

## **Germany: Fund industry is the largest manager of capital for old-age provision**

- **AuM increases to some EUR 1,800 billion**
- **Abolition of the compulsion to annuitise and guarantees is consistent**
- **Insurers shy away from competition with fund savings plans**

Frankfurt – 7 December 2023. The fund industry is the largest manager of capital for old-age provision in Germany. ‘Although citizens so far often provide for their pensions through life insurances or occupational pension, a large part of this capital is eventually managed in funds’, says Thomas Richter, CEO of the German Investment Funds Association BVI. According to a survey of the BVI, members managed EUR 1,780 billion for old-age provision purposes by mid-2023. This is 44 per cent of the AuM of the fund industry of some EUR 4,000 billion. For comparison, the share was 40 per cent at mid-2017. In the meantime, assets for old-age provision purposes grew by more than EUR 600 billion.

‘This shows that funds are the driver of old-age provision. The Focus Group on private Pensions set up by the federal government recognised this and consequently voted by a large majority against compulsory annuitisation and guarantees and in favour of freedom of choice instead. With the demand for mandatory annuities, life insurers are attempting to keep funds as competitors off the market with the help of lawmakers. However, a lack of competition harms savers, who would benefit from flexibility in the payout phase’, says Richter.

The assets managed by fund companies for old-age provision purposes are primarily comprised of endowment life insurances and occupational pension schemes, each amounting to 540 billion euros. Occupational pension schemes include above all direct commitments (EUR 250 billion) and pension funds (EUR 170 billion). Fund companies manage EUR 390 billion for professional pension schemes for medical doctors, pharmacists, and lawyers, for example. Supplementary pensions for federal, state, and municipal employees as well as for the churches account for EUR 160 billion. Conventional and state-subsidised fund savings plans (‘Riester’ and capital-forming savings schemes) account for EUR 140 billion.

**Breakdown of AuM for old-age provision purposes**  
by product in EUR billion

