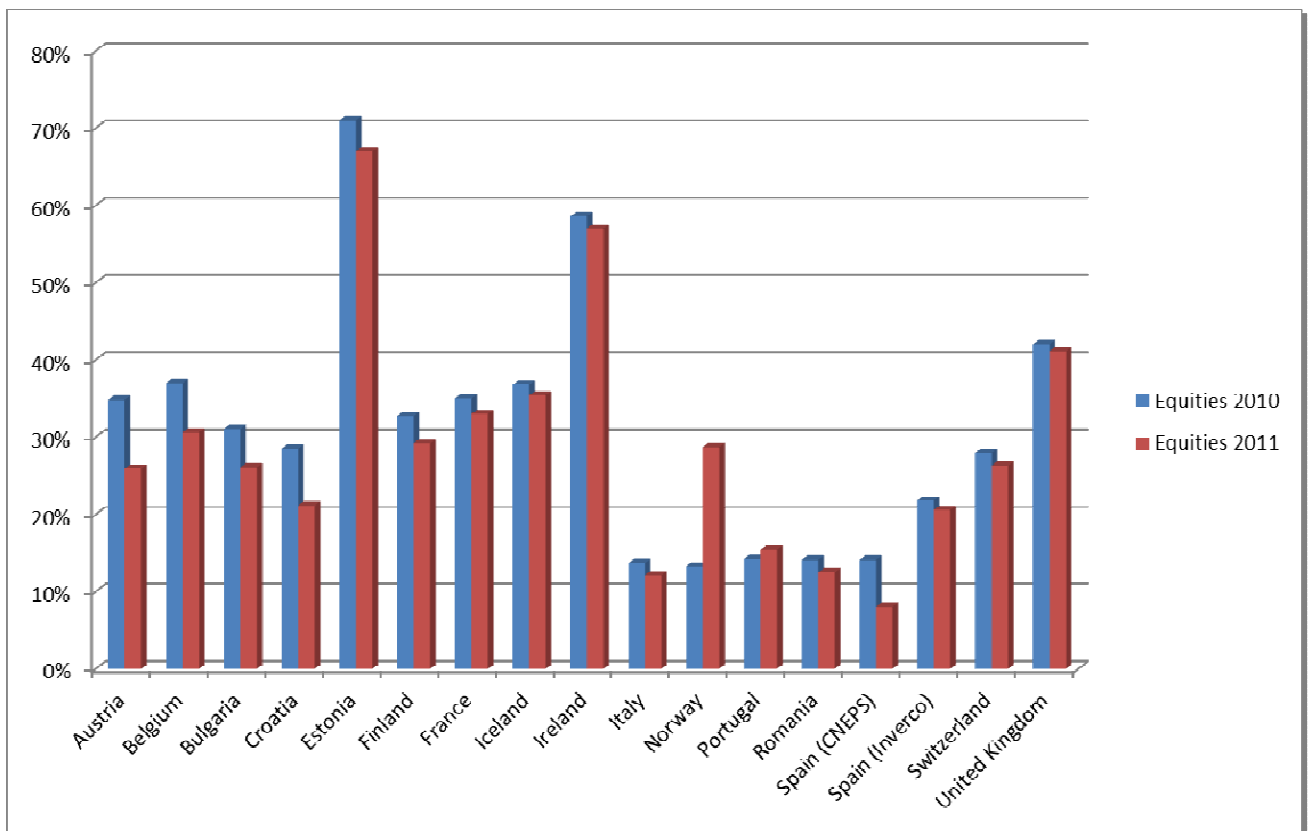


In few countries, IORPs have reported investment in hedge funds: Portugal (1.8%), the UK (6.3%), Switzerland (2.56%) and Belgium (0.8%).

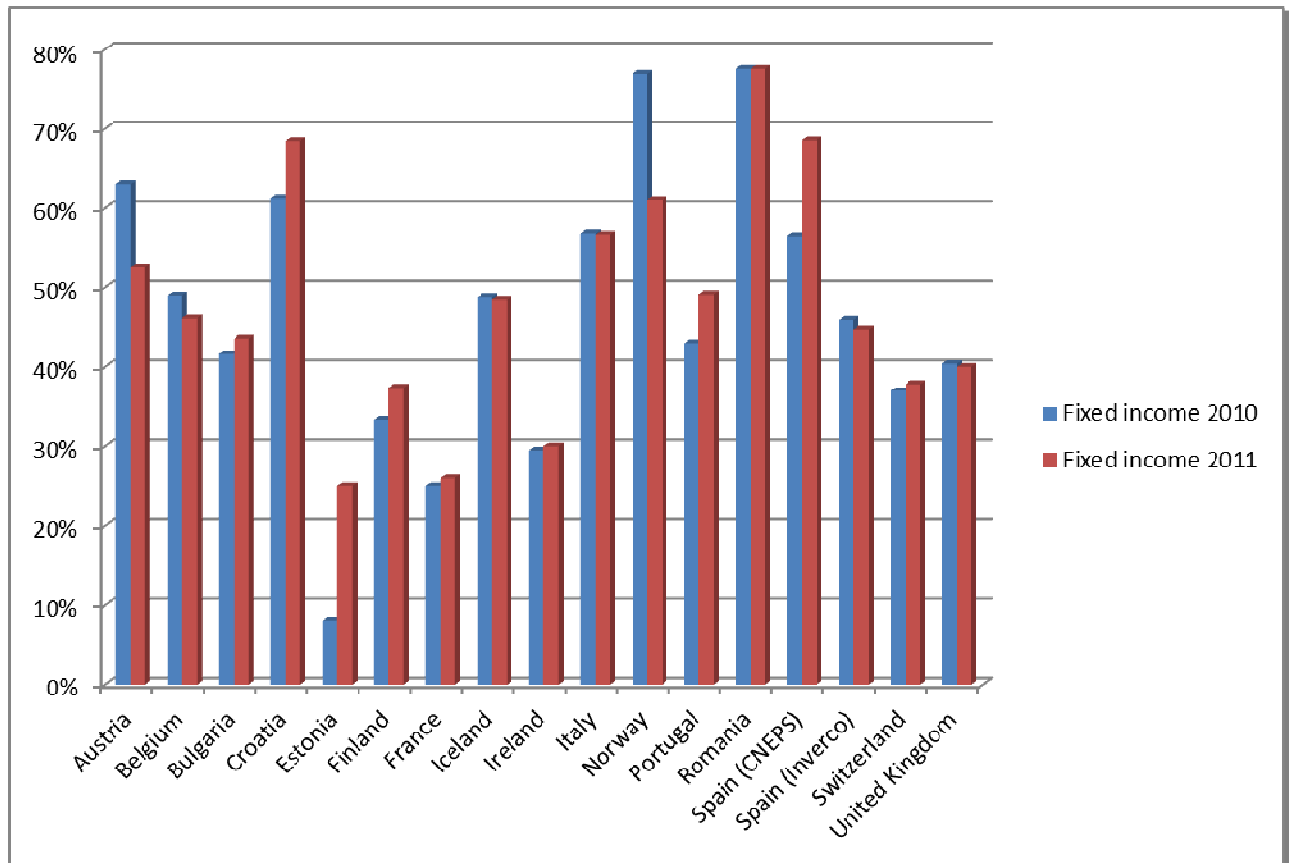
Assets invested in real estate vary from 0 to 11% of the total assets with an average value of 5%. Investments in cash and deposits represent basically the same average than those in real estate except for France where it represents 40% of the asset mix.

4.4 Evolution of asset allocation

As a consequence of the financial and economic crisis, many IORPs de-risked their portfolios during the last years. Between 2010 and 2011 the aggregated trend in IORPs' equity exposure at national level is as follows:



One can see that, at national aggregated level, a large majority of IORPs have decreased their exposure to equities in between 2010 and 2011. Only IORPs in Norway and Portugal have increased their exposure. On the other hand, the trend in the exposure to bonds evolved as follows:



One can see that the trend is less homogeneous than with equity exposure. Indeed, IORPs in some countries (Austria and Norway) have drastically decreased their exposure to bonds. On the contrary, the exposure increased sharply (around 10pp or more) in Croatia, Estonia, Spain (CNEPS) and Portugal. IORPs in Bulgaria, Finland, France, Ireland and Switzerland have increased their exposure to a smaller extend while IORPs in Belgium, Iceland, Italy and the UK have decreased their exposure to a smaller extend as well. It should be noted that these outcomes are aggregated trends as it can be seen that in Spain for instance, two of PensionsEurope’s members have reported opposite aggregated trends.

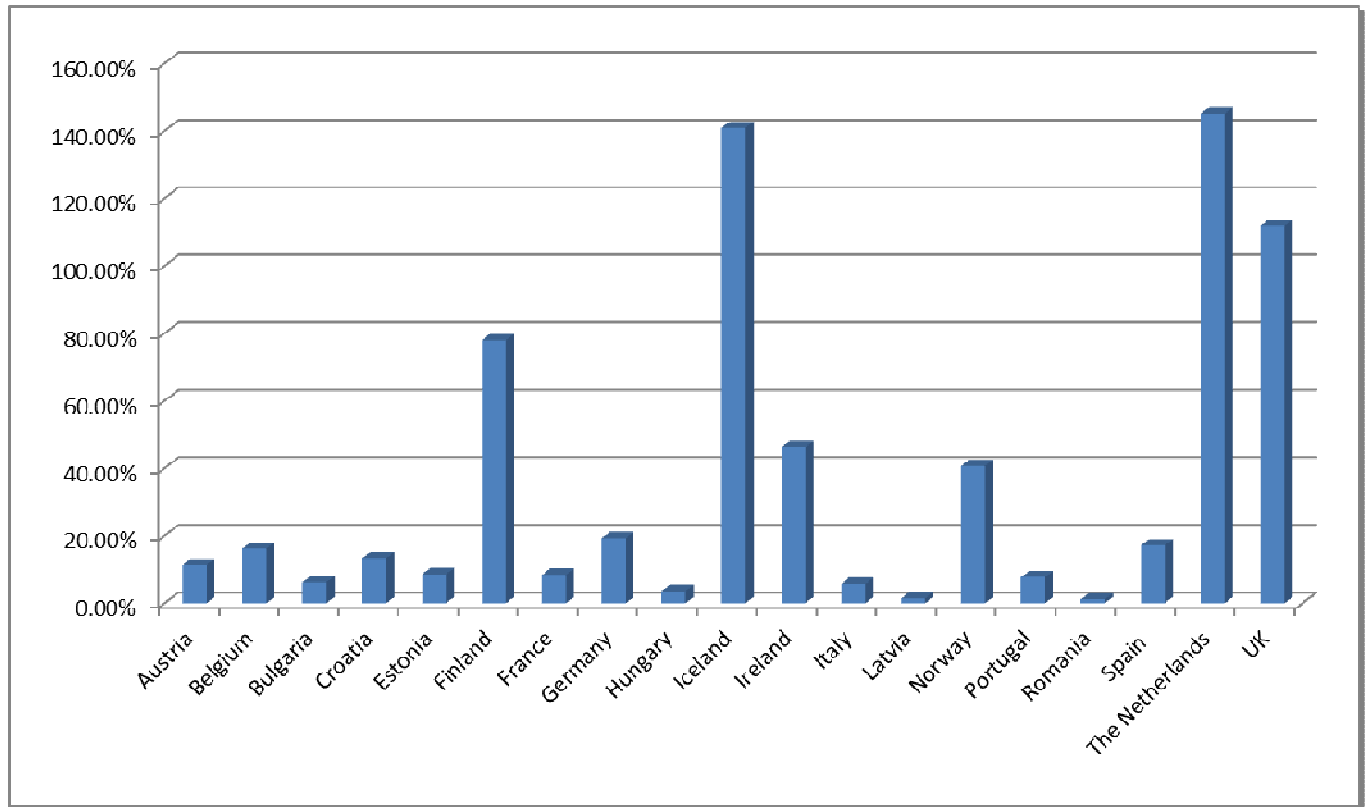
5. The importance of 2nd pillar pension funds' assets as to GDP

The following table represents the share of the total 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.

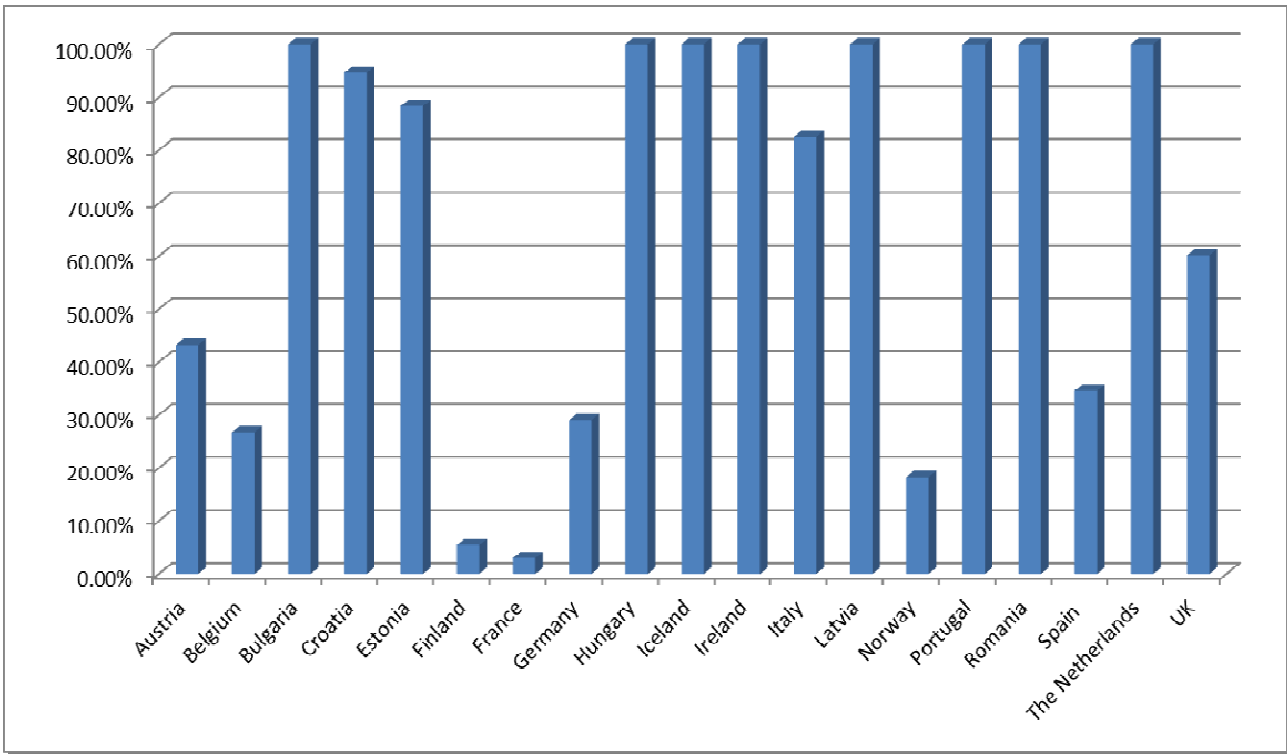
	GDP 2011 (bn. €, current prices)	Assets of occupational pension sector as % of GDP	Assets of IORPs as % of assets of occupational pension sector	Assets of IORPs as % of GDP
Austria	301	11.36%	43.27%	4.92%
Belgium	370	16.22%	26.75%	4.34%
Bulgaria	38	6.18%	100%	6.18%
Croatia	45	13.40%	94.69%	12.69%
Estonia	16	8.56%	88.32%	7.56%
Finland	189	77.94%	5.43%	4.23%
France	1997	8.46%	2.96%	0.25%
Germany	2593	19.31%	29.04%	5.61%
Hungary	101	3.67%	100%	3.67%
Iceland	10	132.40%	100%	132.40%
Ireland	156	46.35%	100%	46.35%
Italy	1580	5.74%	82.59%	4.74%
Latvia	20	7.10%	100%	7.10%
Norway	349	40.69%	18.31%	7.45%
Portugal	171	7.74%	100%	7.74%
Romania	136	1.16%	100%	1.16%
Spain	1073	17.11%	34.58%	5.92%
Switzerland	479	112.11%	56.24%	63.05%
Sweden	387	38.76%	n/a	38.76%
The Netherlands	602	145.04%	100%	145.04%
UK	1747	111.85%	60.18%	67.32%

Source: PensionsEurope members and Eurostat (GDP).

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 assets of IORPs as % of GDP:

