

Pension provision in the Netherlands, Germany, the United Kingdom and Switzerland: a comparative legal study

“Individual pension provisions have become a vital component in achieving adequate pensions”

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The ageing population of Europe is putting pension systems under pressure. Therefore the European Commission produced a set of recommendations to support Member States in realising pension reforms. This study investigates whether the three-pillar pension systems of the Netherlands, Germany, the United Kingdom and Switzerland result in adequate pensions. It also assesses whether countries that are EU Member States take the European Commission’s recommendations into account more than countries which are not.

Principal Findings

- In all four countries, a statutory pension provision (first pillar) provided by the state forms the basis for the total pension.
- In the second pillar, a shift is taking place from defined benefit (DB) to defined contribution (DC) systems.
- The role of individual pension schemes in the third pillar is increasing in all four countries.
- The third pillar interconnects with the supplementary pension in the Netherlands, the UK and Switzerland.
- Germany has introduced individual pension provisions due to the austere state pension. Therefore, these provisions are quite widely used.

	Nederland	Duitsland	Verenigd Koninkrijk	Zwitserland
Pijler 1	Wettelijke pensioenvoorziening - Algemene ouderdomswet (AOW) - Algemene nabestaandenwet (Anw)	Wettelijke pensioenvoorziening - gesetzliche Rentenversicherung (GRV)	Wettelijke pensioenvoorziening - basic State Pension & Additional State Pension - new State Pension - Inkomensafhankelijke uitkeringen	Wettelijke pensioenvoorziening - Alters- und Hinterlassenenversicherung (AHV) - Invalidenversicherung (IV) - Aanvullende toeslagen
Pijler 2	Aanvullende pensioenvoorziening	Aanvullende pensioenvoorziening - betriebliche Altersversorgung (bAV)	Aanvullende pensioenvoorziening - Workplace pension schemes	Aanvullende pensioenvoorziening - Berufliche Vorsorge (BVG) - Überobligatorium
Pijler 3	Individuele pensioenvoorziening - Lijfrentes	Individuele pensioenvoorziening - Riester Rente - Rürup Rente	Individuele pensioenvoorziening - Stakeholder pensions - Self-invested personal pensions - Group Personal Pensions & Group Stakeholder Pensions	Individuele pensioenvoorziening - Pijler 3a - Pijler 3b

Figure 1: Overview of pension systems in the Netherlands, Germany, the United Kingdom and Switzerland

Key Takeaways for the Industry

- Individual pension provisions have grown in importance in recent decades.
- Countries that are, or were until recently, EU Member States score best when it comes to implementing the European Commission’s recommendations.



Want to know more? Read the paper **‘De pensioenvoorziening in Nederland, Duitsland, het Verenigd Koninkrijk en Zwitserland: een rechtsvergelijkend onderzoek’ (in Dutch)**