

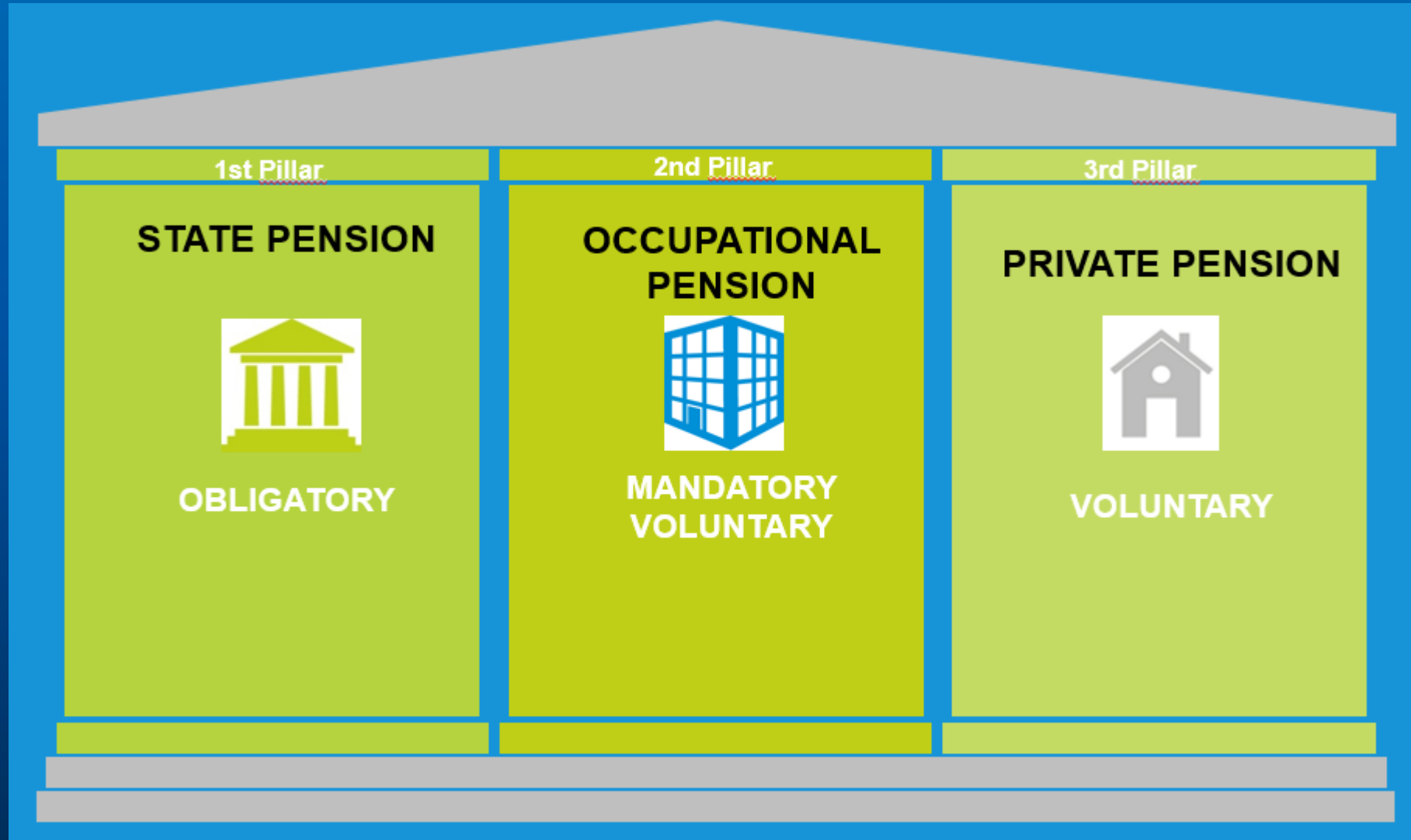
The background of the slide features a photograph of a multi-story building with a light-colored facade and several windows. Two large blue flags with the white 'VBL' logo are flying from tall poles in front of the building. The sky is blue with some white clouds. A blue diagonal graphic element separates the top text from the bottom text.

Country Update Germany on

- Possibilities for and impacts on the national pension schemes following on the federal elections 2021
- Statistics on COVID 19

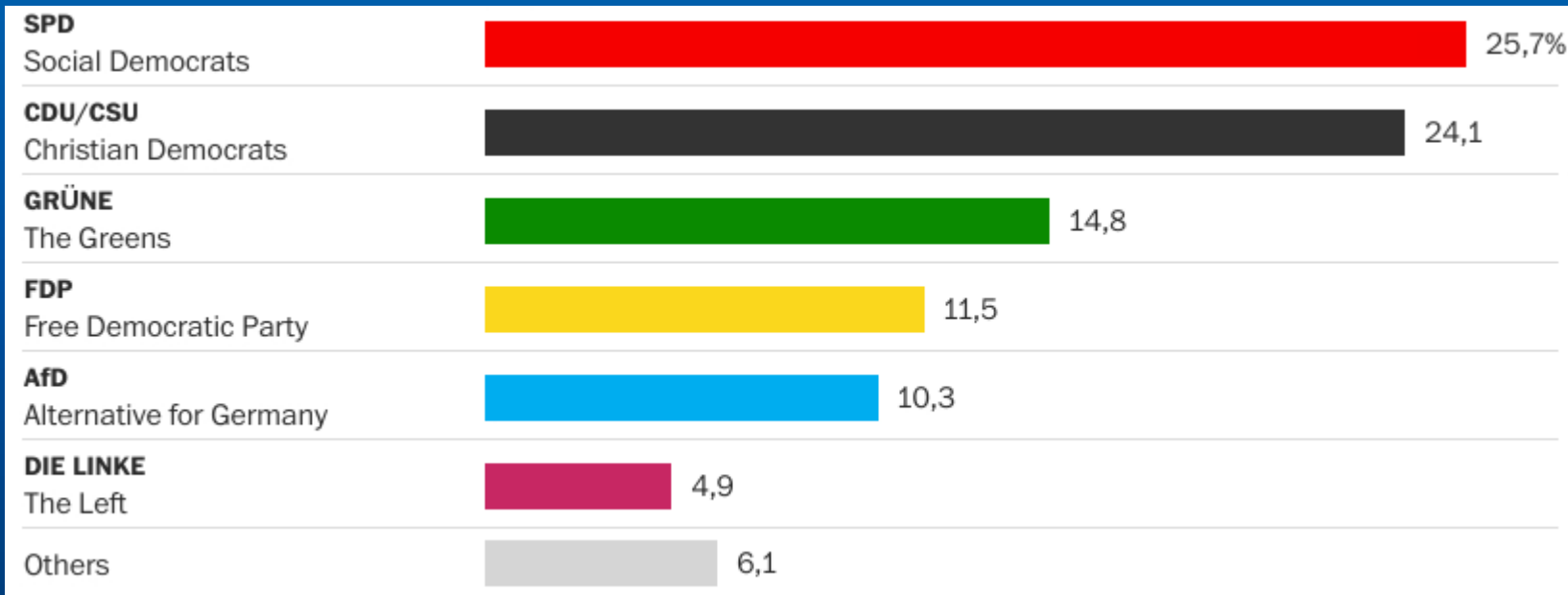
EAPSPI Meeting; section OIM, 28th October 2021

German 3 Pillar Pension Schemes



Results of the German federal election 2021

The German federal election was held on 26th September 2021 with the majority outcome (% of total votes):



Source: German Federal Returning Officer

- 369 out of the 735 seats in the „Bundestag“ are needed for a majority
- The parties have to seek for a possible government coalition
Possible coalitions are:
 - a) The „Traffic light“ coalition (SPD, FDP and Greens), which is at the time being the most probable one and therefore in focus of this presentation
 - b) The „Jamaica“ coalition (CDU, FDP and Greens)

Possible effects on the statutory pension

– 1st Pillar

SPD

- Key statement: Keeping the present state by freezing the paid out replacement rate at a) 48 % (gross average annual employment income) as well as b) the statutory retention age at 67

Greens

- In-line with SPD; additionally:
Introducing: „Bürgerfonds“ – transformation of the statutory pensions into a public managed “citizen insurance” scheme based on ESG-principles to overcome short-term market fluctuations (in a first step intended for self-employed and later for public servants)

FDP

- „Gesetzliche Aktienrente“; based on the Swedish AP7 model: whereas a statutory equity pension still keeping the main contributions as they are, however a smaller part (est. 2% of the net contributions) are invested in stocks

-> A mix of a state guaranteed pension scheme and on over the stock market funded investments

Possible effects on the occupational pension

– 2nd Pillar

-> The needs for funded and subsidised options supplementary in the 2nd & 3rd pillars are acknowledged in the electoral programs by the parties, hereby vaguely formulated:

SPD

- Favours an occupational pension „for the many“; which in fact is a strengthening of the 1st Pillar

Greens

- Incentives for smaller companies to provide an occupational pension
- Introducing: „Bürgerfonds“

FDP

- A higher equity share and „Opt-Out“ clause in occupational pension agreements

Possible effects on the private pension

- 3rd Pillar

-> The needs for funded and subsidised options supplementary in the 2nd & 3rd pillars are acknowledged in the electoral programs by the parties, hereby vaguely formulated: :

SPD

- Favours a new standardised product (inexpensive, digital, cross-boarder, following the Swedish „AP7“ model)

Greens

- Instead of the “Riester-Rente”: the introduction of „Bürgerfonds“

FDP

- Not a clear direction, however higher focus on capital equity; consumer maturity and risks

-> In general an agreement on a replacement of the “Riester-Rente”

Statistics on COVID19 / DE

as per September, 2021

Statistics measured	State per September, 2021	Comment
Unemployment rate (in % related to total civilian labour force) <i>Source: Statistics of German Federal Employment Agency & Statistisches Bundesamt DE</i>	5,4 %	in correlation to September, 2019: 5,0%
Employees on short-time work (in % related to total civilian employed labour force) <i>Source: Statistics of German Federal Employment Agency & Statistisches Bundesamt DE</i>	1,8 %	no equivalent statistics, but a clear reduction towards previous measured period (2019)
National dept <i>Source: Statistics of German Federal Employment Agency & Statistisches Bundesamt DE</i>	2,25 bn €	i.e. within one year, the national dept was increased by 14,4 %; meaning the national dept per capita is 26.141 €
Inflation rate (harmonised index of consumer prices) <i>Source: Statistisches Bundesamt DE</i>	4,1 %	in correlation to September, 2019: 1,2% (highest rate since in 1993 whereas at: 4,3 %)

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Thank you for your attention

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