



Austrian Study Planning for Retirement and 'Pensionskonto Neu':

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Austrians have a quite keen awareness with respect to the need to take financial precautions. Safety and low risk of investments have a far higher priority in this context than strong returns or high yields. Almost every other Austrian plans to adapt his or her approach to retirement provision via the “Pensionskonto Neu” retirement account from June 2014 onward. With immediate effect it is possible to have one’s mobile phone signature activated at all branch offices of Erste Bank und Sparkassen: A legally valid electronic signature, with which one’s retirement account can be inspected as well – 48% of Austrians also want to receive advice regarding their pension gap. This is shown by the recent study “Planning for Retirement and Pensionskonto Neu”, conducted by GfK Austria on behalf of s Insurance, Erste Bank und Sparkassen.

Safety and the availability of funds are especially important for every other respondent

Financial provision has great importance for 81% of Austrians, whereby the percentage for women tends to be larger than for men (women: 83%, men: 79%). With regard to investments, Austrians continue to prefer safe havens: more than half (56%) don't want to take any, resp. only very little risk with their investments. 45% of respondents say that it is very important to them that their money is available at all times. Only every fourth respondent (28%) rates high yields or high returns as an important criterion. While good advice is crucial for every other woman, a capital guarantee is regarded as an essential feature by almost half of all men (47%).

Austrians regard real estate and insurance policies as best retirement provisions

On the question which product is the best suited for retirement provision, 32% of Austrians replied real estate ownership. Private pension plans (14%), government-subsidized pension provisions (11%) and traditional life insurance policies (8%) follow in second to fourth place. However, 15% of Austrians lack the required knowledge about retirement products. Currently Austrians still have faith in the traditional savings book, which remains the most widely used savings product at 72%. Almost every other Austrian (45%) has a traditional life insurance policy. *“Extremely low interest rates on savings are going to be with us for several more years. A savings book is useful for providing short term liquidity, but not for long term pension provision. The key is broad diversification”,* says Peter Bosek, member of the management board of Erste Bank.

Financial cushion could grow by 40 euro per month

On average, Austrians are currently setting aside 154 euro per month for old age provision – approximately 30 euro more compared to 2011. That there remains further potential is shown by the fact that people are prepared to invest an additional 40 euro er month for their personal provision. A comparison of genders shows that men save 20 euro more than women per month, and moreover have the potential to save an additional 50 euro per month to provide for their pension. Why then isn't more money allocated to retirement provision? Almost every other respondent (47%) states that the low interest environment is an obstacle, 30% prefer to spend their money, and one quarter use it to support their children.

Personal pension gap estimated to amount to 600 euro on average

Every other respondent is aware what the pension gap is (48%). Compared to 2011 this percentage has improved: at the time, only 37% were able to correctly identify the term. People estimate their own pension gap to amount to approximately 600 euro – which is 50 euro higher than in 2011. Women estimate it at 544 euro on average, which is

significantly lower than the 659 euro estimate of men. The higher the income, the higher the forecast regarding the expected size of the pension gap. 22% are completely unable to estimate or put a precise figure to their pension gap.

“Austrians are nowadays much better informed on the topic of the pension gap than a mere two years ago”, explains Heinz Schuster, chairman of the board of s Insurance. “However, a massive need to educate people remains. Especially in view of demographic trends, complementary private retirement provision will gain in relevance for young people”.

“Pensionskonto Neu” is going to alter every other respondent's approach to pension provision

The term “Pensionskonto Neu” is already recognized by 6 out of 10 Austrians, and almost every fifth (18%) knows what changes it entails. More than a third (35%) of Austrians however know nothing about the topic yet. Especially among young adults below the age of 29, every other respondent hasn't yet heard anything about “Pensionskonto Neu”. Using “Pensionskonto Neu”, it will in future be possible to calculate one's retirement entitlements with great precision. With regard to this, every other respondent (48%) states that he would alter his approach to retirement provision should the calculation show the pension to be too low. There remains a need to raise awareness among the 19% of Austrians who haven't considered the topic at all yet, because their own retirement is still far in the future. Overall, 48% of Austrians expect their greatest problems in the future will relate to “financial security in old age”.

Since 01 June 2014: retirement account can be accessed via mobile phone signature

The mobile phone signature is a legally valid signature for use on the internet – while more than two thirds (69%) of Austrians know about this, only 18% actually make use of it. Up until now the mobile phone signature could only be activated at certified government offices. Since the beginning of 2014, it is also possible to have it activated at a bank branch office: Every third Austrian (33%) states that he finds this service interesting. However, that the mobile phone signature can also be used to access one's pension account is so far only known to 7% of Austrians. Not only the activation of the mobile phone signature can be carried out at bank branch office: upon a joint review of the retirement account, one's bank adviser can henceforth calculate the pension gap – ever other Austrian states that he intends to make use of advice on the topic. *“Up until now, the pension gap was an impalpable magnitude lying far in the future. Henceforth, one can see in black and white what amount one will have to live from in old age”, says Bosek. “Especially with every other person seeing problems with their financial security in old age, it is time to act and take precautions.”*

About the study: s Insurance, Erste Bank und Sparkassen commissioned the market research institute GfK to conduct an online survey on “Planning for Retirement and Pensionskonto Neu”. In December 2013, 1,000 persons between 15 and 65 years of age gave their replies to the topics of financial provision, retirement provision products, pension gap, retirement account and mobile phone signature. The results are representative for the Austrian population above the age of 15.

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