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Trust in pension funds

The determinants of general trust in pension funds and the transfer to the trust in one's own pension fund

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 NETSPAR ACADEMIC SERIES

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The determinants of general trust in pension funds and the transfer to the trust in one's own pension fund

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ABSTRACT

This thesis analyses the main factors that make up general trust in pension funds and the trust in one's own pension fund as a renewal of the research done by Gärling et al in 2009, where they found that competence, stability, integrity and benevolence were the most important determinants of trust in pension funds. The main determinants that make up general trust in pension funds in my research are Integrity, Stability and Competence. These main determinants of general trust transfer to the trust in one's own pension fund. Value congruence also has an effect on the trust in pension funds, but this effect is not as large as the effects of integrity, stability and competence.

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1 Introduction

There are many different types of pension systems in the world. Each country has its own type or variation of a certain type of pension system. The Dutch pension system is regarded as one of the best systems in the world. In 2020, it came out on top in the Mercer Global Pension Index (APG 2021). The countries are ranked on how adequate, how sustainable and how honest a pension system is. The Netherlands score very well in all of these objectives. How the Dutch pension system works exactly will be explained in the background section of this thesis.

Gärling et al. (2009): 'Trust is crucial for the functioning of the financial system and society' (p. 30) shows that for the well functioning of the Dutch pension system, a certain base level of trust is necessary. Trust has always been an important concept in pension economics. Gärling et al. (2009): 'Trust is related to the future behavior of persons and institutions ' (p. 30). Because trust has a major influence on the pension economy, it is important to investigate this further.

For this thesis, I will be looking into the four determinants of trust that Gärling et al. [1] explained to be the most important for trust in pension funds out of the six they have researched. These factors are competence, stability, integrity and benevolence. Since this paper by Gärling et al.[1] was published in 2009, a lot has changed in the pension section and therefore also in the trust people have in pension funds. Therefore, I will be running regressions of these determinants on trust with more recent data to see if the 'dissatisfiers' as mentioned by Gärling are still the main determinants that make up trust in pension funds.

The research question for this thesis will be:

When looking at the six determinants of trust in pension funds (competence, stability, integrity, benevolence, transparency, value congruence and reputation), are competence, stability, integrity and benevolence still the most important determinants of trust in pension funds? Do these determinants transfer to the trust in one's own pension fund?

This thesis will contribute two things: First, a more recent look at the most important determinants of trust, using more recent data. Second, a comparison between the effects of the determinants on

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[1]Gärling et al. (2009)

the general trust in pension funds and on the trust in one's own pension fund.

The results from my research find that the most important determinants are Integrity, Stability and Competence, as they have the largest effects on the general trust in pension funds. Value congruence also has an influence in the trust in pension funds, but not as large as the other variables do. Benevolence is not an important determinant of trust in pension funds anymore. The results also find that these main determinants of general trust in pension funds transfers to the trust in one's own pension fund and that this trust does not only depend on the expectation of fulfilment of the pension.

The rest of this thesis will be set up as follows: Section 2 will give some background about the Dutch pension system for this thesis. Section 3 will discuss the existing literature on the subject of trust in pension funds. Section 4 explains the data and method used in this thesis. Section 5 will present and explain the results of my research. Finally, in section 6 I will discuss and conclude my thesis and mention some limitations of this thesis.

2 Background: The Dutch pension system

The Dutch pension system exists of three pillars. The pillars are as follows:

The first pillar is the General Old-Age Pension Act ('AOW: Algemene Ouderdomswet'). This part of the pension is paid by the government through the social insurance bank ('SVB: Sociale Verzekeringsbank'). The pension rights are built up because people who live in the Netherlands pay national insurance(volksverzekering). From this national insurance a part goes to the General Old-Age Pension act. This comes down to 17.9 % of the income a person has. Some of the money also comes from other tax revenues. Everyone that has lived or worked in the Netherlands is entitled to get a public pension. The amount of benefits someone receives depends on several factors. The fact whether someone lives alone or together and whether someone has not lived or worked in the Netherlands for a number of years influence the amount someone receives. The amount is received when the person reaches a certain 'AOW-age'. Trust in pension funds is not as important in this pillar, since this part of the pension is taken care of by the government.

The second pillar is called the contractual supplementary part. The employer and employee pay a certain amount of premium for a pension scheme. The amount is determined in accordance with trade unions. In the Netherlands, someone can have 4 different types of pension contracts of which 3 have immediate contact with pension providers (In the financial compensation contract, pension funds don't necessarily come into play, because the employee can decide for themselves what to do with this extra money.)[2]:

Defined benefits: The employer offers an agreement in which a certain benefit is promised at the retirement age. This type of agreement is used in most of the pension contracts [3]. This type of contract can be found in two different sub-types:

Final pay scheme: The pension is calculated on the basis of the last-earned wage (before the retirement). This type of agreement is used in only a very small number of the defined benefits pension contracts.

Average pay scheme: A set percentage of the salary per year of employment will be payed out at

[2]Pensioenfederatie (2021)
[3]DNB (2021a)

the time of the retirement. This type of agreement is used in most of the defined benefits pension contract [3].

Fixed amount scheme: The pension accrual is a set amount per year, not affected by the salary. It is affected by the amount a person works in a year. The number of pension contracts using this method is very small.

Defined contribution: the employer pays a fixed amount of contributions, but the final pension depends on how well the pension funds perform. This type of agreement is used in a small but significant number of pension contracts. The defined contribution can be found in two sub-types, the fixed pension and the variable pension. In the fixed pension, a lifelong pension is purchased on the retirement date. In the variable pension the pension is bought each year and the remaining buy-in is still invested for years to come. Trust in pension funds is important in this pillar.

In all of the above mentioned types, the premiums go to a financial institution, which can be a pension fund, a bank, an insurer or premium pension institutions.They invest this money into different stocks, bonds and private equity. The pension is paid from the return on these investments. The amount of the pension may depend on the funding ratio of the pension provider.The funding ratio is a measure of how financially healthy a certain pension provider is and shows whether it is capable to provide the pensions [4]. When the funding ratio is below 104%, the pension provider needs to take measures to increase this funding ratio. A healthy pension fund has a funding ratio between 104% and 110%. A funding ratio higher would mean that the pension providers are providing too much pension now, so that in the future, there will be a shortage.

$$\text{Funding ratio} = \frac{\textit{Value of pension fund investments}}{\textit{Value of pension fund obligations}} * 100\% \tag{2.1}$$

The funding ratio is calculated monthly or quarterly as in formula 2.1 and in the last 10 years has been between 89.6% (first quarter 2020) at the lowest and 112% at the highest (second quarter 2014)[5].

The third and last pillar consists of the pension savings. This is the part that can look different for everyone. Possibilities for this are saving in a savings account yourself, investing into the stock

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[4]DNB (2021c)
[5]DNB (2021b)

market or investing in an insurance company, bank or premium pension institution. This money comes from the employees themselves: he determines how much he wants to save or invest. Trust in pension funds in this pillar is not as important as in the second pillar.

A new pension 'contract' was agreed upon in 2019 and from 2020 on wards it will be developed and will be implemented between 2024 and 2026. This new contract ensures that there is more transparency about the contributions that people make to the pension fund. In the coming pension contract it will be more clear what the accrued capital is and the expected pension that goes with it. This helps the pension system become more transparent.For now we still remain in the current pension system where the pension funds are not as transparent yet, since there are only estimations of a worst case scenario, an average scenario and a best case scenario and what amount of pension benefits would go with these scenarios. There is not much knowledge on how much you have accrued till now. This means that the relationship between the employee/investee and the financial institution is based on trust. In the current system, there are some events and changes in the pension system that affect the trust people have in pension funds. These factors can be economic, political or financial-social [6].

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[6]Gerrits et al. (2018)

3   Literature Review

Trust is a very broad term. The Cambridge dictionary (Cambridge 2021) gives the following definition of trust: 'to believe that someone is good and honest and will not harm you, or that something is safe and reliable'. There are different subjects to which trust can be applied. Gärling et al.[1] also give a definition of trust: 'The experience of certainty where no real certainty can exist.'(p.30) They explain this further in the context of trust in institutions by including: 'People who trust a person or institution are confident in predicting the future behavior of that person or institution even though the person or institution is still free to behave in another way than predicted. A definition of trust frequently also includes the criterion that the trusted person or institution will not take advantage of the trusting party.' (p. 30)[1]. In this literature review I will focus on two components of trust in pension funds: the influence of trust on pension decisions and what makes up trust in pension funds. This literature will make clear why it is important to also study what trust in pension funds consists of.

3.1   Effects trust in pension funds on pension decisions

In the past, there has been a lot of research on the effects trust has on the pension decisions people make. Many of the studies conducted have found that there is indeed an effect trust has on the pension decisions. One of the relationships between trust in pension funds and the pension decisions people make was found by Van Dalen and Henkens [7] . They find that 'Pension holders who have a low level of trust in their pension fund are more likely to desire more freedom of choice than pension holders who have a high level of trust.'[7]. From their regressions, they find that the trust does not have a significant effect on all the choice categories and all the domains. In the domains in which the effect of trust can be measured, the trust hypothesis of the paper can't be rejected. This means that when people have more trust in their pension fund, they want to have less freedom of choice. The indifference among people is also smaller with higher trust. Another consequence of trust on pension funds on pension decisions was found by Ricci and Caratelli [8]. Trust in pension funds increases the number of people entering into voluntary pension scheme[8]. In this study there

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[7]Van Dalen and Henkens (2018a)
[8]Ricci and Caratelli (2017)

were several hypotheses of which one was 'Trust in financial institutions is positively related to the decision to enter a supplementary pension scheme'.This effect on trust on the willingness to enter into a supplementary pension scheme could come into play in the third pillar of the Dutch pension system. Even though this situation is about a supplementary pension scheme, it does show that people with higher trust in pension funds would be more willing to pay a premium to a pension provider. A third effect of trust in pension funds on pension decisions was found by Cruijsen et al.[9]. They have found that people with lower trust in pension funds would prefer a lump sum payment over annuity payments.

3.2   Components that make up trust in pension funds

The papers mentioned above show that trust is an important subject within pension economics because of the different consequences it can have on pension decisions people make. The definition of trust as given by Gärling et al [1] is still a very broad definition. This makes it interesting to see what components this trust consists of in order to make it more tangible. Different studies have found different and similar drivers or determinants of trust. In this part of the literature review, some studies will be displayed with the drivers or determinants they have found for trust in pension funds.

Ennew and Sekhon [10] discussed certain key themes that make up trust. 'Trust depends on the existence of risk and the interdependence between actors. Trust is associated with vulnerability. Trust involves confident expectations about future behaviours. Some forms of trust is likely to be inherent in most relationships.'(p. 62) [10] . They have set up six factors that build up trust: Trustworthiness, Benevolence, Integrity, Ability/Expertise, Shared values and Communications. Trustworthiness is describes as the extent to which the financial institution is worth trusting, which is also based on reputation of the financial institution. The benevolence is describes as how much the financial institution cares about the customer's needs. Integrity is the financial institution being honest and that the customer sees them as consistent. Ability/Expertise is describes as whether the financial institutions have the necessary skills. Shared values are the extent to which the values of the customer and the financial institution are alike. Communications is about how the financial

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[9]Cruijsen et al. (2020)
[10]Ennew and Sekhon (2007)

institution communicates with the customer.

Gärling et al. [1] build further from the factors that Ennew and Sekhon [10] have created. They have set up seven different determinants of trust in pension funds based on their research: Competence, Stability, Integrity, Benevolence, Transparency, Value congruence and Reputation. Competence is about the financial knowledge and the ability to communicate with the customer. Stability is about the continuity and solvency. The integrity is about whether the procedures are followed honestly and whether every customer is treated in the same way. Benevolence is looking at the situation from the customer's perspective as well. Transparency is the ability to be open and to make it understandable for customers. Offering the option of less complex products also belongs in this category. Value congruence is where the norms and values of the customer and the provider are alike. Reputation is the positive (or negative) evaluation based on past performance and communication. Competence, Stability, Integrity and Benevolence are called 'dissatisfiers' in this paper, which means that these factors bring the trust from negative to neutral and can't be compensated for by the so called 'satisfiers'. Transparency, Value congruence and Reputation are the 'satisfiers', which means that they bring the trust from neutral to positive.

Van Dalen and Henkens [11] brought the seven determinants back to six drivers of trust in pension funds: Stability, Competence, Integrity, Benevolence, Transparency and social responsibility. Stability is the way that the assets and liabilities are managed to deliver what was initially promised. Competence is the perceived ability of pension providers, which enable the pension provider to offer a high level of service within the domain of pensions. Integrity is 'the trustor's perception that the trustee adheres to a set of principles that the trustor finds acceptable'. Benevolence is the extent to which a trustee is believed to want to do good to the trustor, or who puts the interest of the trustor at least on an equal footing with their own interest. Transparency is defined as the quality by which a trustee reports to and communicates with the trustor. Social responsibility is whether or not a trustee takes social concerns into account when making decisions, and not just their own interests.

Where the previous studies talk about determinants and drivers, Haas et al.[12] talk about themes in

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[11]Van Dalen and Henkens (2018b)
[12]Haas et al. (2018)

which trust can be regained. If those themes are sufficient to regain trust, they should also work to retain trust in pension funds. They discuss 5 different themes that are essential to regaining trust:Open and honest, Guilt-conscious, Reliable, Human and Genuinely helpful. Open and honest is about being open and honest from the start. Guilt-conscious is when errors are accounted for (accountability to participants via communication). Reliable is when the pension funds formulate a clear pension goal and let this guide you. Human is about making the pension administration concrete and make it human. Genuinely helpful is about being genuinely helpful to the customer.

A study that looks at more general factors that can affect trust in pension funds and not just the characteristics of the pension funds is done by Cruijsen et al.[9]. They have found that trust in financial institutions (which includes pension funds) depends on factors that can be put into 5 broad categories(with some examples for each category): Economic factors, Behavior and characteristics of financial institutions (which is the focus of the other papers in this literature review), Consumer characteristics, generalized and broad-scope trust and policy measures and institutional settings. Economic factors: There is a negative relation between unemployment and trust. The trust is low for high inflation expectations(country dependent). A financial crisis causes a decline in trust. Behavior and characteristics of financial institutions: Prudent behavior of the institution has a positive effect on trust. Trust is lower if it is perceived that the institution has had financial problems in recent years. Consumer characteristics: Previous experience with financial institutions affect trust. Financial literacy increases trust up to a certain point. Access to information is also a part of this relation between financial literacy and trust. Political and economic values can have an effect on trust. Sociodemographic characteristics also have effects on trust. Generalized and broad-scope trust:There is a positive relation between generalized trust and trust in financial institutions. There is also a positive relation between broad-scope and narrow-scope trust. Policy measures and institutional setting: Trust depends on policy measures and the institutional setting.

As mentioned by Cruijsen et al.[9], consumer characteristics can also have an influence on the trust people have in pension funds. An example of this is found by Ricci and Caratelli [8]. They find that higher educated people have higher trust in pension funds and lower educated people have less trust in pension funds. The high trust in pension funds for the high educated people is explained by the fact that there is more knowledge of the pension system and the pension funds.

3.3 Broad-scope and narrow-scope trust

When talking about trust in institutions, very often, the distinction is made between broad-scope trust and narrow-scope trust. Hansen[13] defines broad-scope trust as 'the expectation held by the consumer that companies within a certain business type are generally dependable and can be relied on to deliver on their promises' (p. 161)[13]. Sirdeshmukh et al.[14] define narrow-scope trust as 'the expectation held by the consumer that the service provider is dependable and can be relied on to deliver on its promises' This distinction between broad-scope and narrow-scope trust is also made by Cruijsen et al.[9], where they look at the types of trust, the drivers for each type and the effects of those types. They discuss the fact that the broad-scope and narrow-scope trust in pension funds are correlated to some extent, but that this correlation is not perfect. They look at several papers in different fields and summarize the conclusions from these papers on the broad-scope or narrow-scope trust. Three out of the several papers they summarize are about pension funds. From those three papers, they can't find specific determinants that have an effect on both broad-scope and narrow-scope trust in pension funds.

Based on my literature review on the components of trust in pension funds, six out of the seven determinants as mentioned by Gärling et at [1] come forward from other papers as well. The determinant reputation does not come forward in other literature that I have found, so I will disregard this determinant in my research. The Gärling et al[1] was published in 2009 and a lot has happened since. Therefore it is interesting to redo this study with more recent data to see whether the same main determinants emerge or whether time has had an influence on this.

When looking at the available literature on broad-scope and narrow-scope trust in pension funds, I did not find much that discussed narrow-scope trust in pension funds. The paper by Cruijsen et al.[9] discusses only three papers on broad-scope or narrow-scope trust in pension funds, of which one is on the broad-scope trust in pension funds. This means that there is not a lot of literature on the effects of narrow-scope trust in pension funds. This also means that I have not found any literature comparing broad-scope and narrow-scope trust in pension funds. This gives the opportunity to increase the research on this subject. Therefore, I will also be comparing the broad-scope and

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[13]Hansen (2017)

[14]Sirdeshmukh et al. (2002)

narrow-scope of trust in pension funds.

The research question for this thesis will be: **When looking at the six determinants of trust in pension funds (competence, stability, integrity, benevolence, transparency and value congruence), are competence, stability, integrity and benevolence still the most important determinants of trust in pension funds? Do these determinants transfer to the trust in one's own pension fund?**

The first hypothesis for this thesis will be the *hierarchy hypothesis*: **Competence, stability, integrity and benevolence are still the most important determinants of trust in pension funds when looking at all six determinants (competence, stability, integrity, benevolence, transparency and value congruence).**

The second hypothesis for this thesis will be the *transfer hypothesis*: **The main determinants for general trust in pension funds transfers to the trust in one's own pension fund: the main determinants of general trust are also the main determinants for the trust in one's own pension fund.**

4 Data and Methodology

4.1 Data

The data that will be used for the regressions for the trust in pension funds in this thesis is taken from the LISS database (CentERdata 2021). The abbreviation LISS stands for: Longitudinal Internet studies for the Social Sciences. The data-set consists of 5000 households that complete certain surveys. These are more than 7,500 individuals who complete a survey every month. These are households that live in the Netherlands. This matches the scope of the research, since this is also about the Netherlands. It is a very extensive database containing data for many subjects.

The data for this thesis will be taken from the study: 'Langer doorwerken en pensioen': Working longer and retirement, which included 1998 households. The study was done in march 2020. It had a response rate of 81.0% complete responses. The variables can be found in appendix 1 and the questions in appendix 2.

All the variables are ranked, where the trust variables are ranked from 1 to 5, where 1 is No trust, 2 is little trust, 3 is neutral trust, 4 is moderate trust and 5 is High trust. The expectation of fulfilment of the pension was ranked on a scale from 1 to 5, where 1 is very certain, 2 is fairly certain, 3 is neutral, 4 is fairly uncertain and 5 is very uncertain. The characteristics variables are ranked from 1 to 5, as shown in table 4.1.

Table 4.1: Rankings for the different characteristics

Variable	Worst ranking(1)	(2)	Neutral ranking (3)	(4)	Best ranking(5)
Competence	Incompetent	2	3	4	Competent
Stability	Unstable	2	3	4	Stable
Fairness	Unfair	2	3	4	Fair
Customer focus	Focused on self-interest	2	3	4	Focused on interest of customer
Communication	Unclear communication	2	3	4	Clear communication
Social responsibility	Socially irresponsible	2	3	4	Socially responsible

Besides the variables on the trust and the rankings of the characteristics, some control variables will be added to the regression as well. For the control variables groups have been created, since they are categorical variables. The groups are as follows:

Main activity: Employee: Performs paid work as an employee. Retired: Has retired. Not in labor market: a combination of multiple groups that are not taking part in the labor market. This includes, among others, students, job seekers, people that take care of the household and volunteers.The reference group is employee.

Gender: Male and female. The reference group is male.

Age: The groups have been divided by number of people in each group. This leads to the following groups: under 35, between 35 and 55, between 55 and 65 and over 65. For the regressions on the trust in one's own pension fund, there are three groups: under 35, between 35 and 55 and over 55. This because the largest part of the over 65 group is no longer an employee. The reference group for both regressions is under 35.

Education level: Low education: People that have completed primary school or VMBO. Middle education: People that have completed HAVO, VWO or MBO. High education: People that have completed HBO or WO. The reference group is low education.

Married: people that are married. Never married: people that have never been married. No longer married: divorcees and widows/widowers. The reference group is married.

The summary statistics for the variables can be found in table 4.2. There are 1620 observations for the General trust in pension funds variable , the characteristics variables and the control variables. There are 722 observations for the variables Trust in own pension fund and Expectation fulfillment pension, since these survey questions have only been asked to people whose main activity is: Carries out paid work as an employee. The control variables have been divided into the subgroups where the percentage of the group within the total dataset is given and for all the variables the mean value of trust in pension funds and the standard error is given.

Table 4.2: Summary statistics

Variable &Subgroup control variables	Percentage control variables	Mean	Standard error
General trust in pension funds		3.15	0.03
Trust in own pension fund		3.2	0.04
Competence (*Comp*)		3.22	0.02
Stability (*Stab*)		2.87	0.03
Integrity (*Fair*)		3.01	0.02
Benevolence (*Foc*)		2.73	0.03
Transparency (*Comm*)		2.82	0.02
Value congruence (*Soc*)		2.89	0.02
Expectation fulfilment (*EXP*)		3.14	0.03
Main activity (MA)			
Employee	44.44%	3.12	0.04
Retired	25.74%	3.36	0.05
Not in the labor market	29.81%	3.00	0.05
Gender (G)			
Male	47.28%	3.26	0.04
Female	52.72%	3.05	0.03
Age(A)			
Under 35	20.99%	2.99	0.05
Between 35 and 55	26.8%	2.98	0.05
Between 55 and 65	20.62%	3.22	0.06
Over 65	31.6%	3.34	0.05
Education (E)			
Low education	27.1%	2.96	0.05
Middle education	33.77%	3.12	0.04
High education	38.77%	3.31	0.04
Marital status(MS)			
Married	49.2%	3.14	0.04
Never Married	32.72%	3.07	0.04
No longer married	18.09%	3.31	0.06

4.2 Empirical strategy

To be able to calculate the effects the different factors has on the trust in pension funds, I will be using two regressions. There will be regressions on the rankings of the different characteristics on the general trust in pension funds. There will also be regressions on these same characteristics on the trust in the pension fund someone is in. For the trust in one's own pension fund, there will also be a regression on the expectation of the fulfilment of the pension on the trust in one's own pension

fund

4.2.1   General trust in pension funds

Based on my hierarchy hypothesis, the strategy is to regress the six characteristics as mentioned by Gärling et al.[1] (competence, stability, integrity, benevolence, transparency and value congruence).However, the dataset that I will be using does not have data on value congruence, but on social responsibility. Therefore I will assume that people agree with social responsibility and therefore this will qualify as value congruence (possible consequences will be discussed in the limitations section of this thesis). The regression on the different characteristics on the general trust in pension funds can be found in equation 4.1. The control variables(main activity, gender, age, education and marital status) are also added to the equation to minimize exogenous effects.

$$Trust_{\text{General pension funds}} = \beta_0 + \beta_1 * Stab + \beta_3 * Fair + \beta_4 * Comp + \beta_5 * Foc+$$
$$\beta_6 * Comm + \beta_7 * Soc + \beta_8 * MA + \beta_9 * G + \beta_{10} * A + \beta_{11} * E + \beta12 * MS + \epsilon$$

$$(4.1)$$

Where β_i are the coefficients for the effects the different variables have on the outcome variable trust, with i=1...12.
Where ε is the error term

4.2.2   Trust in own pension fund

To be able to test the transfer hypothesis, I will need to run two kinds of regressions. First, I need to regress the characteristics on the trust in one's own pension fund. This regression is of the same kind as the regression of the characteristics on the general trust in pension funds. This regression can be found in equation 4.2. Second, I need to regress the expectation of fulfilment of the pension on the trust in one's own pension fund. This regression can be found in equation 4.3. The reason for these two regressions on the trust in one's own pension funds is to see what the difference in these effects is. Differences in this case are that the intercept is not the same for both regressions, or that

the total effects of the characteristics is different from the effect of the expectation of fulfilment.

$$Trust_{\text{Own pension fund}} = \beta_0 + \beta_1 * Stab + \beta_3 * Fair + \beta_4 * Comp + \beta_5 * Foc +$$
$$\beta_6 * Comm + \beta_7 * Soc + \beta_8 * MA + \beta_9 * G + \beta_{10} * A + \beta_{11} * E + \beta12 * MS + \epsilon$$

(4.2)

$$Trust_{Ownpensionfund} = \beta_0 + \beta_1 EXP + \beta_2 * G + \beta_3 * L + \beta_4 * O + \beta_5 * B + \epsilon \qquad (4.3)$$

Where β_i are the coefficients for the effects the different variables have on the outcome variable trust, with i=1...5

Where ε is the error term

5 Results

5.1 General trust in pension funds

The results from the regressions on general trust in pension funds are shown in table 5.1.

Table 5.1: Results general trust in pension funds

Variable	Control variables	All variables
Main activity (Employee=0)		
Retired	-0.04 (0.11)	-0.05(0.05)
Not in labor market	-0.07 (0.06)	0.05(0.09)
Gender (Male=0)		
Female	-0.18 (0.05)***	-0.04 (0.04)
Age (Under 35=0)		
Between 35 and 55	0.03(0.08)	0.04(0.06)
Between 55 and 65	0.34 (0.09)***	0.21 (0.07)**
Over 65	0.48 (0.12)***	0.26 (0.09)**
Education level (Low=0)		
Middle	0.23 (0.07)***	0.03 (0.05)
High	0.41 (0.07)***	0.07 (0.05)
Marital status (Married =0)		
Never married	0.11 (0.07)	0.08 (0.05)
No longer married	0.12 (0.07).	0.12 (0.05)*
Competence		0.14 (0.03)***
Stability		0.26 (0.03)***
Integrity		0.27 (0.03)***
Benevolence		0.04 (0.03)
Transparency		0.04(0.03)
Value congruence		0.11 (0.03)**
Intercept	2.75(0.10)***	0.46 (0.11)***
Adjusted R-squared	0.06	0.46
Number of observations	1620	1620

Note: The significance levels are: ***: 0.001 (0.1%), **: 0.01(1%), *: 0.05 (5%) .:0.1 (10%). The significance levels for the control variables indicate if they differ significantly from the reference level. The significance levels for the independent variables mean significantly different from 0.

When looking at the subgroups for main activity, you see that the coefficient is the highest for the Employee category: the reference group and the lowest for the 'Not in labor market' group: a negative value of 0.07. The retired group is not statistically significantly different from the reference group. The 'Not in labor market' group is also not statistically significantly different from the reference group. The high trust in pension funds for the employee category could be explained by the fact that they come into contact with the pension funds often. The reason the trust is higher for the employee than for the retired category could be explained by the fact that their livelihoods are not yet dependent on these pension funds. The low trust in pension funds for the 'not in labor market' category could be explained by the fact that they are not building up any pension benefits, since they are not connected to a pension fund. This also means that do not come into contact with pension funds and nowadays the trust in something people don't know is often low.

The gender division shows that trust is higher for male participants: the reference level. The female group has a negative value of 0.18 and is statistically significantly different from the reference level at the 0.01% significance level. This result would show that men are more trusting towards pension funds in general than women.

From the division by age we can see that the trust is the highest in the group of over 65: a positive value of 0.48 and lowest in the group under 35. The group between 35 and 55 is not statistically different from the reference group. The group between 55 and 65 is statistically significantly different from the reference group at the 0.1% significance level. The group over 65 is significantly different from the reference group at the 0.1% significance level. the results of the age contradict the results of the main activity. Most people who are retired in the main activity group are older than 65. However, the trust is highest in the over 65 group, at a quite large value as well. An explanation for the high value could be that this group receives their benefits from the pension funds. The low trust in pension funds in the 'under 35' group could be explained by the fact that the people that fall within this category have only just started their working career and have not been in much contact with pension funds. In the times we live in, the trust in something we don't come into contact with often is lower.

When we look at the division by education level, we can see that the trust is highest in the 'High' group: a positive value of 0.41. The trust is lowest in the 'low' group: the reference level. The

'Middle' group is statistically significantly different from the reference group at the 0.1% significance level. The 'High' group is statistically significantly different from the reference group at the 0.01% significance level. The high trust in pension funds in the 'High' group could be explained by the fact that higher educated people often also have a better understanding of the pension system and therefore of how pension funds work, as also shown by Ricci and Caratelli (2017). The low trust in pension funds in the 'Low' group is explained by the same fact. They have less knowledge of the pension system and pension funds and therefore have a lower trust in them.

The division by marital status shows that the trust is highest in the 'No longer married' group: a positive value of 0.12. The trust is lowest in the 'Married' group: the reference level. The Never married group is not statistically significantly different from the reference group. The no longer married group is statistically significantly different from the reference group at the 10% significance level. The high trust in pension funds for the 'no longer married' group could be explained by the fact that this group also includes widows and widowers. Those people also receive the pension from their spouse. This can increase the trust people have in pension funds. The low trust in pension funds for the 'Married' could be explained by the fact that when people are married, they receive less benefits, which are provided by the pension funds. This might lead to a lower trust level.

When the main variables are added to the regression, the effects of the control variable decrease. The main activity becomes less important for the trust level, since the subgroups are not statistically significantly different from the reference level. The gender also becomes less important, as the coefficient has increased (difference has decreased) and the significance level has decreased. The age has also become less important, since the effects have gotten smaller and the significance levels have also decreased. The education level becomes less important as the effects decrease and the significance levels have also decreased. The marital status becomes a little bit more important since the significance level of the 'No longer married' group has increased.

Competence has a coefficient of 0.14. This means that if the competence ranking were to increase by 1, keeping all other factors the same, the trust in pension funds would increase by 0.14. This is not as big as an affect as stability and integrity are, but it is still significant. This effect is statistically significant at the 0.1% significance level. The effect is not as large as the effects of stability and integrity, but is still one of the main determinants of general trust in pension funds.

Stability has a coefficient of 0.26. This means that when the stability were to increase in ranking by 1, keeping all other factors the same, the trust in pension funds would increase by 0.26 on average, which is quite a large effect. This effect is significant at the 0.1% significance level. The effect is one of the largest effects and is therefore one of the main determinants of general trust in pension funds.

Integrity has a coefficient of 0.27. This means that if the integrity ranking were to increase by 1, keeping all other factors the same, the trust in pension funds would increase by 0.27 on average, which is quite a large effect. This effect is also significant at the 0.1% significance level. This effect is the largest in the row of the main variables, which means it is definitely one of the main determinants of general trust in pension funds.

Benevolence has a coefficient of 0.04. This means that if the benevolence ranking were to increase by 1, keeping all other factors the same, the trust in pension funds would increase by 0.04, which is only a very small effect. This effect is not statistically significant. This means that benevolence is not one of the main determinants of general trust in pension funds.

Transparency has a coefficient of 0.04. This means that if the transparency ranking were to increase by 1, keeping all other factors the same, the trust in pension funds would increase by 0.04, which is only a very small effect. This effect is not statistically significant. Therefore, transparency is also not one of the main determinants of general trust in pension funds.

Value congruence has a coefficient of 0.11. This means that if the value congruence ranking were to increase by 1, keeping all other factors the same, the trust in pension funds would increase by 0.11. Just like competence, this effect is not as large as the effects of stability and integrity, but it is still significant. This effect is significant at the 1% significance level. The effect is not as an important determinant as stability and integrity, but I would still consider it to be a main determinant of general trust in pension funds.

5.2 Trust in own pension fund

5.2.1 Trust in one's own pension fund based on characteristics

The results from the regressions of the characteristics of the pension fund on the trust in the own pension fund are shown in table 5.2.

Table 5.2: Results Trust in own pension fund based on characteristics of pension funds

Variable	Control variables	All variables
Gender (Male=0)		
Female	-0.19(0.07)*	-0.04(0.06)
Age (Under 35=0)		
Between 35 and 55	0.11(0.10)	0.08(0.08)
Over 55	0.41(0.12)***	0.20 (0.09)*
Education level (Low=0)		
Middle	0.14(0.12)	-0.08 (0.09)
High	0.39 (0.11)***	0.05 (0.09)
Marital status (Married =0)		
Never married	-0.00(0.12)	0.02(0.09)
No longer married	0.05(0.09)	0.04(0.07)
Competence		0.19 (0.05) ***
Stability		0.19(0.04)***
Integrity		0.26 (0.05)***
Benevolence		0.03(0.04)
Transparency		0.06 (0.04)
Value congruence		0.15 (0.05)**
Intercept	2.85 (0.15)***	0.54 (0.16)***
Adjusted R-squared	0.04	0.44
Number of observations	720	720

Note: The significance levels are: ***: 0.001 (0.1%), **: 0.01(1%), *: 0.05 (5%) .:0.1 (10%). The significance levels for the control variables indicate if they differ significantly from the reference level. The significance levels for the independent variables mean significantly different from 0.

When looking at the gender division, we can see that the trust is higher for males: the reference group. The female group has a negative value of 0.19. This value is statistically significantly different from the reference group at the 5% significance level.

The division by Age shows that the trust in pension funds is highest in the 'over 55' group: a positive value of 0.39. The trust in pension funds is lowest in the 'under 35' group: the reference level. The group between 35 and 55 is not statistically significantly different from the reference

group. The group over 55 is statistically significantly different from the reference group at the 0.1% significance level. The high trust in their own pension fund for the 'over 55' group could be explained by the fact that those people are the closest towards their retirement. The fact that these people are closer to their retirement may mean that they come into contact with their pension fund more. This increased contact gives opportunity for a higher trust in their own pension fund. The low trust in their own pension fund for the 'under 35' group could be explained by the fact that they have only just started their working career and therefore have not had much contact with pension funds. It is harder to trust something you have not been in contact with a lot, especially in the generation that falls within this age group now.

From the division by education, we can see that the trust in pension funds is highest in the 'High' group: a positive value of 0.39. The trust in pension funds is lowest in the 'Low' group: the reference level. The 'Middle' group is not statistically significantly different from the reference group. The 'High' group is statistically significantly different from the reference group at the 0.1% significance level. The high trust in their own pension fund in the 'High' group could be explained by the fact that higher educated people often also have a better understanding of the pension system and therefore of how pension funds work, as also shown by Ricci and Caratelli [3]. The low trust in their own pension fund in the 'Low' group is explained by the same fact. They have less knowledge of the pension system and pension funds and therefore have a lower trust in them.

The division by marital status shows that the trust in pension funds is highest for the 'No longer married' group: a positive value of 0.05. The trust in pension funds is lowest for the 'Never married' group: a negative value of 0.00 (not-rounded: -0.003639). Neither the 'Never married' group nor the 'No longer married' group are statistically significantly different from the reference group. The high trust in their own pension fund for the 'No longer married' group is explained by the fact that almost half of this group is highly educated, in which the trust in their own pension fund is higher. The low trust in their own pension fund for the 'Never married' group is explained by the fact that most of this group is under 55, in which the trust is also lower.

When the characteristics variables are added, the following happens: The effects of the gender become less important as the effect decreases and the significance level also decreases. The age of the participant becomes less important as well, since the effects become smaller and the significance

levels become smaller as well. The effect of the education level decreases as well. The effect of a middle education level even turns into a negative effect on the trust in one's own pension fund. The significance levels of the education levels also decrease. The marital status is still of little influence on the trust in one's own pension fund.

The competence characteristic has a coefficient of 0.19. This means that if this characteristic were to be ranked 1 point higher, keeping all other factors the same, the trust in one's own pension fund would increase by 0.19. This is not the largest effect on the trust in one's own pension fund, but it is still significant. This effect is statistically significantly different from zero at the 0.1% level. The results show that competence is also one of the more important determinants of the trust in one's own pension fund.

The stability characteristic also has a coefficient of 0.19. This means that if this characteristic were to be ranked 1 point higher, keeping all other factors the same, the trust in one's own pension fund would increase by 0.19. This effect is as large as the competence effect and therefore is also significant. This effect is statistically significantly different from zero at the 0.1% level as well. The results show that stability is also one of the more important determinants of the trust in one's own pension fund.

The integrity characteristic has the coefficient of 0.26. This means that if this characteristic were to increase by 1, keeping all other factors equal, the trust in one's own pension fund would increase by 0.26. The effect is the largest of all the different characteristics I looked into. This effect is statistically significantly different from zero at the 0.1% level. The results show that integrity is the most important determinant of the trust in one's own pension fund.

The benevolence characteristic has a coefficient of 0.03. This means that if this characteristic were to be ranked 1 point higher, keeping all other factors the same, the trust in one's own pension fund would increase by 0.03. This is the smallest of all effects, and it is not statistically significantly different from zero. The results show that benevolence is not one of the important determinants of the trust in one's own pension fund.

The transparency characteristic has a coefficient of 0.06. This means that if the characteristic were to increase by 1, keeping all other factors equal, the trust in one's pension fund would increase by

0.06. This is also a very small effect and it is not statistically significantly different from zero. This result shows that transparency is also not one of the important determinants of the trust in one's own pension fund.

The value congruence characteristic has a coefficient of 0.15. This means that if this characteristic were to be ranked 1 point higher, keeping all other factors equal, the trust in one's own pension fund would increase by 0.15. This effect is in the middle of all the effects on the trust in one's own pension fund. The effect is statistically significantly different from zero at the 1% level. The results show that this is somewhat an important determinant of the trust in one's own pension fund.

5.2.2   Trust in one's own pension fund based on expectation of fulfilment

Table 5.3: Results Trust in own pension fund based on expectation of fulfilment

Variable	Control variables	All variables
Gender (Male=0)		
Female	-0.19(0.07)*	-0.15(0.06)*
Age (Under 35=0)		
Between 35 and 55	0.11(0.10)	0.11(0.08)
Over 55	0.41(0.12)***	0.16 (0.10)
Education level (Low=0)		
Middle	0.14(0.12)	0.08 (0.09)
High	0.39 (0.11)***	0.34 (0.09)***
Marital status (Married =0)		
Never married	-0.00(0.12)	-0.13(0.10)
No longer married	0.05(0.09)	0.02(0.07)
Expectation of fulfilment		-0.65 (0.03) ***
Intercept	2.85 (0.15)***	5.01 (0.16)***
Adjusted R-squared	0.04	0.44
Number of observations	720	720

Note: The significance levels are: ***: 0.001 (0.1%), **: 0.01(1%), *: 0.05 (5%) .:0.1 (10%). The significance levels for the control variables indicate if they differ significantly from the reference level. The significance levels for the independent variables mean significantly different from 0.

The results from the regressions can be found in table 5.3. The regressions on the control variables are the same as in the section on the trust in one's own pension fund based on the characteristics and therefore give the same results. Therefore it is not necessary to explain the effects again.

When adding the expectation of fulfilment variable, the following happens: The importance of gender stays almost the same, as the coefficient does not change much and the significance level

stays the same. The age of the participant becomes less important as the coefficients decrease and the significance levels do as well. The education level stays as important as before, since the coefficients don't change much and neither do the significance levels. The marital status of the participant stays relatively unimportant for the trust in one's own pension fund.

The Expectation variable has a coefficient of -0.65. This means that if the ranking of the expectation were to increase by 1, the trust would decrease by 0.65. The negative effect is explained by the fact that the ranking is set up as such that a higher ranking is a negative effect: a higher ranking is a lower level of certainty that the pension will be fulfilled at that time. This effect is significant at the 0.1% significance level.

5.3 Comparison between general trust in pension funds and the trust in own pension fund

Because there is little literature available on narrow-scope trust in pension funds and I have data on both the broad-scope and narrow-scope trust in pension funds it is interesting to compare the two. First, a graphical representation of the different trust levels for both the general trust in pension funds and the trust in their own pension fund will be shown and discussed. Second, the comparison between the influence of the characteristics on the general trust and the trust in one's own pension fund will be discussed. Third, the comparison between the expectation of fulfilment and the characteristics on the trust in one's own pension fund will be discussed.

5.3.1 Different trust levels

Figure 5.1 shows the different number of participants for each level of trust for both the general trust in pension funds and the trust in their own pension fund.

As visible in figure 5.1, the group that has no general trust in pension funds is statistically significantly larger than the group that has no trust in their own pension fund. The group that has low general trust in pension funds is statistically significantly larger than the group that has low trust in their own pension fund. The group that has neutral trust in their own pension fund is statistically significantly larger than the group that has neutral general trust in pension fund. The group that has moderate trust in their own pension fund is statistically significantly larger than the group that has moderate general trust in pension funds. The group that has high trust in their own pension fund is statistically significantly larger than the group that has high general trust in pension funds.

For the levels 'no trust' and 'low trust' the groups are larger for the general trust. For the levels 'neutral', 'moderate trust' and 'high trust' the groups are larger for the trust in one's own pension fund. This shows that the trust in one's own pension fund is larger than the general trust in pension funds.

Figure 5.1: Comparison between general trust in pension funds and the trust in own pension fund
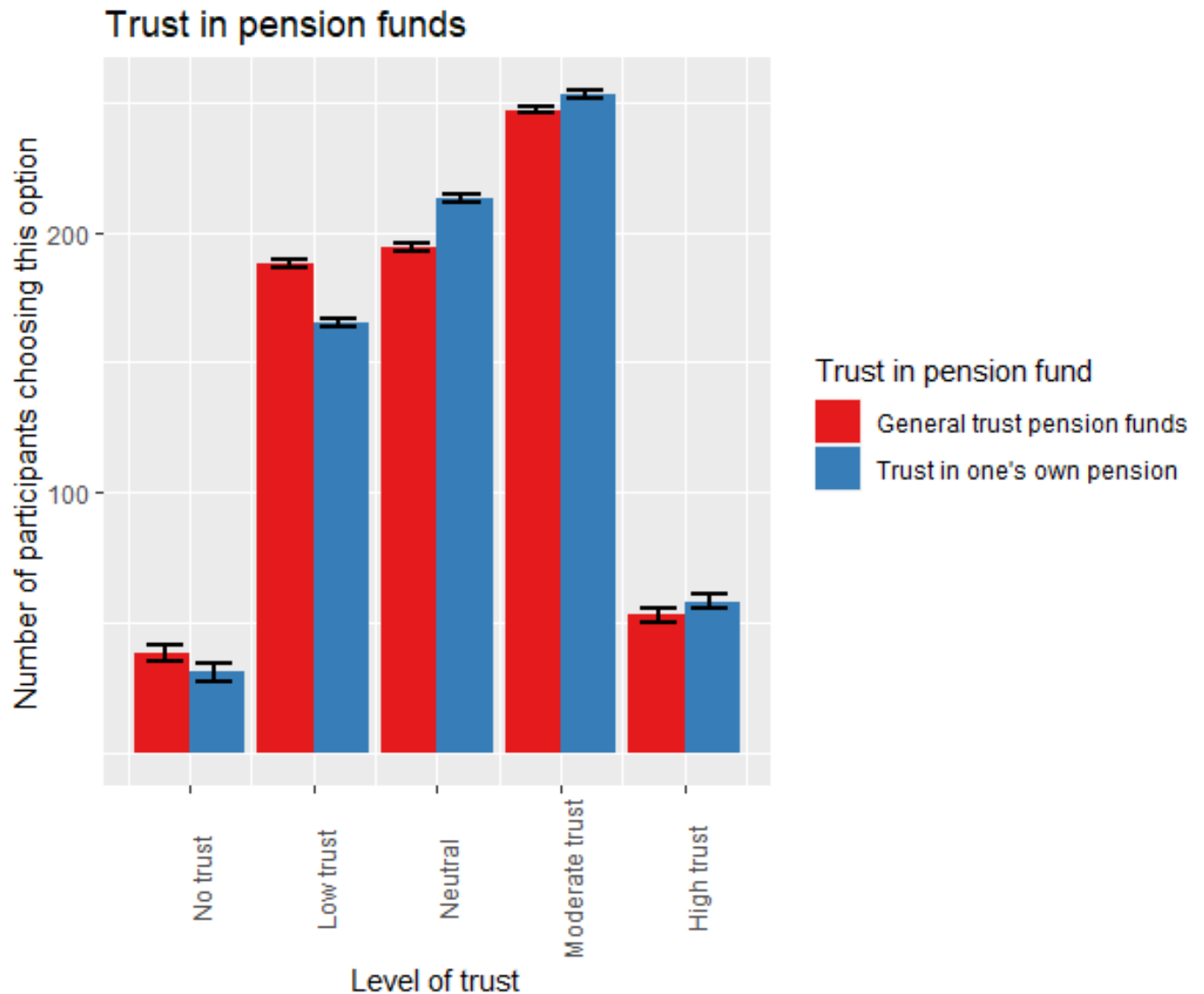
5.3.2 Comparison effects characteristics on general trust and trust in one's own pension fund

For the comparison between the effects of characteristics, it is necessary to compare between the same groups. Therefore within the general trust in pension funds, I have filtered the group for which the main activity is employee, as is the case for the group on which the trust in one's own pension fund is measured. The regressions of the characteristics on the general trust and the trust in one's own pension fund can be found in table 5.4.

Table 5.4: The effects of the characteristics on both the general trust and the trust in one's own fund

Variable	Effect on general pension funds	Effect on own fund
Gender (Male=0)		
Female	-0.15 (0.06)	-0.04 (0.06)
Age (Under 35=0)		
Between 35 and 55	0.11 (0.08)	0.08 (0.08)
Over 55	0.29 (0.09)**	0.20 (0.09)*
Education level (Low=0)		
Middle	-0.07 (0.09)	-0.08 (0.09)
High	0.01 (0.09)	0.05 (0.09)
Marital status (Married =0)		
Never married	0.22 (0.09)	0.02 (0.09)
No longer married	0.09 (0.07)	0.04 (0.07)
Competence	0.14 (0.05)**	0.19 (0.05) ***
Stability	0.30 (0.04)***	0.19 (0.04)***
Integrity	0.32 (0.05)***	0.26 (0.05)***
Benevolence	0.02 (0.04)	0.03 (0.04)
Transparency	0.00 (0.04)	0.06 (0.04)
Value congruence	0.08 (0.05)	0.15 (0.05)**
Intercept	0.42 (0.16)**	0.54 (0.16)***
Adjusted R-squared	0.45	0.44
Number of observations	720	720

Note: The significance levels are: ***: 0.001 (0.1%), **: 0.01(1%), *: 0.05 (5%) .:0.1 (10%). The significance levels for the control variables indicate if they differ significantly from the reference level. The significance levels for the independent variables mean significantly different from 0.

As shown in table 5.4, the relationships between the control variables and the different types of trust are the same in all the cases. The effects can be smaller or larger, but there are no exceptional differences between the effects on the general trust and the trust in one's own pension fund.

When we look at the competence variable, we can see that the effects are very similar on both the general trust and the trust in one's own pension fund. The effects are not statistically significantly different from each other.They are both statistically significantly different from zero at the 0.1% significance level. In this case this means that the effect of competence on the general trust in pension funds transfers to the trust in one's own pension fund.

The stability variable has a larger effect on the general trust in pension funds. The difference between the effects on the general trust and the trust in one's own pension fund is statistically significant at the 1% level. Both are statistically significantly different from zero at the 0.1%

significance level. Therefore the effect of stability on general trust in pension funds transfers partly to the trust in one's own pension fund.

When looking at the integrity variable, this effect is also larger on the general trust in pension funds than on the trust in one's own pension fund. The difference between the effects is not statistically significant. Both effects are statistically significantly different from zero at the 0.1% level. This means that the effect of integrity on the general trust transfers to the trust on one's own pension fund.

The benevolence variable has little effect on both the general trust and the trust in one's own pension fund. The effects are not statistically significantly different from each other and also not statistically significantly different from zero. Since the effect is minor in both cases, the effect of benevolence on the general trust transfers to the trust in one's own pension fund.

When looking at the transparency variable, this effect is larger for the trust in one's own pension fund. The difference between the effects is not statistically significant. The effects are also not statistically significantly different from zero. Since there is almost no effect in both cases, the effect of transparency on the general trust transfers to the trust in one's own pension fund.

The value congruence variable has a larger effect on the trust in one's own pension fund. The effects on the general trust and the trust in one's own pension fund are not statistically significantly different from each other. The effect of value congruence is statistically significantly different from zero in the effect on the trust in one's own pension fund at the 1% level. The effect is not statistically significant for the regression on the general trust. Since the effects are not statistically significantly different from each other, the effect of value congruence on general trust transfers to the trust in one's own pension fund.

The intercepts of the general trust and the trust in one's own pension fund are not statistically significantly different from each other. The intercept of the general trust is statistically significantly different from zero at the 1% level. The intercept of the trust in one's own pension fund is statistically significantly different from zero at the 0.1% level. The fact that the intercepts are also very close together helps the fact that the effects of the characteristics transfer from the general trust to the trust in one's own pension fund. The adjusted R-squared being close together shows that the

model applies well to both, which is also an indicate that the effects of the characteristics transfer.

5.3.3 Comparison effects expectation of fulfilment and characteristics

When comparing the effects of the characteristics on the trust in one's own pension fund and the effect of the expectation of fulfilment, there is no need to filter the dataset, as the data includes all the necessary variables. The results from the regressions can be found in table 5.5. The first column shows the regression of the trust in one's own pension fund on the characteristics and the second column shows the regression of the trust in one's own pension fund on the expectation of fulfilment variable.

Table 5.5: Comparison between the trust in one's pension fund based on characteristics and the expectation of fulfilment

Variable	Effects Characteristics	Effects Expectation fulfilment
Gender (Male=0)		
Female	-0.04 (0.06)	-0.15 (0.06)*
Age (Under 35=0)		
Between 35 and 55	0.08 (0.08)	0.11 (0.08)
Over 55	0.20 (0.09)*	0.16 (0.10)
Education level (Low=0)		
Middle	-0.08 (0.09)	0.08 (0.09)
High	0.05 (0.09)	0.34 (0.09)***
Marital status (Married =0)		
Never married	0.02 (0.09)	0.02 (0.07)
No longer married	0.04 (0.07)	-0.13 (0.10)
Competence	0.19 (0.05) ***	
Stability	0.19 (0.04)***	
Integrity	0.26 (0.05)***	
Benevolence	0.03 (0.04)	
Transparency	0.06 (0.04)	
Value congruence	0.15 (0.05)**	
Expectation fulfilment		-0.65(0.03)***
Intercept	0.54 (0.16)***	5.01 (0.16)***
Adjuster R-squared	0.44	0.37
Number of observations	720	720

Note: The significance levels are: ***: 0.001 (0.1%), **: 0.01(1%), *: 0.05 (5%) .:0.1 (10%). The significance levels for the control variables indicate if they differ significantly from the reference level. The significance levels for the independent variables mean significantly different from 0.

The relation between the control variables and the trust stay the same in most cases, only in the case of 'Middle' education level and the 'No longer married' group the sign shifts. The negative effect of

a middle education level in the characteristics regressions become a positive effect in the regression on the expectation fulfilment. The positive effect of 'No longer married' in the characteristics regressions become a negative effect in the regression on the expectation fulfilment.

The effects of the characteristics are very different from the expectation fulfilment variable. Adding them still does not get the same number (positive however) as the effect of the expectation fulfilment. The intercepts in both cases are also very different and statistically significantly different from each other at the 1% significance level. These results show that there is more to the trust in one's own pension fund than just the expectation of fulfilment.

6   Discussion and Conclusion

The literature shows that trust is an important concept in pension economics, since it can have many influences on pension decisions. It can cause people to desire more freedom in their options (Van Dalen and Henkens 2018a). It can also cause more or less people to opt into voluntary pension funds (Ricci and Caratelli 2017).

The research question for this thesis was: **When looking at the six determinants of trust in pension funds (competence, stability, integrity, benevolence, transparency, value congruence and reputation), are competence, stability, integrity and benevolence still the most important determinants of trust in pension funds? Do these determinants transfer to the trust in one's own pension fund?**

My two hypotheses for this thesis were:

Hierarchy hypothesis: *Competence, stability, integrity and benevolence are still the most important determinants of trust in pension funds when looking at all six determinants (competence, stability, integrity, benevolence, transparency and value congruence).*

Transfer hypothesis: *The main determinants for general trust in pension funds transfers to the trust in one's own pension fund: the main determinants of general trust are also the main determinants for the trust in one's own pension fund.*

In my thesis I used two main regressions to calculate the effects of different factors on trust in pension funds. The first type of regression was the general result and the trust in one's own pension fund regressed on the characteristics of the pension funds and the control variables. The second type of regression was the trust in one's own pension fund regressed on the expectation of fulfilment and the control variables.

The results from my research provide evidence that the hierarchy hypothesis needs to be rejected. The hierarchical order that comes from my research is as follows: 1. Integrity, 2. Stability, 3. Competence, 4. Value congruence, 5. Benevolence, 6. Transparency. The most important determinants are Integrity, Stability and Competence, as they have the largest effects on the general trust in pension funds. Benevolence is not an important determinant of trust in pension funds anymore.

The results from my research do not provide evidence that the transfer hypothesis needs to be rejected. I find that the effects do transfer from the general trust in pension funds to the trust in one's own pension fund at least to a certain extent. The trust in one's own pension fund therefore is not just dependent on the expectation of fulfilment.

Therefore the answer to my research question is as follows: No, competence, stability, integrity and benevolence are not all still important determinants of trust in pension funds. Benevolence is not an important determinant of trust anymore. Yes, the main determinants that come from the general trust on pension funds transfers to the trust in one's own pension fund.

A starting point for future research would be a more elaborate split of general trust in pension funds and trust in one's own pension fund. Confidence in one's own pension fund could also be based on the characteristics of one's own pension fund and then in combination with the expectation variable.

6.1 Limitations

There were also limitations to my research. The first limitation was that there was only cross-sectional data. This makes it difficult to see how the trust in pension funds has changed. The second limitation for me was that there was only data on the trust in their own pension fund for the people that were in the category employee. This subject could have been explored more if there was more data available on this, for example also for retired people's trust in their own pension fund. The third limitation was that there was no data on value congruence in my dataset. Therefore I made the assumption that people agree with social responsibility and therefore this will qualify as value congruence. This could have had an effect on the outcome of the results. Actual data on value congruence could have given different results for this effect on the general trust and the trust in one's own pension fund. A last limitation is that the relationship between the general trust in pension funds and the trust in one's own pension fund works both ways. This means that where I looked at whether the effects of the characteristics transfer from the general trust to the trust in one's own pension fund, it could have also been the case that the trust in one's own pension funds affects the general trust in pension funds more than the other way around.

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Appendices

A Variables used

Independent variables:

Trust Pension funds: The trust people have in pension funds

Trust Own pension fund: The trust people have in their own pension fund

Expectation: The expected certainty of fulfillment of the pension at the pension date

Competence: The ranking of the competence of pension funds

Stability: The ranking of the characteristic stability of pension funds

Integrity (in original dataset fairness): The ranking of the fairness of pension funds

Benevolence (in original dataset customer focus): The ranking of the customer focus of pension funds

Transparency (in original dataset communication): The ranking of the clear communication of pension funds

Soc: The ranking of the social responsibility of pension funds

Control variables:

Occupation: The main occupation of the participant divided into 3 categories.

Gender: A value of 1 or 2 for male and female respectively

Age: The age of the participant divided into 4 categories

Education level: The educational level of the participant divided into 3 categories

Marital status: The marital status of the participant divided into 3 categories.

B   Survey questions

p_belbezig:Read in variable - Main occupation

1 Carries out paid work as an employee

2 Works or is cooperating in a family or family business

3 Is a professional practitioner, freelancer or self-employed person

4 Seeks work after job loss

5 Looking for work for the first time

6 Exempt from job searches after job loss

7 Goes to school or studies

8 Takes care of housekeeping

9 Is retired (early, AOW or VUT)

10 Is (partially) incapacitated for work

11 Carries out unpaid work while retaining benefits

12 Volunteer

13 Does something different

14 Is too young, has no activities yet

V18a: In the Netherlands, pension care is in the hands of various authorities. To what extent do you trust the following authorities in guaranteeing a good pension?
V18a: Pension funds

V19: How much trust do you have in your current pension fund in managing your pension money and rights?

V20: How certain do you think it is that the expectations that your pension fund creates with regard to your pension will actually be fulfilled?

V22a-f: How would you characterize pension funds?
V22a: Unstable(1) 2 3 4 (5) Stable
V22b: Unfair(1) 2 3 4 (5) Fair
V22c: Incompetent(1) 2 3 4 (5) Competent

V22d: Focused on self-interest(1) 2 3 4 (5) Focused on interest of customer

V22e: Unclear communication(1) 2 3 4 (5) Clear communication

V22f: No eye for society(1) 2 3 4 (5)An eye for society