

# Reallocation of individual pension assets to surviving dependent's pension: a stated preference analysis

"The willingness to reallocate pension assets is highly heterogeneous"

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The Dutch pension system's second pillar allows employees to reallocate old-age pension to surviving dependent's pension within certain fiscal limits. This paper documents the outcomes of a stated preference experiment to measure the reallocation preferences of employees with a partner in the age group 55 to 65 years. This considered five hypothetical allocations ranging from no reallocation (partner only has right to own pension in the first pillar) to complete reallocation (surviving dependent receives same pension income as joint pension when partner still lived).

## Principal Findings

- 35% of all people prefer a 50% reallocation to the surviving dependent's pension after their own death, 33% would prefer less reallocation and 32% more.
- Significant causal factors in the choice for reallocation are contribution to the total family income for retirement across the partners, partner's chance of survival and number of years partner is expected to survive for.
- Men have a significantly stronger preference for reallocation than women.
- Future-oriented, more risk-avoiding and more altruistic individuals have a stronger preference for reallocation too.

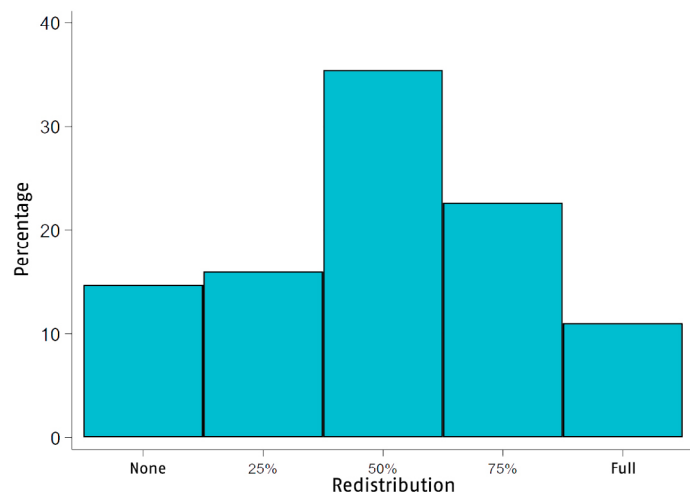


Figure: Distribution of reallocation of individual pension assets to surviving dependent's pension

## Key Takeaways for the Industry

- Communication about surviving dependent's pension options must be improved and should involve the participant's partner, as both partners' economic preferences play a role in reallocation choices.
- A clear choice architecture with transparent products is needed.



**Want to know more?** Read the paper '**Herverdeling van individueel pensioenvermogen naar partnerpensioen: een stated preference-analyse**' (in Dutch)