



PensionsEurope statistical survey 2014

1. Introduction

The PensionsEurope Statistical Survey 2014 is based on figures provided by PensionsEurope Members (national associations of pension funds and similar institutions for supplementary/ occupational pension provision). The Survey is based on the data provided by **19** PensionsEurope Members associations plus **3** Members of the PensionsEurope CEE Forum¹, covers **117,710** IORPs² and more than **62 million** of members and beneficiaries. It covers the figures for the year 2012 and 2013 (best estimates when available).

PensionsEurope estimates that end-2012, **€ 5,335.50 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 (and Bulgaria), PensionsEurope represents approximately **67%** or **€ 3,574.04 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 Bulgaria, Estonia and Latvia are members of the CEE Forum but are not PensionsEurope members.

² The survey also covers 10425 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 Sweden³.

3.1 Assets under management:

The value of mandatory private pension arrangements in the countries covered by the survey is estimated at end- 2012 at approximately **€ 187.943 bn**. This figure represents assets managed by different financing vehicles (IORPs, group insurance and book reserves). Through Member Associations, PensionsEurope represents approximately **€45.1617 bn** or about **24%** of this “workplace saving pot”. The remaining **76%** are managed by insurance undertakings.

The assets⁴ managed by IORPs between 2007 and 2012 are as follows (in billion €):

	2007	2008	2009	2010	2011	2012	2013(*)
Bulgaria	0.841	0.930	1.351	1.755	2.058	2.597	3.138
Croatia	2.867	3.127	3.987	4.92	5.45	6.78	7.63
Estonia	0.700	n/a	0.950	1.071	1.13	1.47	1.77
Finland	8.700	n/a	6.600	5.4	3.60	3.7	n/a
Latvia	n/a	n/a	n/a	n/a	0.125	0.1467	n/a
Hungary	7.870	7.060	9.148	11.100	0.77	0.619	0.623
Iceland	19.368	8.8	8.938	11.207	11.92	12.749	n/a
Romania	n/a	0.209	0.564	1.01	1.48	2.1	3.11
Sweden	n/a	n/a	n/a	16	15	15	n/a
TOTAL	40.346	20.126	31.538	52.463	41.54	45.162	16.271

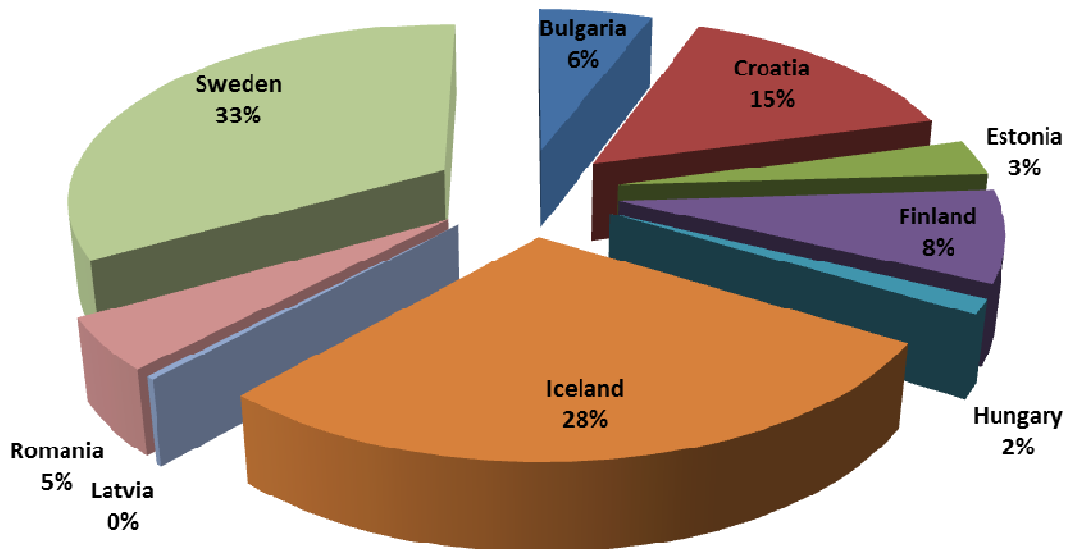
(*) best estimate

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

³ To observe the development of a particular market, it is advisable to use national currencies.

⁴ As data is missing for some years, the comparison across years if not consistent.

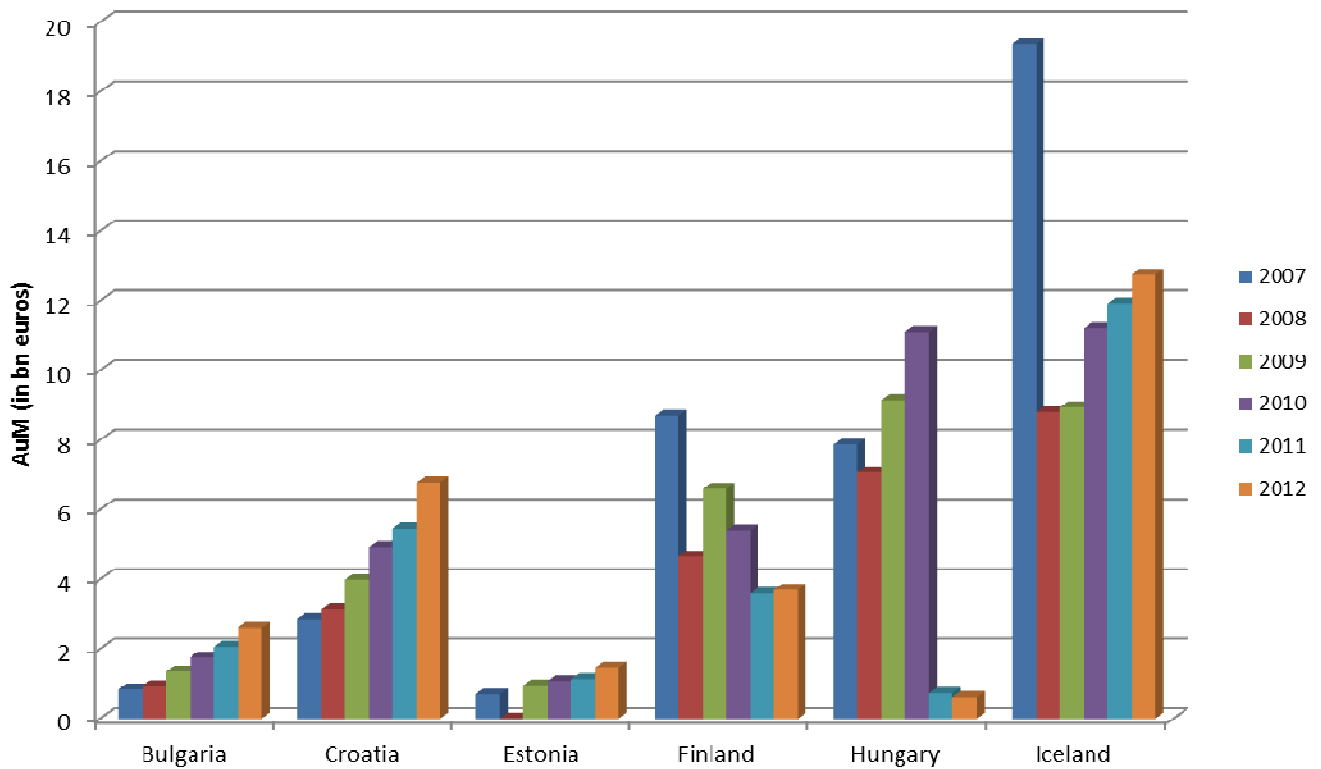
Geographical breakdown of IORPs' assets under management in 2012 (mandatory schemes)



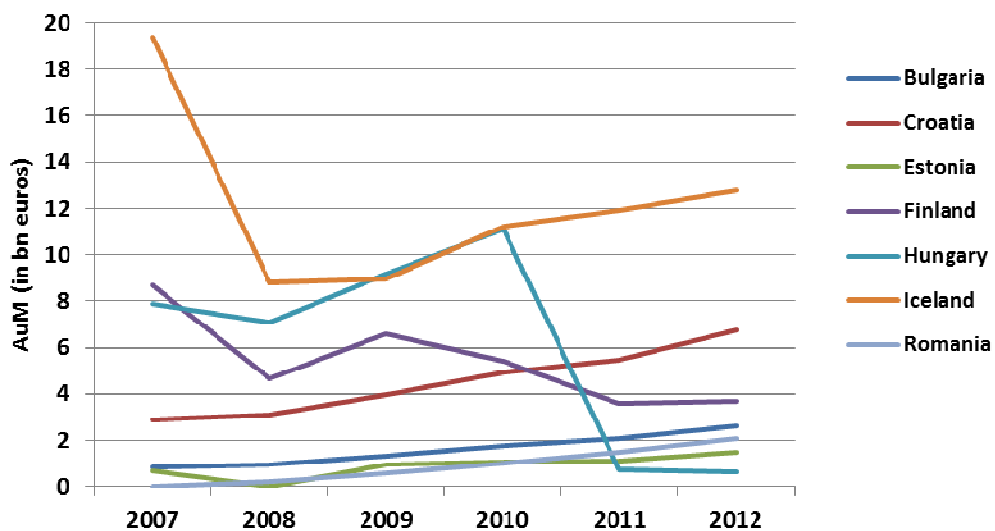
3.2 Evolution of assets under management:

The evolution of the assets under management held by IORPs managing mandatory private pension schemes from 2007 to 2012 is as follows:

**Evolution of IORPs' assets under management 2007-2012
(mandatory schemes)**

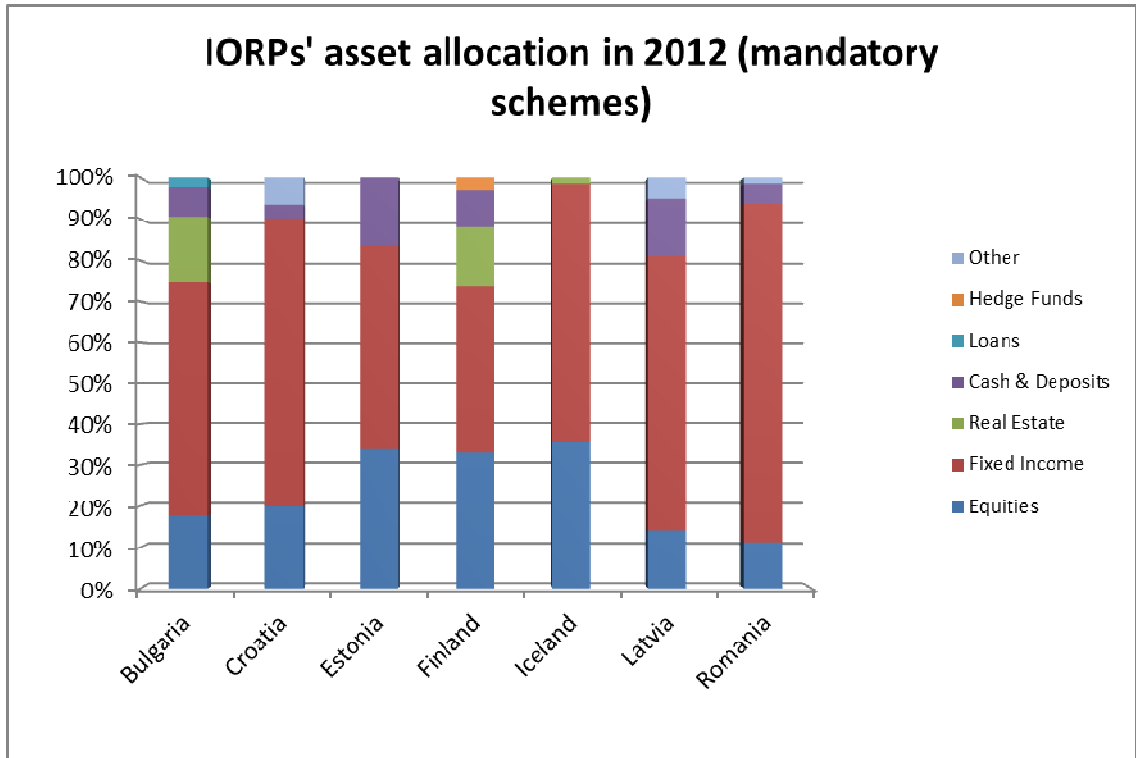


**Evolution of IORPs' asset under management
2007-2012 (mandatory schemes)**



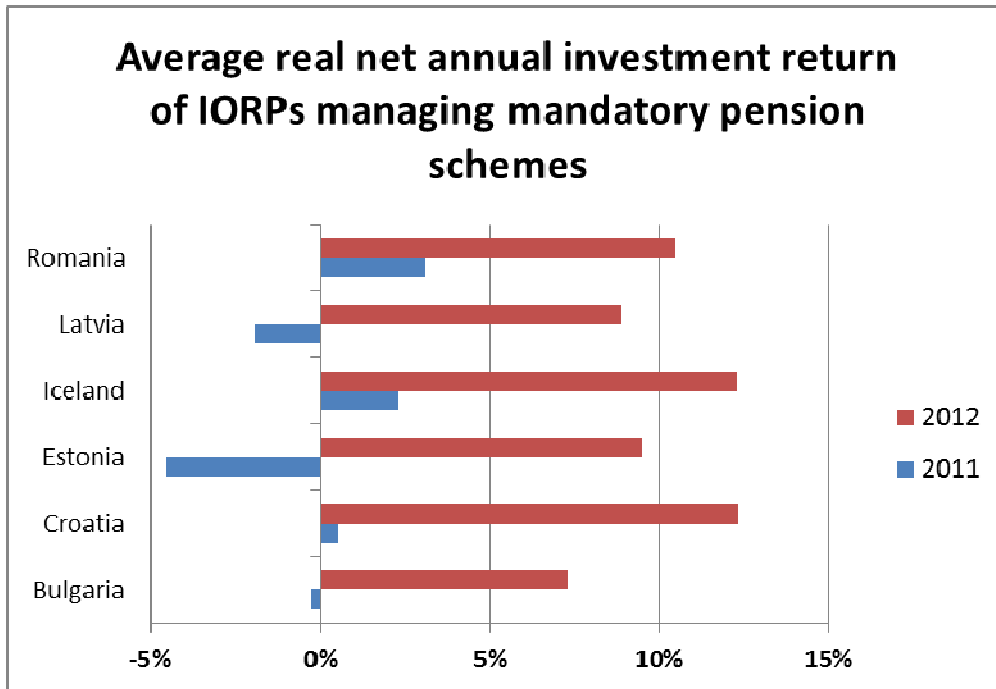
3.3 Asset allocation

In 2012, the asset allocation of IORPs managing mandatory schemes is as follows:



3.4 Returns on investment

In 2011 and 2012, the average net annual investment returns of IORPs managing mandatory schemes are 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 2012 – at approximately **€ 5,147.56 bn**. This figure represents assets managed by the above-mentioned financing vehicles. Through Member Associations, PensionsEurope represents approximately **€ 3,528.88 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 2011 and 2012 are as follows (in billion €):

	Sector		Pension funds/IORPs		Group insurance		Book reserves	
	2011	2012	2011	2012	2011	2012	2011	2012
Austria	34.2	35.3	14.8	16.3	2.9	3	16.5	16
Belgium	65.9	72.2	16.045	18.6	45	53.6		
Bulgaria	0.2927	0.32	0.293	0.321				
Croatia	0.584	0.648	0.211	0.26	0.323	0.326		
Estonia	0.238	0.282	0.085	0.095	0.153	0.187		
Finland	11	11(***)	4.32	4.4	6.6	n/a		
France	169	180.7	5	6.7	164	174		
Germany	500.7	520.8	145.4	155.2	55.7	58	264.6	271.6
Hungary	2.94	n/a	2.46	2.72				
Iceland	2.164	2.250	1.32	1.395	n/a	0.855		
Ireland	72.3	80.5	72.3	80.5	n/a	n/a		
Italy	90.769	104.4	74.967	85.15	13.19	19.09	2.61	3.16
Latvia	0.17	0.205	0.17	0.205	n/a	n/a		
Luxembourg	n/a	n/a	n/a	n/a				
The Netherlands	873.112	1,005.68	873.112	1,005.68	n/a	n/a		
Norway	142	161.9	26	29.4	116	132.5		
Portugal	13.238	14.78	13.238	14.47	0.3	0.31		
Romania	0.1	0.14	0.1	0.14	n/a	n/a		
Spain(**)	97.96	97.477	63.49	64.987	28.27	27.9	6.2	4.59
Switzerland	537	557.97	302	302(***)	n/a	n/a		
Sweden	135	150	135	150	n/a	n/a		
UK	1954	2,151	1176	1,295	778	856		
TOTAL	4696.8	5,147.56	2926.972	3233.53	1222.86	1322.76	289.91	295.35

(*) 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 assets: €32.417bn (data from 2011)

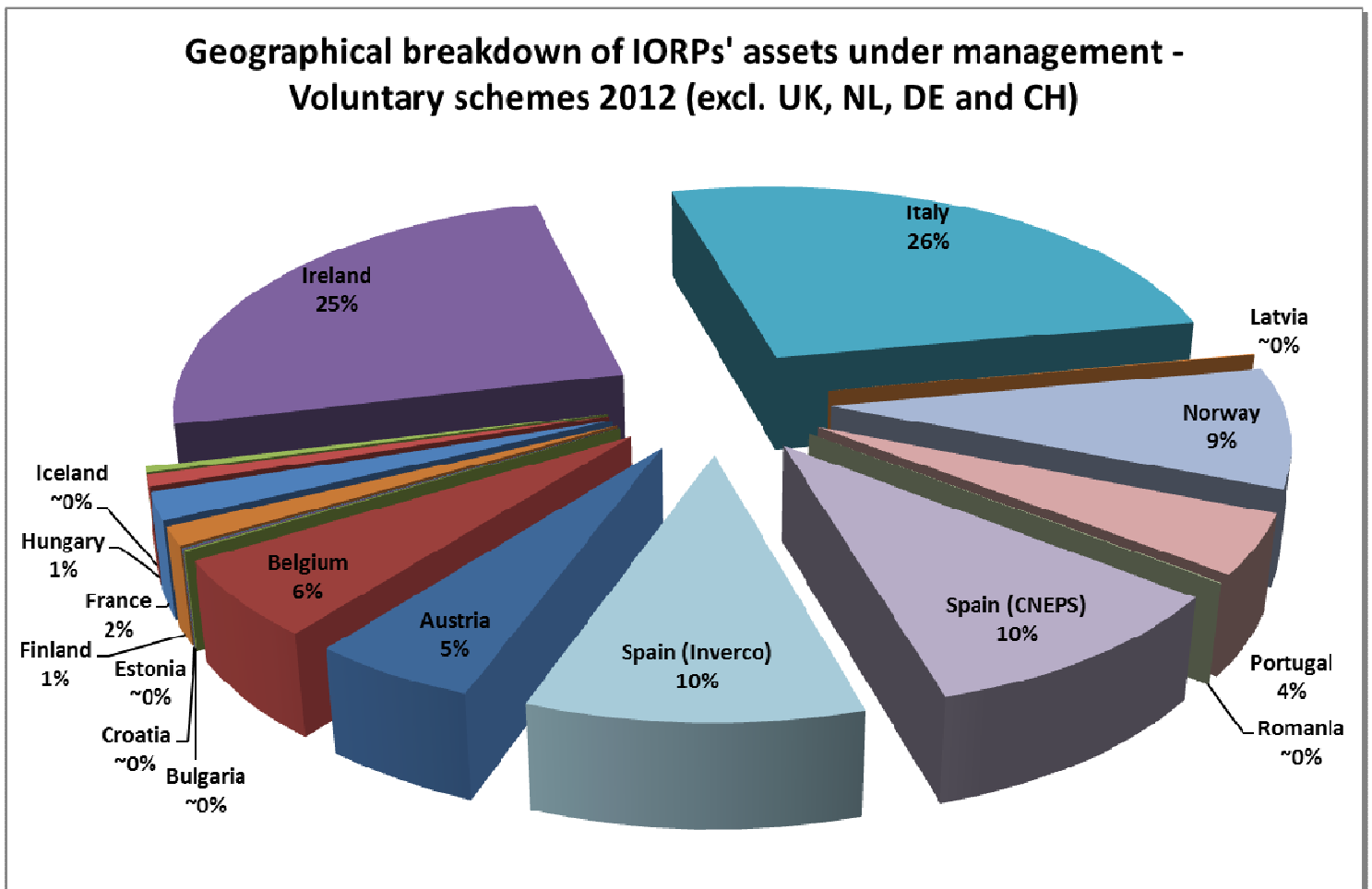
Inverco: In 2012: total assets: €65.06bn (IORPs: €32.57bn; insurers: €27.9bn; book reserves €4.59bn).

(***) data from 2011

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 (€ 1,005.68 bn or 28.5% of the total IORPs' and book reserves' AuM), in the United Kingdom (€ 1,295 bn or 36.7%), in Germany (€ 426.8 bn or 12%) and in Switzerland (€ 302 bn or 8.5%). The geographical split of the remaining 14% 2nd pillar pension funds' assets under management of voluntary private pension arrangements is as follows:



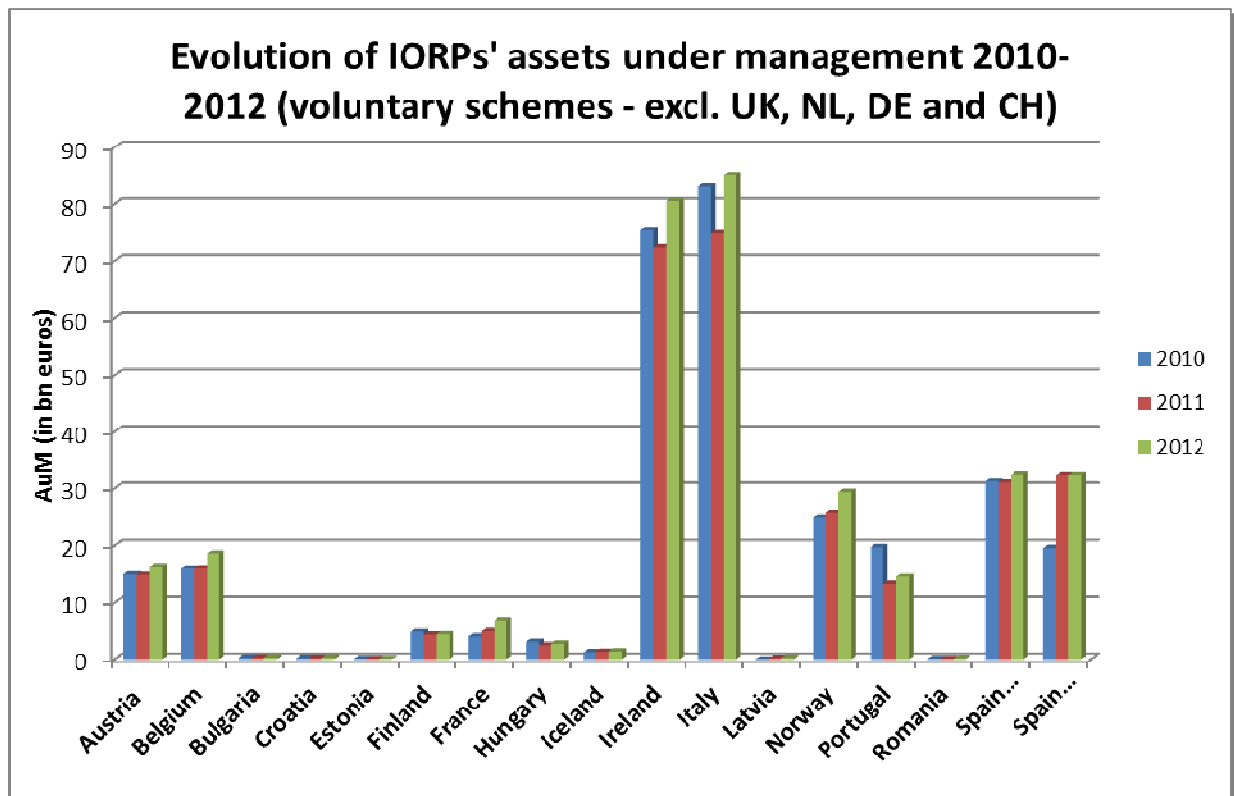
The best estimate of the 2nd pillar assets under management of voluntary private pension arrangements for the year 2012 (when available) is as follow:

	Sector	Pension funds/IORPs	Group insurance	Book reserves
	2013	2013	2013	2013
Austria	35.3	17.4	3	16
Belgium	77.7	20	57.7	
Bulgaria	0.349	0.349		
Croatia	n/a	0.29	n/a	
Estonia	0.29	0.103	0.1874	
France	190	8.6	180	
Hungary	n/a	2.94	n/a	
Italy	113.13	91.31	18.59	n/a
The Netherlands	1021.7	1021.7	n/a	
Norway	172	32	140	
Romania	0.18	0.18	n/a	
Spain	n/a	33.54	n/a	
UK	2,225	1,761	n/a	
TOTAL	3835.65	2989.41	399.48	16

(*) Figures only cover pension institutions represented by Inverco

4.2 Evolution of assets under management:

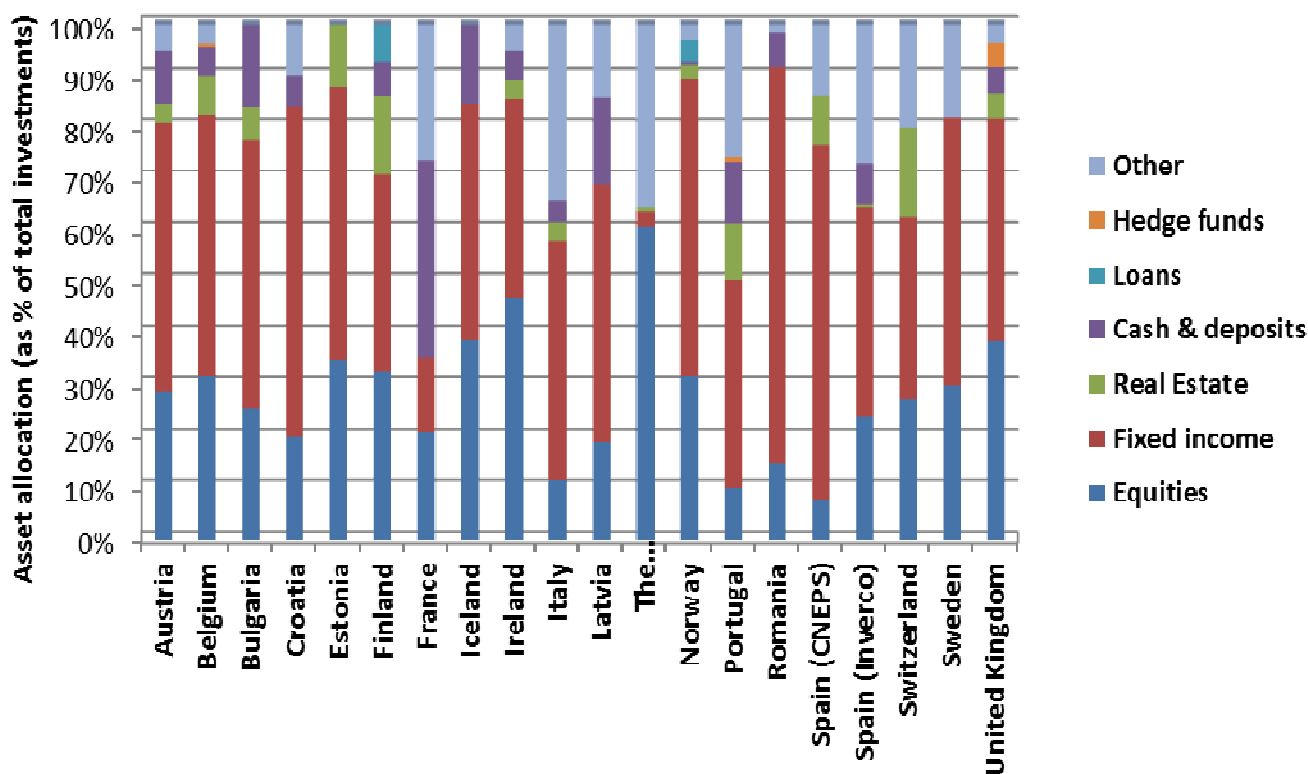
The evolution of the assets under management held by IORPs between 2010 and 2012 is as follows, in bn euros (excluding, for clarity purposes, the Netherlands, Germany, Switzerland and the UK):



4.3 Asset allocation:

The aggregate asset allocation of IORPs in 2012 in 20 countries covered by the survey is as follows:

IORP's asset allocation 2012 - Voluntary schemes

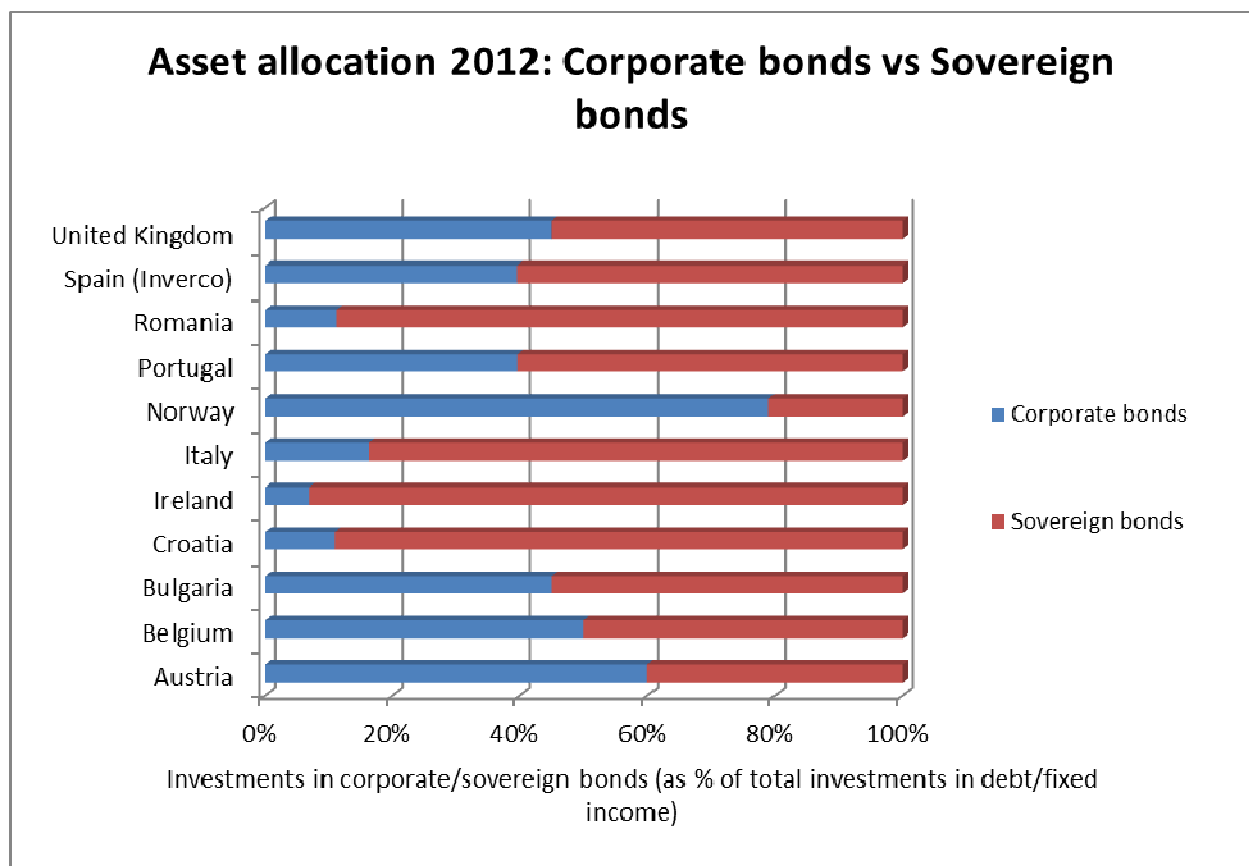


The traditional asset classes (bonds and equities) remain the main asset classes used by IORPs. The degree of exposure to equities can be divided in three groups of countries:

- Low exposure (less or around 20% of total assets under management): In Italy (11.58%), Croatia (20%), Latvia (19%), Romania (15.06%), Portugal (10.07%) and Spain (8.03%).
- Medium exposure (around one third of total assets under management): Austria (28.8%), Belgium (31.70%), Bulgaria (25.43%), Estonia (35%), Finland (32.7%), France (22.6%), Norway (31.75%), Sweden (30%), Switzerland (27.5%), the UK (38.4%) and Iceland (38.8%).
- High exposure (more than 40% of total assets under management): Ireland (47.2%), the Netherlands (60.81%), the UK (41.10%).

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 Austria (52.2%), Belgium (50.7%), Bulgaria (52.07%) Estonia (53%), Iceland (45.8%), Italy (46.38%), Latvia (50%), Spain (40.6%), Portugal (40.31%). A high exposure to bonds (around or more than 60% of AuM) can be found in countries such as Norway (57.75%), Croatia (63.98%) and Romania (76.76%). The proportion of bonds is low or very low in France (15.5%).

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

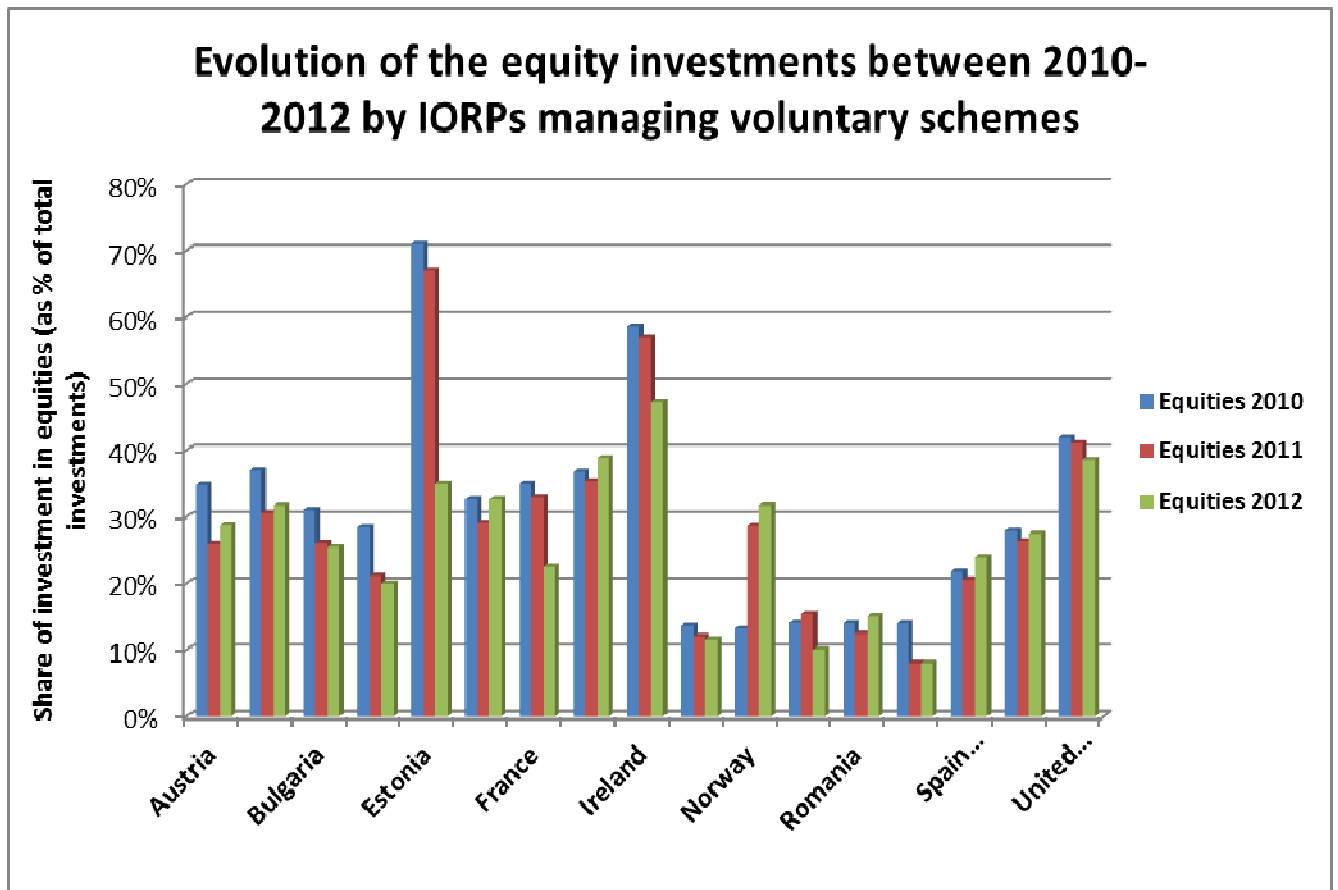


In few countries, IORPs have reported investment in hedge funds: Portugal (0.94%), the UK (4.5%) and Belgium (0.6%).

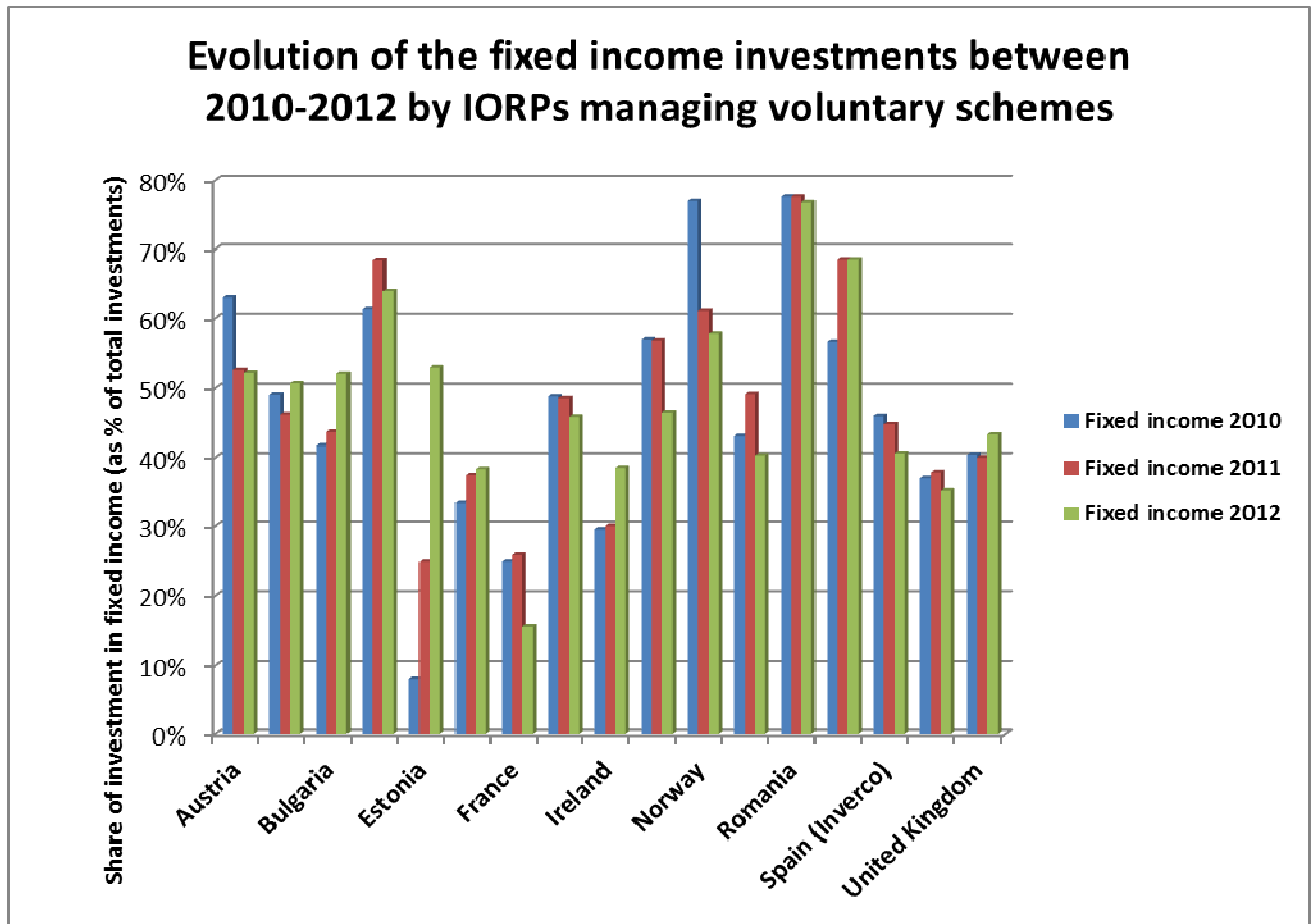
Assets invested in real estate vary from 0 to 17% of the total assets with an average value of 5%. Investments in cash and deposits range from 0 to 17.4% of the total assets invested.

4.4 Evolution of asset allocation

As a consequence of the financial and economic crisis, many IORPs modified the composition of their portfolios during the last years. Between 2010 and 2012 the aggregated trend in IORPs' equity exposure at national level is as follows:

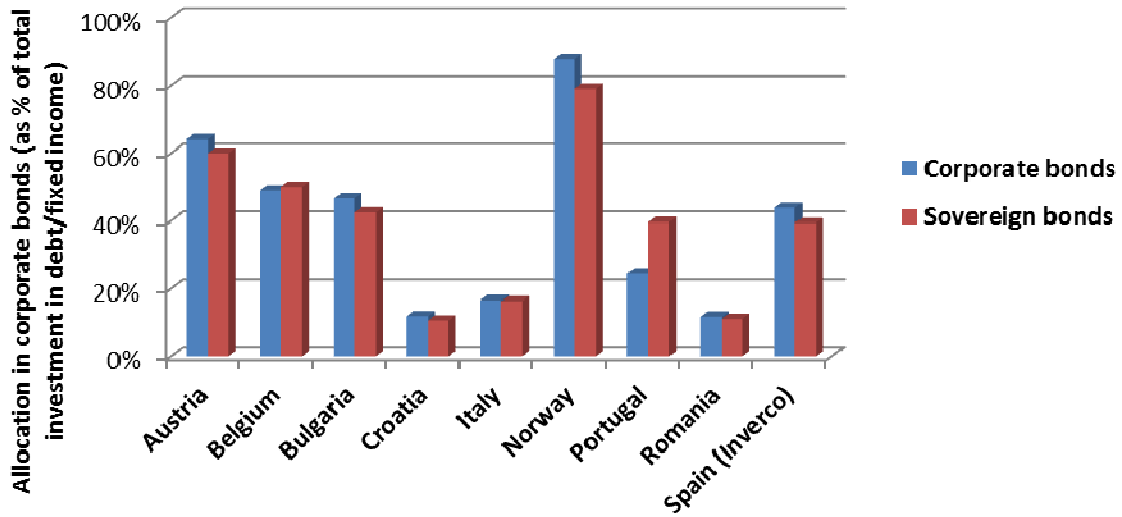


On the other hand, the trend in the exposure to bonds evolved as follows:

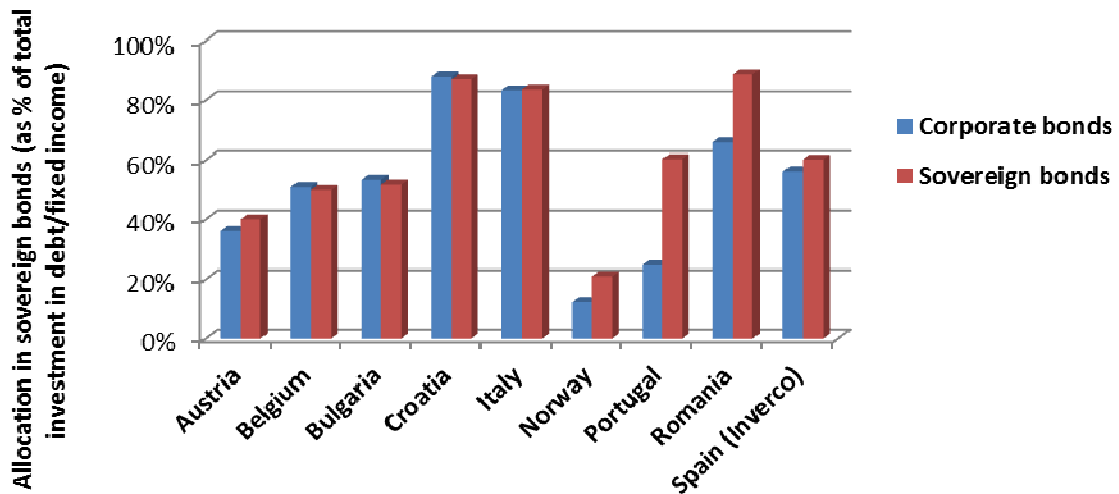


The evolution in bond allocation between 2011 and 2012 can be split as follows:

Evolution of IORPs' asset allocation in corporate bonds 2011-2012

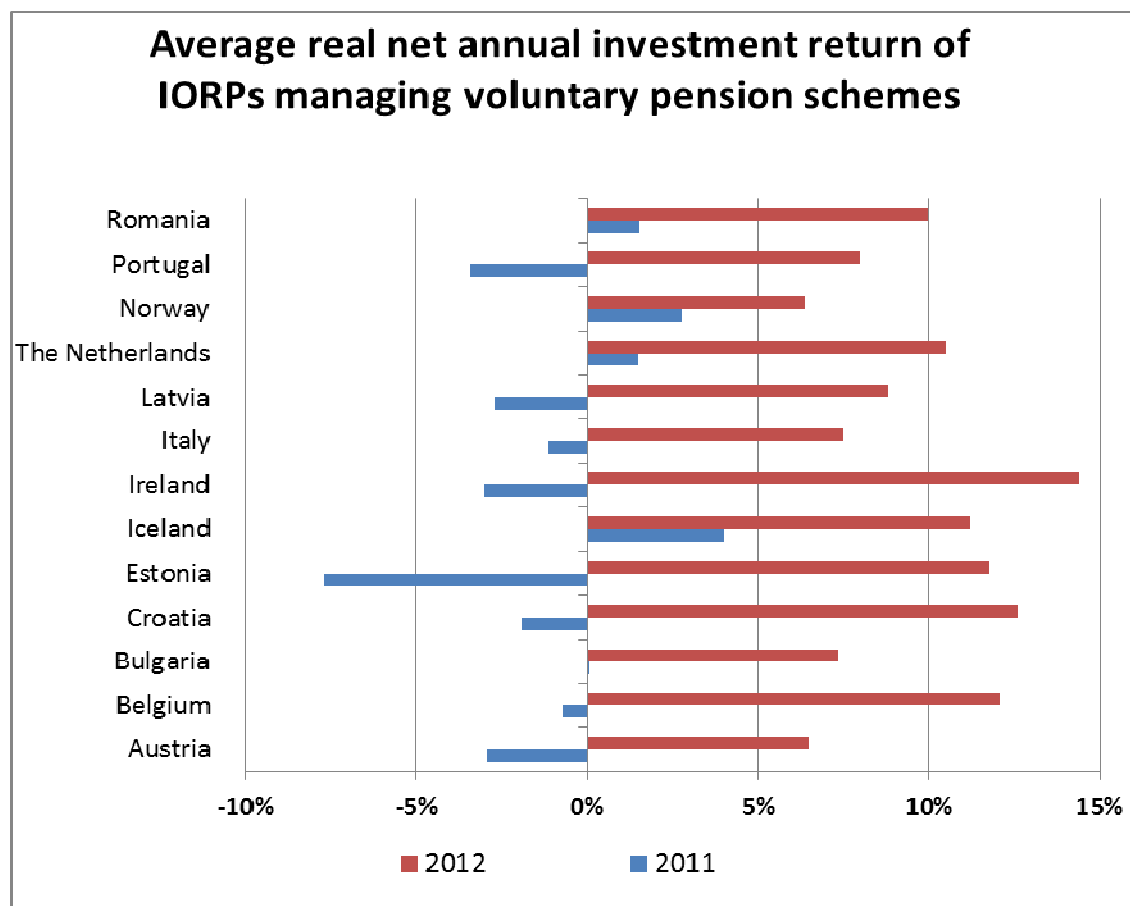


Evolution of IORPs' asset allocation in sovereign bonds 2011-2012



4.5 Returns on investment

In 2011 and 2012, the average net annual investment return of IORPs managing voluntary schemes is as follows:



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

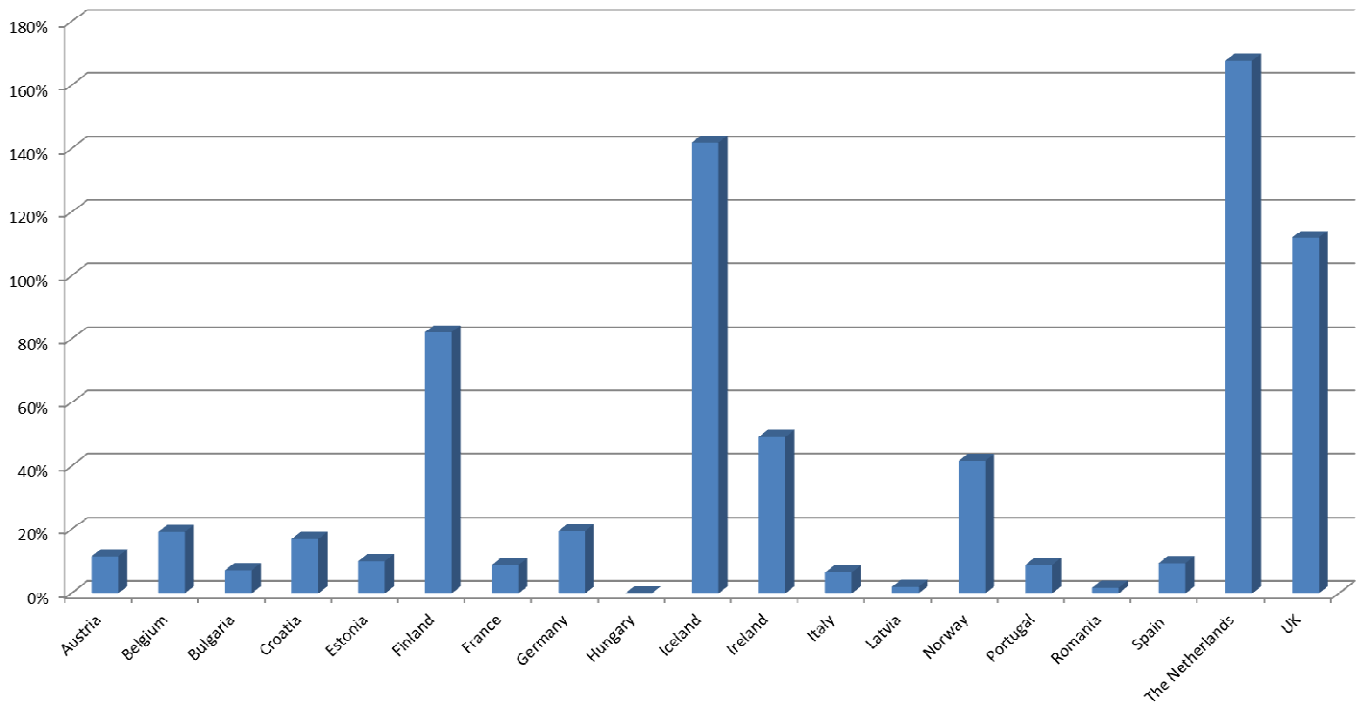
The following table represents the share of the total occupational sector and IORPs as % of GDP and the share of IORPs as % of the total occupational sector. The occupational sector represents the assets managed by IORPs, group insurance and book reserves.

	GDP 2012 (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	307.003	11.50%	46.18%	5.31%
Belgium	375.852	19.21%	25.76%	4.95%
Bulgaria	39.927	7.31%	100%	7.31%
Croatia	43.477	17.08%	94.78%	16.19%
Estonia	17.415	10.06%	89.36%	8.99%
Finland	192.35	82.19%	5.12%	4.21%
France	2032.296	8.89%	3.71%	0.33%
Germany	2666.4	19.53%	29.8%	5.82%
Hungary	96.968	n/a	100%	3.44%
Iceland	10.572	141.87%	94.3%	133.97%
Ireland	163.938	49.1%	100%	49.1%
Italy	1566.911	6.66%	81.56%	5.43%
Latvia	17.72	1.98%	100%	1.98%
Norway	389.148	41.6%	18.16%	7.55%
Portugal	165.107	8.95%	97.9%	8.76%
Romania	131.578	1.7%	100%	1.7%
Spain	1029.002	9.47%	66.67%	6.32%
Switzerland	491.04	113.63%	54.12%	61.5%
Sweden	407.82	40.46%	n/a	40.46%
The Netherlands	599.338	167.8%	100%	167.8%
UK	1921.904	111.92%	60.2%	67.38%

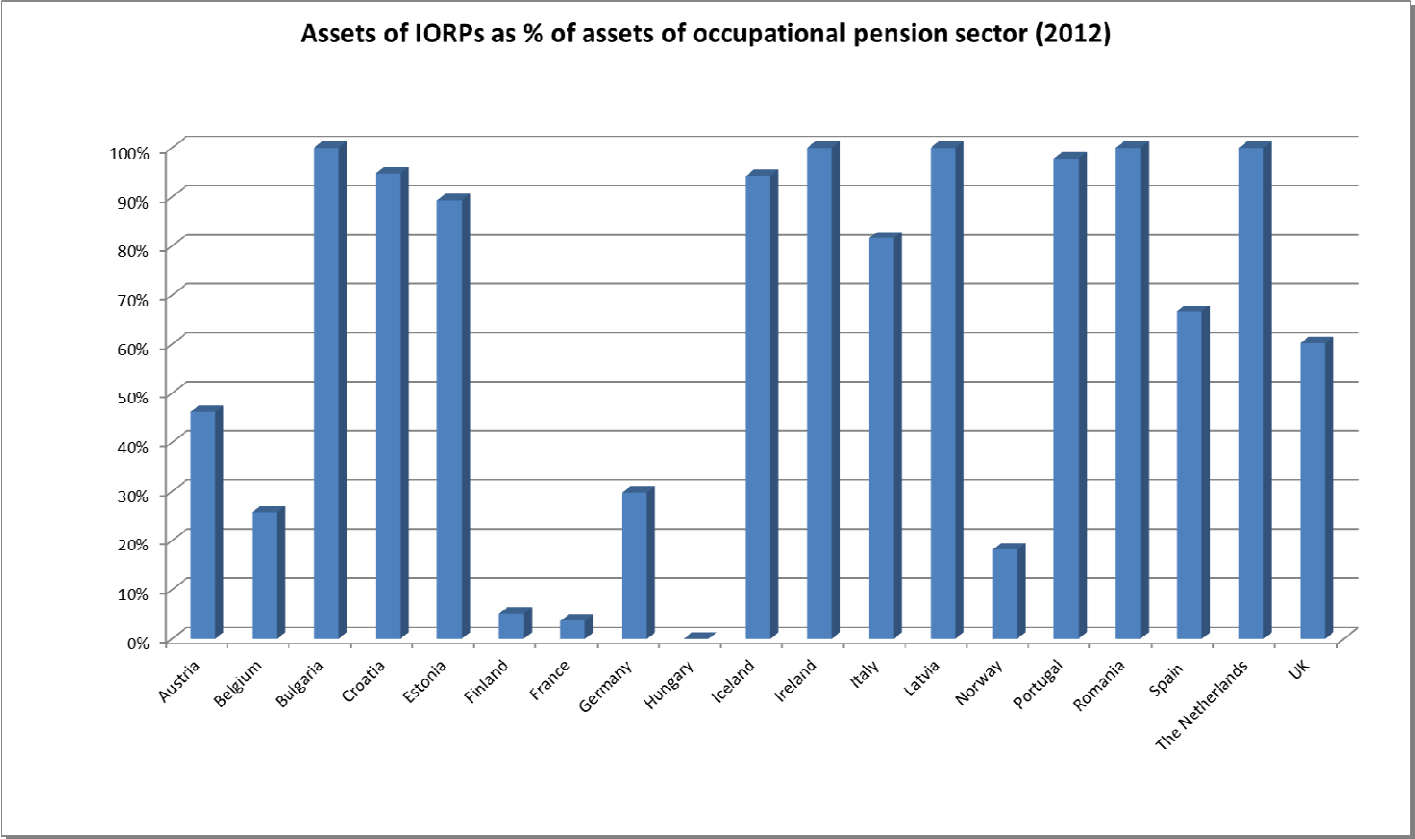
Source: PensionsEurope members and Eurostat (GDP).

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

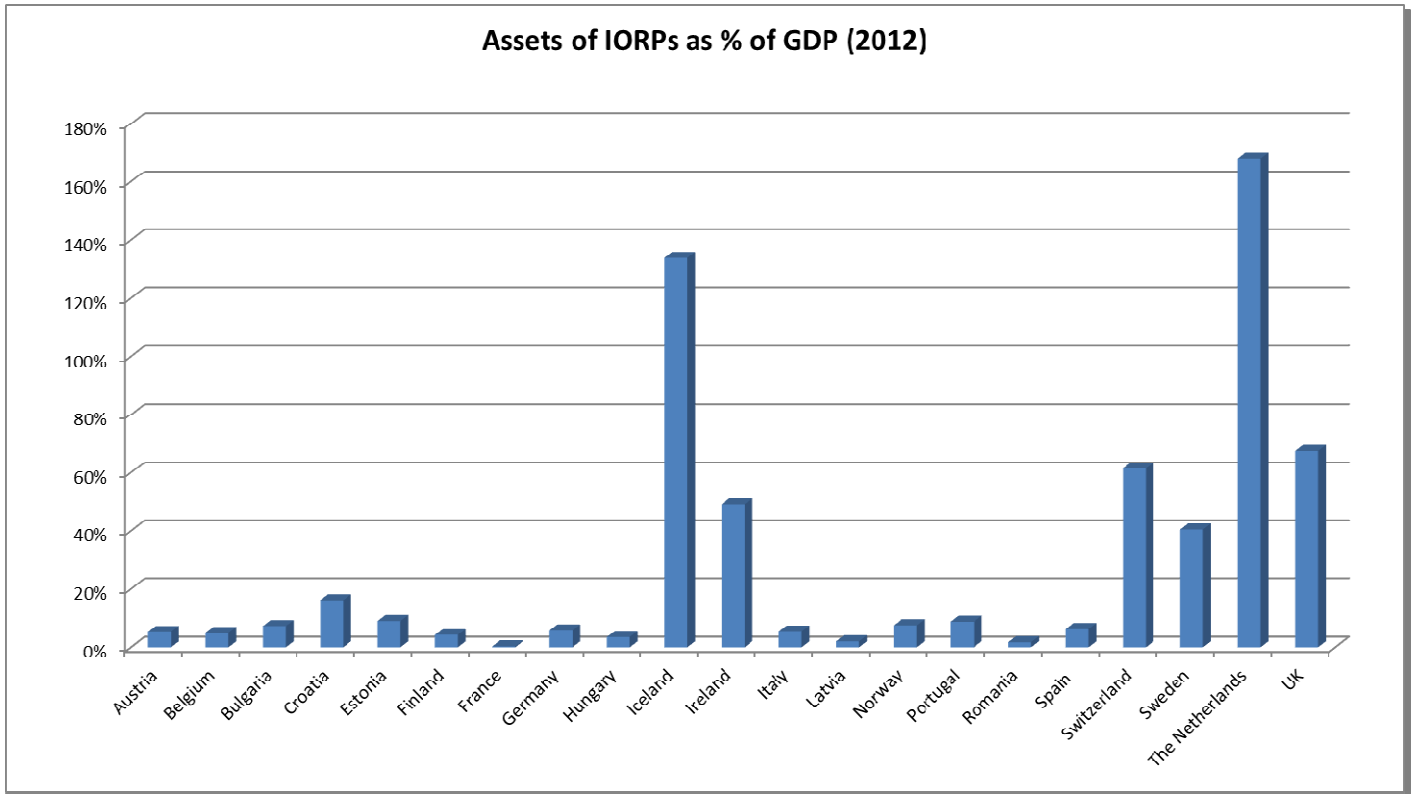
Assets of occupational pension sector as % of GDP (2012)



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:



About PensionsEurope

PensionsEurope represents national associations of pension funds and similar institutions for workplace pensions. Some members operate purely individual pension schemes. PensionsEurope Members are large institutional investors representing the **buy-side** on the financial markets.

PensionsEurope has **24 member associations** in EU Member States and other European countries with significant – in size and relevance – workplace pension systems.

PensionsEurope member organisations cover the workplace pensions of about **62 million European citizens**. Through its Member Associations PensionsEurope represents more than € **3.5 trillion of assets** managed for future pension payments.

PensionsEurope has established a **Central & Eastern European Countries Forum (CEEC Forum)** to discuss issues common to pension systems in that region.

PensionsEurope has established a **Multinational Advisory Group (MAG)** which delivers advice on pension issues to PensionsEurope. It provides a collective voice and information sharing for the expertise and opinions of multinationals.

Contact:

Mr. Matti LEPPÄLÄ, Secretary General/CEO

Rue Royale 97 – 1000 Brussels - Belgium

Tel: +32 (0)2 289 14 14 / Fax: +32 2 289 14 15

matti.leppala@pensionseurope.eu

www.pensionseurope.eu

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