

Study: Only 7% of young people believe in government retirement provisions

[Back](#)

01.07.2009

- 52% expect “difficulties” to arise in their state pensions
- Young people invest on average EUR 95 / month in private provisioning
- Majority (54%) already feel affected by economic crisis

In contrast to the widespread view that young people are only interested in going out or playing computer games, a current survey shows that Austrian youths are quite interested in their financial security. One possible reason: of the 1,000 young persons interviewed between the ages of 15 and 30, only 7% believe that state pension system is fully secure and will be in place when they reach retirement age. 52% believe that as a minimum “difficulties with state pensions might occur”. This is the result of a representative survey for Austria conducted by GfK in April and May 2009 entitled “Retirement Provisioning among Young People in 2009” on behalf of Sparkassen Versicherung AG Vienna Insurance Group (s Versicherung), Erste Bank and Erste Bank der oesterreichischen Sparkassen.

According to the survey, 58% of young people already have retirement schemes. An impressive 39% have organised their own retirement provisioning and rely less on parents or relatives. In the case of only one-fifth (19%) of persons questioned, retirement plans are taken care of by third parties. “Generally, one could say that the older the person, the greater the tendency to take care of their own retirement provisioning: the share among the 15 to 19-year-olds who are “self-reliant” is only 7%, while among 20 to 24-year-olds, it is 37%; in the case of 25 to 30-year-olds, the share reaches two-thirds,” said Heinz Schuster, Management Board Member of s Versicherung. A percentage of 69% stated that retirement provisioning was one of the most important components of financial security.



[Download \[jpg; 1.1 MB\]](#)

EUR 95 per month for provisioning

The youths interviewed were also willing to pay a substantial sum for their retirement nest egg. Peter Bosek, responsible for Retail Customers at Erste Bank der oesterreichischen Sparkassen: “A secure private pension is worth the substantial amount of EUR 95 per month for provisioning for young people (i.e. around 12% of average monthly disposable income of EUR 768 according to the survey)”. “If another person takes care of the youths, then the average amount per month is EUR 63,” according to the banking expert.

Young people believe their own pensions are doomed

Young people in Austria take a dim view of state retirement provisioning: Even though 61% believe that pensions are fully secured in the coming five to ten years, this assessment dims to 21% for pensions in 10 to 15 years, and only 7% believe that their own pensions are secure. s Versicherungs Management Board Member Heinz Schuster: “Over half (52%) of young Austrian expect difficulties with their own state pensions. It is especially the group of 25 to 30-year-olds who work and have higher incomes that take a particularly pessimistic view of the future.”

Security against risk

The ideal retirement product from the perspective of young people is characterised – what else – by a high level of



[Download \[jpg; 666.3 KB\]](#)

security: capital guarantees, soundness of the institution and the lowest possible investment risk are the main features mentioned in relation to retirement products. However, high quality of the advice before acquiring a product, the availability of the money at any time, high returns and flexibility are also viewed as important.

A product is viewed as optimally flexible if the money is available whenever needed – this is a wish stated by 71% of all youths. A share of 58% would like to have the option of suspending their premium payments in financially tight times and almost just as many (57%) said they would like to pay the premiums in discretionary amounts, meaning that the premium could be reduced or increased as desired, and also with the option to pay in one-time larger amounts.

Main source of information: Parents and bank

Most youths (four out of five) have already informed themselves on the theme of retirement provisioning. Parents

play a key role in providing information: almost every other youth obtained the information desired from parents. This share is higher among younger persons aged 15 to 24 years than among the 25 to 30-year-olds who tend to turn to friends or the Internet to find information. Contacting a bank or an insurance company is the number two option among Austrian youths in general (39%). The Internet (38%) and friends (37%) are also frequently consulted.

EUR 177 are saved per month

On average, a young person in Austria has EUR 768 per month. One-fourth of the persons interviewed have only up to EUR 250 a month. The majority (57%) has monthly income of between EUR 251 and EUR 1,500 at their disposal. “The personal amounts saved are quite amazing. They are around EUR 143 per month on average. If one adds the savings amounts that other persons put aside for the young people, then Austrian youths save an average of EUR 177 per month,” said Mr. Bosek.

Building savings accounts and savings passbooks are popular

According to the survey, the most popular savings and retirement products among young people are building society savings accounts (27%), followed by savings passbooks/savings account (23%) and life insurance (18%). Almost more than half plans to save by putting money into savings passbooks, and one-third wants to open a building society savings account and one-fourth plans to buy a life insurance policy.

Money is spent on leisure-time activities, housing and shopping

Naturally, youths do not only save money for retirement: apart from leisure-time activities (going out, restaurants, cinema, etc.) and their own apartment (each 44%), allowances and income are spent mainly buying everyday things (clothing, care products, etc. at 41%). This is followed by spending on holidays (31%), hobbies (28%), education (26%) and transport (25%).

Economic crisis is not passing by young people

Three-quarters of youths said that they follow the news on the current financial crisis, at least at times. A share of 54% of persons interviewed even feel personally affected by the financial crisis. A lot of youths are therefore attempting to cut their spending or save: Almost every fourth one is more careful about spending on leisure-time activities, 17% are thinking about saving even more money than up to now, and 16% are attempting to save money on everyday things. “What is pleasing is that only every twentieth youth shows the opposite reaction, and is thinking of reducing his or her amounts put aside monthly for retirement or savings,” said Schuster.

Despite the gloomier economic environment, the young people interviewed about their future personal options for retirement provisioning remained optimistic. 48% of the persons interviewed view their personal prospects as bright.

[Back](#)