PRESS RELEASE

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Europeans saving more for retirement than you think

European policymakers and practitioners are undertaking fundamental reforms of existing pension structures, adapting non-pension assets that are used for support in retirement and creating new funded retirement finance instruments, according to a new study from the FECIF European Pension Institute and CMI Consultants.

The study, "Retirement Planning in Europe", reveals that Europeans understand the financial stresses on traditional Pay-As-You-Go (PAYG) government pensions and are updating strategies for existing financial assets as well as discussing new funded solutions – at the level of the European Union, and in individual countries.

Based on a survey of consumer preferences and products in 12 major European countries, the report states that whilst Europe is not rich in funded pensions or workplace savings plans, European workers own several trillion Euros' worth of other "assets for retirement" – insurance products, annuities, real estate, bank accounts and other non-pension assets that are used to supplement government pensions.

"Europeans are focused on pension reform. Demographic, economic and financial stress has concentrated the minds of policymakers and financial practitioners alike", stated Simon Colboc, Secretary-General of FEPI. "The European Union is a wealthy region, with robust government pension provision and many trillions of Dollars' worth of assets that are used to support citizens in retirement. New funded pensions and savings plans are being added to the mix."

The report, which explores the differences between European countries with high levels of pension funding and those more dependent on PAYG, describes two major opportunities for the financial services industry: optimising the deployment of existing financial assets; and mobilizing the creation of funded workplace savings plans, analogous to systems such as Australian Superannuation or US 401(K) savings plans.

The European Union and the United States are similar in economic scale, with GDPs of $21.9 trillion and $22.3. trillion, respectively[1] and residential real estate worth $22 trillion and $23 trillion[2], also respectively. But the US has some $28 trillion[3] worth of funded pensions and retirement savings, as compared with about $5 trillion in Europe[4]. Raising the level of dedicated retirement assets is expected to earn

[1] https://www.imf.org/external/datamapper/NGDPD@WEO/OEMDC/ADVEC/WEOWORLD

[2] https://www.savills.com/blog/article/216300/residential-property/how-much-is-the-world-worth.aspx

[3] https://www.ici.org/research/stats/retirement/ret_19_q3

[4] https://www.pensionseurope.eu/system/files/PensionsEurope%20Pension%20Funds%20Statistics%20and%20Trends%202018.pdf

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Europeans improved rates of return, whilst providing more balanced systemic support for retirees.

To learn more about the emerging landscape for European retirement finance, pensions and defined contribution savings, read the study's executive summary here.

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About FECIF

FECIF (The European Federation of Financial Intermediaries and Financial Advisers) is a Brussels-based non-profit organization, chartered in June 1999 for the defence and promotion of the role of financial advisers and intermediaries in Europe. FECIF recently added the protection of consumers as one of its main objectives.

FECIF represents in excess of 30 trade bodies or industry organisations; via these it acts on behalf of around 300,000 advisors and intermediaries in Europe - and around 640,000 individuals in total.

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