

## Retirement provisioning trends 2012

05.06.2012

### “Every fifth person scared of needing nursing care!”

Austrians highly appreciate the security and stability of their own country and this is also reflected in their approach to financial matters and retirement provisioning. This is revealed by the new study “Retirement Provisioning Trends 2012” carried out by GfK Austria on behalf of s Versicherung, Erste Bank and Sparkassen.

*“On the whole, people in the Alpine Republic are satisfied with life and believe that a good work-life balance and a secure pension are important. However, we are ill at ease with the more awkward subjects of life,” said Peter Bosek, Member of the Management Board for Retail at Erste Bank Oesterreich and Heinz Schuster, Chairman of the Management Board of s Versicherung, who commissioned the study .*

### Financial provisions are primarily for old age

A share of 82% of Austrians believe that private retirement provisioning is important and understand it to mean putting aside money for financial security in old age. For 65% of persons that are saving for their retirement nest egg, the main goal is to preserve their standard of living, followed by fears that the state pension will not be enough one day (45%). Fear of not being helped by the state is much higher among men than among women, but more men (41%) than women (29%) believe that they will be able to live on their state pension. High-income earners and persons with higher levels of education deal with the topic of their retirement provisions much more often – as expected of this group. But in fact, only 37% of Austrians are putting aside money for their retirement. Interesting to note: more women (40%) than men (34%) are already making personal provisions for later, and more men (35%) than women (25%) take care of the provisions for their own partners.

### Amounts being put aside for retirement still have potential

The average amount of money being put aside for retirement every month sends a clear message: While Austrians would be willing to save up to EUR 183 monthly for themselves, in fact, they are only putting aside EUR 124. The willingness to save money for retirement for partners translates into EUR 144 per month, but in fact, only around EUR 81 are put aside monthly. If there are children in the household, the personal amount put aside for retirement drops considerably to around EUR 105 per month. As regards financial provisioning for partners, men save nearly twice as much money every month as women (EUR 103 vs. EUR 57). Life insurance is viewed as the most important form of long-term provisioning by around one-fourth of the persons interviewed (24%), but the all-time favourite remains the savings passbook account. For 38%, this is the most important form of financial security.

### Satisfied with income and amounts put aside for retirement

When asked about their income, every other Austrian (48%) said they were satisfied and only one-fourth was currently unhappy. A much higher percentage of women (39%) are not satisfied with their income than men (55%). In addition to the differences between the genders, there is also an age disparity: The younger the person interviewed, the less satisfied. In the group of older persons (aged from 49 to 59), 59% are satisfied with their income.

As regards the amount saved, there are differences between the different groups of professions: While salaried employees are satisfied with their savings at a rate of 43%, only 29% of workers claim to be happy. There is a positive correlation between the amount of the income and the satisfaction with the amounts saved: people that earn more are, of course, also able to save more. *“Generally, three monthly salaries should be available as a basic reserve. This covers short-term liquidity bottlenecks,” explained Mr. Bosek.*

A share of 43% of the persons interviewed expressed satisfaction with their retirement provisions, 20% are unhappy and 29% cannot assess the situation. Women are slightly more dissatisfied than men, and young people more dissatisfied than

persons already receiving their pensions.

### **What Austrians want from life**

Important to Austrians is especially a good work-life-balance (60%) and a secure job (53%). Themes like “having interesting things to do” (41%) and “possibility of shaping one’s work environment” (32%) rank only afterwards. Hopes of “becoming rich” (26%) or “being promoted” (24%) are sustained by only around one-fourth of the persons interviewed, with men being more ambitious in both areas than women. If there are children in the household, people are much more focused on security which is expressed by the wish for job security. Younger people show a preference for more independence, exciting tasks and careers.

### **Financial decisions**

Financial decisions are usually taken by the average Austrian alone; this is true for daily consumption goods as well as for private retirement provisions.

Only major purchases are discussed with partners before being acquired. Twice as many women (70%) than men (33%) take daily consumption decisions alone, while men (31%) tend to rely on the initiative of others. In the case of decisions relating to assets, investments and retirement provisions, men are in the lead: 51% of men decide independently, while this is true for only 42% women. Persons that assess the theme of retirement provisioning as important tend to use consulting services and do not reach decisions alone.

### **Taboo: needing nursing care in old age**

Very few think about nursing care in old age even though every fifth person (22%) admits being afraid of this. However, more than half believe that that the topic of nursing care in old age does not concern them, and 51% do not want to deal with the issue at all right now. Men and women think relatively the same in this respect. 30% hope that others will take care of them: 14% named the state, 16% their family. If at all, only half of Austrians (50%) want to be cared for at home and are willing to pay for it, but 58% are not yet putting anything aside for this. Those willing to put aside money for this purpose stated an amount of EUR 25 per month as a contribution to their old age care. The younger the persons interviewed, the lower the amount. Persons with higher education levels would put aside less money for this purpose than persons with less education. *“In contrast to old age provisioning, nursing care is a topic that is hardly discussed in Austria. The risk of needing nursing care in old age is rising as life expectancies rise. We are all living to older ages and want to enjoy our pension and the theme of nursing care does not at all fit in and is denied. More information campaigns are needed in this context. Insurance companies and banks are called on to use their competence to develop financial solutions and make the theme of nursing care topical,” agreed both Mr. Bosek and Mr. Schuster.*

About the study: s Versicherung, Erste Bank and Sparkassen charged the market research institution GfK with an online survey on the trends in retirement provisioning 2012. In May 2012, 1,000 persons responded aged from 15 to 65 to questions on retirement provisioning, products and views. The results are representative for the Austrian population older than 15 years of age.