

Investment Institute

The Patchwork of European Pension Systems

JANUARY 2025



Amundi
Investment Solutions

Pension systems across Europe



Compulsory pay-as-you-go public pension;

Points-based system for calculating pensions.



Defined benefit pay-as-you-go pension system;

Non-compulsory supplementary schemes.



Compulsory pay-as-you-go social security pension;

Supplementary funded pension schemes for some professions.



General pay-as-you-go for private sector & self-employed;

Contribution system for those joining after 1995, mixed system for others.



Public pension scheme (1st Pillar);

Employer's pension scheme (2nd Pillar, covering 90% of employees).



General pension (pay-as-you-go portion and funded portion);

Occupational pension (90% of citizens contribute).

Sustainability of pension schemes

75 years

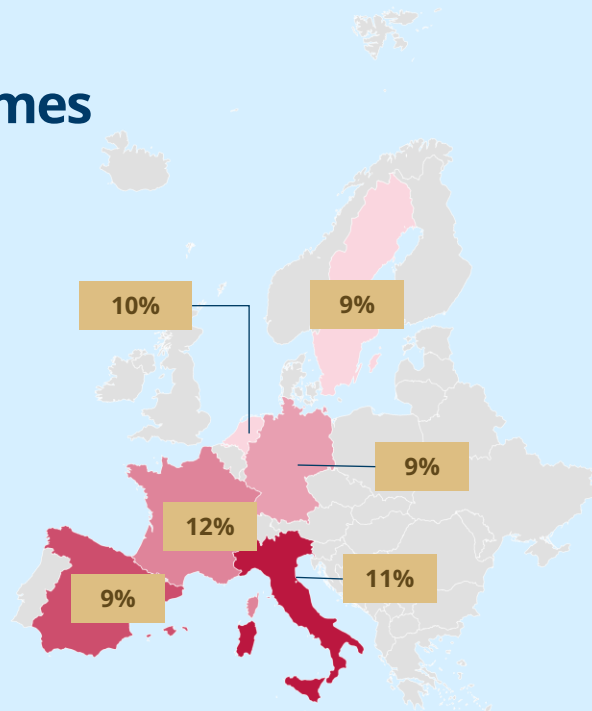
Budget surplus projected by the **Swedish Pension Authority** under the current system



The **Netherlands** rank as the best pension system globally by Mercer CFA institute

€200bn by 2036

expected size of **Germany's** state funded pension to counter the decrease in replacement rates



Sources: Eurostat data as of April 2024.

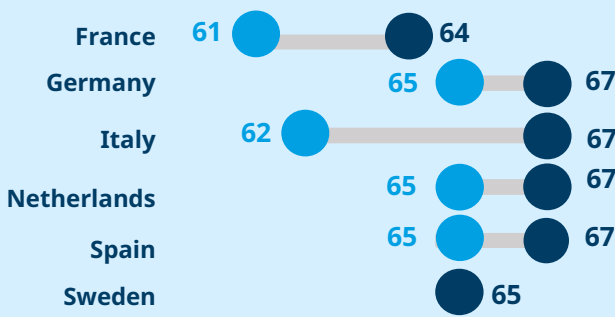
Deficit for retirement in GDP (2023) Pensions as part of GDP (2021)

0% 7%

%

Retirement ages

Legal retirement age in 2014 to target retirement age set by reforms



- 2014
- Target

Reforms undertaken in recent years aimed at balancing countries' pension systems have focused on increasing the retirement age or lengthening the contribution period, but...

Source: OECD data for 2022.

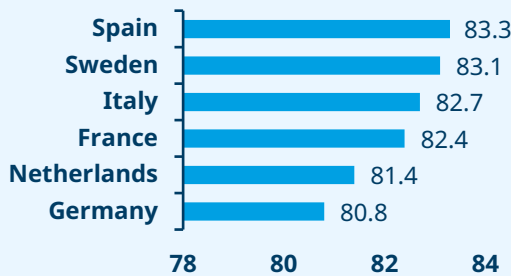
...consumption taxation as a means of financing pensions results in better per capita welfare than increasing the retirement age or contribution period.

	Years in good health		Number of years	
	Male	Female	Male	Female
France	5.2	4.7	21.4	20.9
Germany	2.2	2.7	17.4	17.9
Italy	6.2	6.8	20.8	21.4
Netherlands	-3.8	-3.2	17.3	17.9
Spain	1.3	1.6	21.8	22.1
Sweden	3	3.8	17.7	18.5

Source: Eurostat data as of March 2024

Demographics

Life Expectancies



Source: Eurostat data for 2021.

Ageing Populations



Pension systems in the Eurozone are facing the demographic challenge of the 'grandpa-boomer' phenomenon, and will continue to do so for the next 20-25 years.

Fertility Rates

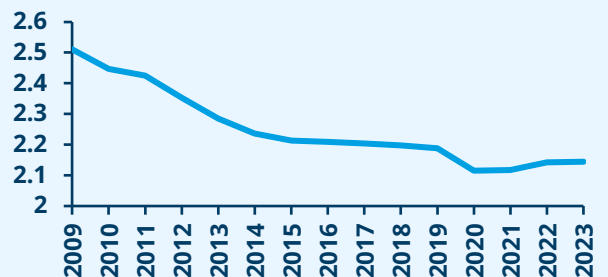
1.4 average 2022 fertility rate

across the six countries studied, down from 1.5 in 2000, and significantly below the 2.1 renewal threshold



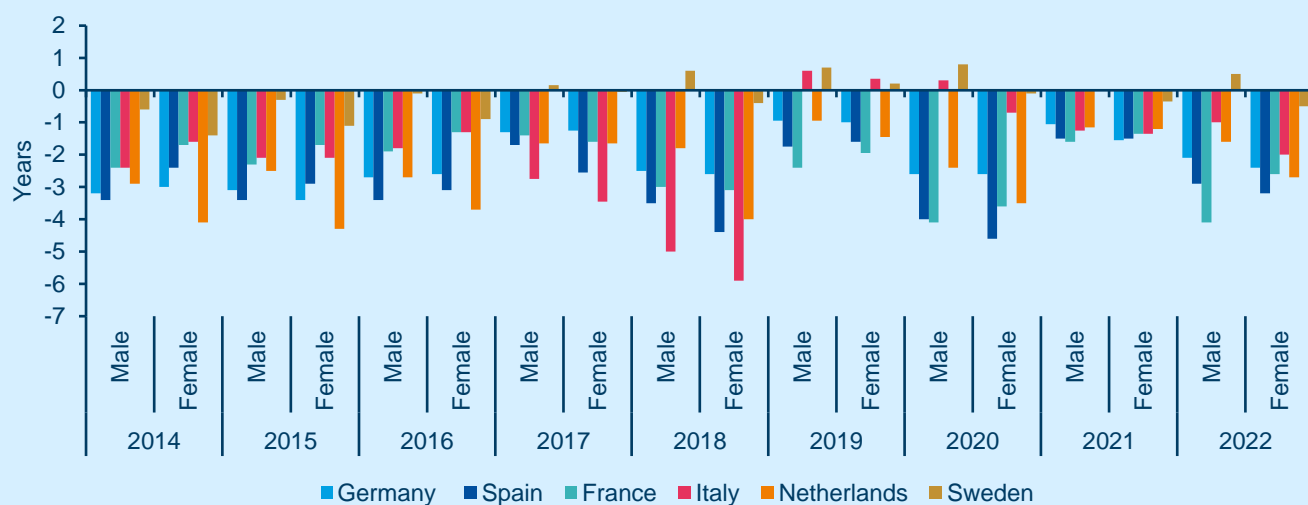
Active to Elderly

Average of 6 countries



Source: Eurostat data as of April 2024. Active=15-64; Elderly=over 65.

Gap between legal and effective retirement ages



Statutory retirement ages are gradually being raised, reaching or exceeding healthy life expectancy in some countries. Labour market retirement ages are in practice different from legal retirement ages. Apart from the legal derogations on retirement ages in each country, older people can find themselves prematurely outside the labour market.

Source: OECD data for 2023.

IMPORTANT INFORMATION

This document is solely for informational purposes.

This document does not constitute an offer to sell, a solicitation of an offer to buy, or a recommendation of any security or any other product or service. Any securities, products, or services referenced may not be registered for sale with the relevant authority in your jurisdiction and may not be regulated or supervised by any governmental or similar authority in your jurisdiction.

Any information contained in this document may only be used for your internal use, may not be reproduced or disseminated in any form and may not be used as a basis for or a component of any financial instruments or products or indices.

Furthermore, nothing in this document is intended to provide tax, legal, or investment advice.

Unless otherwise stated, all information contained in this document is from Amundi Asset Management SAS and is as of 9 December 2024. Diversification does not guarantee a profit or protect against a loss. This document is provided on an "as is" basis and the user of this information assumes the entire risk of any use made of this information. Historical data and analysis should not be taken as an indication or guarantee of any future performance analysis, forecast or prediction. The views expressed regarding market and economic trends are those of the author and not necessarily Amundi Asset Management SAS and are subject to change at any time based on market and other conditions, and there can be no assurance that countries, markets or sectors will perform as expected. These views should not be relied upon as investment advice, a security recommendation, or as an indication of trading for any Amundi product. Investment involves risks, including market, political, liquidity and currency risks.

Furthermore, in no event shall any person involved in the production of this document have any liability for any direct, indirect, special, incidental, punitive, consequential (including, without limitation, lost profits) or any other damages.

Date of first use: 2 January 2025.

Document ID: 4125894

Document issued by Amundi Asset Management, "société par actions simplifiée"- SAS with a capital of €1,143,615,555 - Portfolio manager regulated by the AMF under number GP04000036 – Head office: 90-93 boulevard Pasteur – 75015 Paris – France – 437 574 452 RCS Paris – www.amundi.com

Photo credit: ©iStock/Getty Images Plus – MathieuRivrin

Amundi
Investment Solutions

Trust must be earned