

# The Dutch Pension System in European Perspective - A Comparative Analysis<sup>1</sup>

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June 2025

## **Abstract**

This study compares public perceptions of pension systems across 11 European countries, with a focus on the Netherlands. Drawing on survey data from over 3,000 individuals, we assess perceived system quality, emotional responses, and the role of pensions in life satisfaction. Dutch respondents report notably high levels of trust, fairness, and understanding—closely aligned with professional pension system rankings. The analysis reveals that mixed pension systems with both public and funded components are associated with greater financial security and well-being. These findings highlight the relevance of institutional design for public confidence and societal welfare in ageing Europe.

## **Keywords**

Pension Systems, Subjective Well-Being, Happiness, Financial Security, Institutional Trust,  
Cross-Country Comparison

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<sup>1</sup> This paper presents results of a survey which is used in the paper: Eduard Ponds, Lauren Hwang and Evert Webers: *Pensions and Subjective Wellbeing – A Causal Mediation Analysis for 18 Advanced Countries*, Netspar Academic Paper, [AP 2025\\_014\\_Ponds.pdf](#).

## 1 Introduction

The Dutch pension system is internationally recognized as one of the best in the world. In the annual Mercer CFA ranking of global pension systems, the Netherlands consistently ranks among the top three<sup>2</sup>. Dutch pensions also score highly in the Allianz assessment<sup>3</sup>. These rankings are based on expert evaluations of criteria such as adequacy, sustainability, and integrity.

But how do citizens themselves evaluate their national pension systems? And to what extent do their assessments align with those of professionals?

This report presents findings from a survey conducted among 3,027 individuals across 11 European countries, encompassing both workers and retirees. Respondents were asked to evaluate key aspects of their pension system, report on their emotional responses to pensions, and indicate their level of trust in the system.

A central aim of this study is to examine the link between pensions and life satisfaction. While existing international research highlights factors such as per capita income and interpersonal trust as major drivers of cross-country differences in well-being, we hypothesize that the perceived quality of the pension system also plays a significant role. This hypothesis is tested empirically, including an analysis of which institutional features help explain differences in life satisfaction between countries.

The structure of the report is as follows. We begin by presenting citizens' evaluations of specific dimensions of their national pension system. These are used to construct a Pension Perception Index, modeled on the methodology of Mercer and Allianz, allowing for meaningful cross-country comparison. We then investigate the relationship between pensions and subjective well-being, including the emotional experiences that pensions elicit.

## 2 Research Design and Sample

Between March and April 2024, an online survey was conducted via Dynata among 3,027 Europeans from 11 countries: Belgium, Estonia, Finland, France, Germany, Greece, Ireland, Italy, the Netherlands, Poland, and the United Kingdom. In each country, a representative sample of workers and retirees was assembled, with a minimum of 260 respondents per country. In total, the survey included 807 retirees and 2,219 workers.

The survey included questions grouped into three categories:

1. Perceived quality of the pension system
2. Emotional responses related to pensions
3. Life satisfaction, particularly in relation to pensions

Below is a summary of key descriptive statistics.

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<sup>2</sup> Compare Mercer: [Mercer CFA Institute Global Pension Index 2024](#) .

<sup>3</sup> Compare Allianz: [2025-01-30-Pension-Report.pdf](#).

**Table 1.** Descriptive statistics.

Statistics	Mean	St.Dev.	Min	Max	N
Total					3,026
Working					2,219
Retired					807
Men					1,508
Age	48.9	15.8	18	80	3,026
Education (1-8)	5.18	1.95	1	8	3,026
Income HH (1-12)	4.75	3.07	0	12	3,026
Subjective well-being <sup>4</sup> (1-8)	5.08	1.44	1	8	3,026
Pension contribution to well-being <sup>5</sup>	4.13	1.48	1	7	3,026
Pension assets as % GDP	37.7	42.5	0.9	150.7	11
RR total pension	57.3	14.3	29.3	80.8	11
RR public pension	44.8	19.6	21.7	80.8	11
RR private pension	12.5	14.4	0	45.6	11
RR public / RR total	77.8	23.1	39.3	100.0	11

Note: RR stands for replacement rate

Table 2 presents how workers and retirees in 11 European countries evaluate various aspects of their national pension systems. Scores are standardized per aspect, with the average across all respondents set to 1. Values below 1 (shaded red) indicate below-average evaluations, while values above 1 (shaded green) reflect above-average assessments. The intensity of the shading denotes the degree of deviation from the mean.

Dutch respondents stand out with consistently high scores across all dimensions. Compared to other countries, they are more likely to consider their pension system fair and easy to understand (compare Figure 1). They also express greater confidence in their (future) financial situation and more frequently believe that their pension will be sufficient to maintain their standard of living.

In addition, trust in pension providers is relatively high in the Netherlands. Respondents are more inclined to believe that these providers act in the interest of participants and to rate the information they receive positively. Trust in the government regarding pensions is also notably strong compared to other countries.

These results suggest that the Dutch pension system not only performs well according to expert benchmarks but is also positively evaluated by its own participants.

<sup>4</sup> The question regarding happiness (quality of life) was assessed using a Cantril ladder.

<sup>5</sup> The specific question posed was: "To what extent does your pension contribute to your happiness?"

**Table 2:** Evaluation of pension systems by workers and retirees in 11 European countries (respondents evaluated the pension system of their own country).

Assessment aspects	GRE	EST	ITA	POL	BEL	GER	FRA	UK	FIN	IRE	NED
Trust in the national pension system	0.75	0.88	0.85	0.91	1.00	1.02	1.01	1.10	1.11	1.19	1.20
(Future) financial situation due to pension income	0.82	0.89	0.93	0.91	1.02	1.03	0.96	1.12	0.97	1.12	1.23
Sufficient pension to maintain one's lifestyle	0.87	0.80	0.93	0.95	1.03	1.01	0.96	1.12	0.98	1.14	1.25
Pension providers	0.76	0.83	0.81	1.02	0.99	1.11	0.97	1.13	1.07	1.15	1.17
Trust in the government and the pension system	0.86	0.86	0.83	1.04	0.97	1.11	0.97	1.12	0.93	1.18	1.14
Adequate pension provision for future generations	0.87	0.95	0.82	1.00	0.95	1.00	0.92	1.10	1.03	1.10	1.28
Perceived fairness of the pension system	0.85	0.92	0.85	0.93	0.99	1.00	0.99	1.09	1.02	1.16	1.22
Pension-related information	0.83	0.87	0.86	0.99	0.99	1.08	0.98	1.08	1.15	1.06	1.13
Providers act in the best interests of participants	0.80	0.90	0.86	0.95	1.02	1.10	1.03	1.07	1.09	1.10	1.10
Understanding of the pension system	0.92	0.97	0.88	0.94	1.00	1.02	0.98	1.03	1.01	1.09	1.16
Unweighted average	0.85	0.89	0.86	0.98	0.99	1.06	0.98	1.09	1.04	1.12	1.18

**Note:** Results are based on standardized responses per aspect. Cronbach's alpha exceeds 0.8, indicating high internal consistency across the evaluation items.

### 3 Professionals and Citizens Evaluate Pension Systems in Similar Ways

In the annual pension system rankings published by Mercer and Allianz, the Dutch pension system consistently ranks among the top performers. These professional assessments evaluate national systems across three key dimensions: adequacy, sustainability, and integrity.

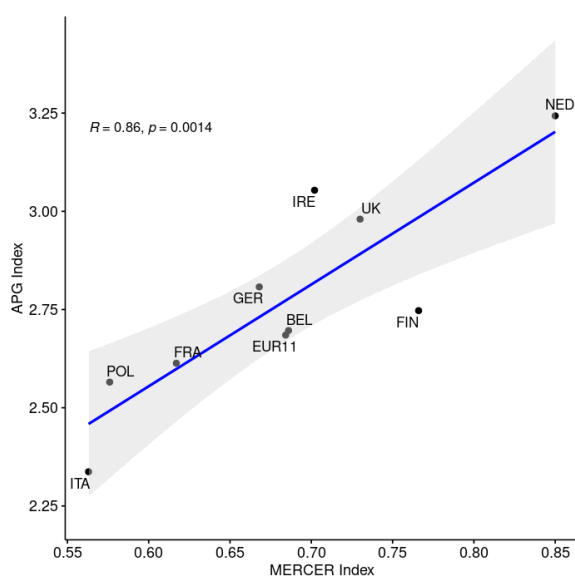
In contrast to these expert evaluations, our study surveyed workers and retirees in 11 European countries, asking them to assess their own national pension systems. Importantly, respondents were asked to evaluate their systems using similar criteria—namely adequacy, sustainability, and integrity—mirroring the framework used by Mercer and Allianz.

The results reveal a remarkable degree of alignment between professional evaluations and public opinion. Pension systems in countries such as the Netherlands, Ireland, and the United Kingdom receive high ratings from both experts and citizens. Conversely, systems in Estonia, Italy, and Greece are consistently rated less favorably by both groups (compare Table 3).

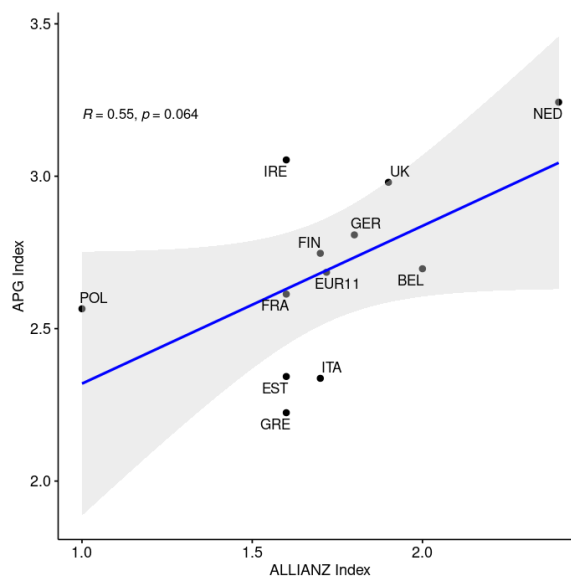
**Table 3:** Evaluation of pension systems by citizens of 11 European countries and professionals of Mercer and Allianz

	Assessment by citizens of various countries APG Index				Assessment by professionals Mercer Index				Assessment by professionals Allianz Index			
	Total	Adequate	Sustainable	Integrity	Total	Adequate	Sustainable	Integrity	Total	Basic	Sustainable	Adequate
NED	3.24	3.38	3.20	3.10	0.85	0.86	0.82	0.83	2.4	2.1	1.6	3.3
IRE	3.05	3.10	3.17	2.87	0.70	0.77	0.54	0.81	1.6	1.8	1.2	2.0
UK	2.98	3.07	3.12	2.73	0.73	0.77	0.63	0.81	1.9	1.5	1.3	2.6
GER	2.81	2.80	3.13	2.49	0.67	0.80	0.45	0.76	1.8	1.1	1.7	2.2
FIN	2.75	2.66	3.06	2.55	0.77	0.77	0.66	0.91	1.7	1.2	1.5	2.1
BEL	2.70	2.81	2.85	2.40	0.69	0.82	0.39	0.88	2.0	1.1	2.0	2.6
FRA	2.61	2.64	2.82	2.37	0.62	0.85	0.41	0.54	1.6	1.1	1.3	2.2
POL	2.57	2.54	2.78	2.38	0.58	0.60	0.45	0.71	1.0	0.5	1.3	1.1
EST	2.34	2.31	2.45	2.28					1.6	1.3	1.9	1.6
ITA	2.34	2.55	2.36	2.04	0.56	0.73	0.24	0.76	1.7	0.3	1.9	2.3
GRE	2.22	2.33	2.22	2.10					1.6	0.0	2.0	2.0

In the figures 1 and 2, we compare our pension index—based on the opinions of citizens in 11 European countries—with the Mercer and Allianz professional indices. The results show a strong correlation between how citizens assess their national pension systems and how professionals evaluate those same systems.



**Figure 1 :** correlation between MERCER pension index and the APG pension index.



**Figure 2:** correlation between ALLIANZ pension index and the APG pension index.

In conclusion, the Dutch pension system is rated exceptionally well on the dimensions of adequacy, sustainability, and integrity—both by professional experts and by Dutch workers and retirees.

#### 4 Higher Happiness Levels in the Netherlands

The well-known saying goes, “*money doesn’t buy happiness.*” This raises the question: could pension income be an exception?

To explore this, we first assessed the overall level of happiness among citizens in various European countries. We then analyzed the extent to which happiness is associated with satisfaction with the pension system.

The majority of Europeans report feeling happy, but there are substantial differences across countries (compare Table 4). Dutch workers and retirees report higher levels of happiness than their counterparts in other European countries.

**Table 4.** Level of happiness reported by European citizens (1 = unhappy; 7 = happy).

Subjective well-being (1-7)	EST	GRE	ITA	FIN	POL	FRA	GER	BEL	UK	IRE	NED
Workers	4.48	4.36	4.52	4.58	4.76	4.68	4.76	4.70	4.75	4.91	5.08
Retirees	4.38	4.51	4.48	4.62	4.53	4.83	4.82	4.92	5.19	5.19	5.37

#### Pensions Contribute to Happiness—Especially Among Retirees

The findings clearly indicate a positive association between having a good pension and feeling happy<sup>6</sup>.

One in three working Europeans affirms that their pension contributes to their sense of happiness when asked directly. However, cross-country variation is substantial. In countries such as Ireland, Finland, and the UK, half of the working population believes that pensions contribute to happiness, whereas in Estonia this share drops to just two in ten.

In the Netherlands, four out of ten workers believe that their future pension contributes positively to their well-being (compare Table 5).

**Table 5:** extent to which pensions contribute to a sense of happiness.

Contribution of pensions to well-being	EST	ITA	POL	GER	GRE	BEL	FRA	NED	IRE	FIN	UK
Workers	3.52	3.69	3.66	3.68	3.83	3.88	4.12	4.17	4.28	4.33	4.24
Retirees	4.28	4.35	4.46	4.46	4.38	4.69	4.88	4.90	4.81	4.79	5.01

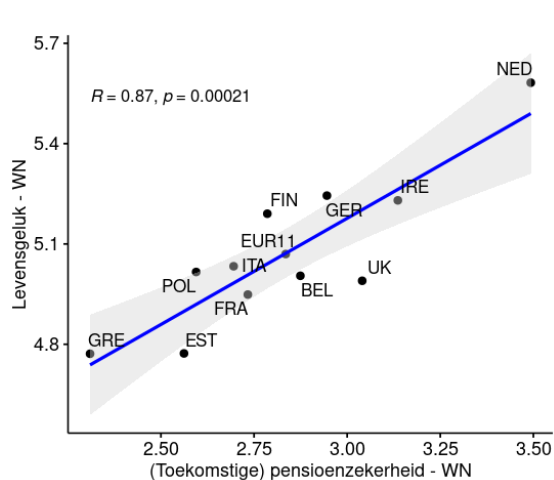
<sup>6</sup> For a more in-depth analysis of how pensions contribute to well-being, we refer to the article “Wellbeing and Pension Institutions” by Ponds, Hwang, and Webers (2025). This article draws in part on the same survey of workers and retirees across 11 European countries that forms the foundation of the present report. It also explores the extent to which cross-country differences in happiness can be explained by differences in national pension systems.

Among retirees, pensions understandably contribute more frequently to a sense of happiness. Six out of ten retirees report that their pension makes them feel happier. The differences between countries are less pronounced for retirees than they are for workers. Dutch retirees are the most likely to report that their pension contributes to their happiness, with seven out of ten expressing this view (compare Table 5).

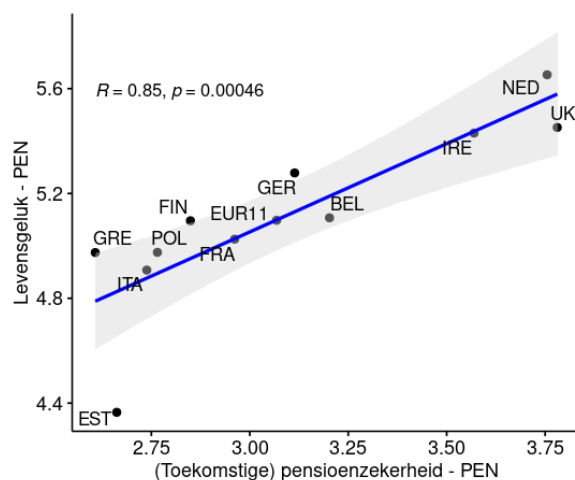
## 5 Good Pensions and Happiness Go Hand in Hand

Now that most Europeans report being happy—albeit with significant variation across countries—we examined the extent to which this variation is associated with satisfaction with national pension systems.

There is a clear positive relationship between the confidence that European workers have in their financial situation after retirement and their reported level of happiness (compare Figure 3). This relationship is even stronger among retirees, with the notable exception of Estonia (compare Figure 4).



**Figure 3 :** relationship between workers' confidence in their financial situation after retirement (1-5) and the extent to which they report feeling happy (1-7).



**Figure 4:** Relationship between retirees' confidence in their financial situation (1-5) and the extent to which they report feeling happy (1-7)

## 6 Potential Explanation for the Link Between Pensions and Well-Being

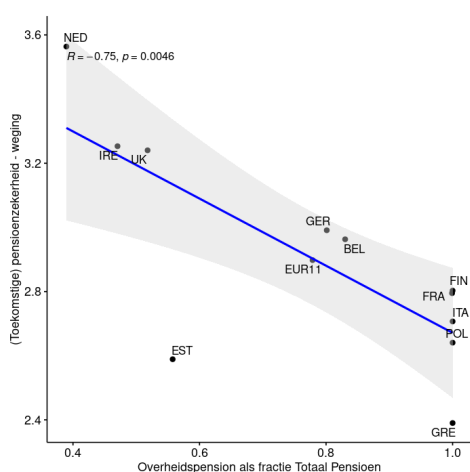
The previous sections revealed a clear association between perceived financial security in old age and overall life satisfaction. But what factors contribute to individuals feeling financially secure about their pension income?

One explanation lies in the institutional design of national pension systems—specifically, the relative roles of the public and private sectors in pension provision, and the way pensions are financed.

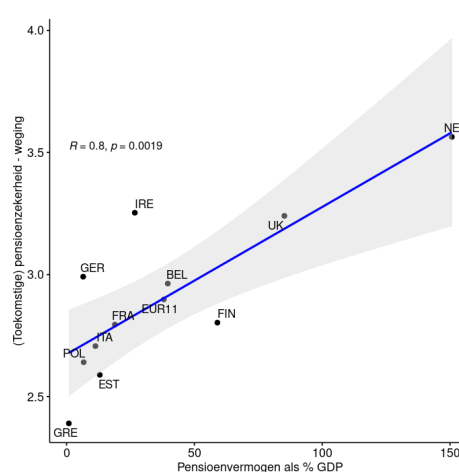
Figure 5 illustrates the relationship between perceived pension security (vertical axis) and the extent to which total pension provision is delivered by the public sector. The remaining share is provided by private sector institutions, particularly occupational pensions administered by pension funds and other providers. In a few countries, such as France, Greece, and Italy, pensions are largely organized through the public sector. In others, including the Netherlands, the UK, and Ireland, private institutions play a much larger role.

This distinction between public and private provision also implies a fundamental difference in how pensions are financed. Private sector pensions are funded—based on capital accumulation—whereas public pensions typically operate on a pay-as-you-go basis.

Figure 6 plots perceived pension security against pension savings, measured as pension assets as a percentage of GDP, across the 11 countries. The results show a strong positive relationship: higher levels of pension savings are associated with greater perceived pension security.



**Figure 5 :** relationship between the extent to which the total pension is provided by the government and perceived pension security



**Figure 6:** relationship between pension savings (pension assets as a percentage of GDP) and perceived pension security

Due to population ageing in the coming decades, the sustainability of pay-as-you-go pension promises has become highly uncertain. This uncertainty is, consciously or unconsciously, perceived by the public and negatively affects their life satisfaction.



One explanation for this is uncertainty aversion: the discomfort most people experience when faced with ambiguity and outcomes that are uncertain. Uncertainty about one’s (future) financial situation can lead to rumination, negative emotions, and a decline in overall well-being.

This mechanism may help explain why, in countries with potentially unstable pay-as-you-go pension systems—such as France, Greece, and Italy—there is greater emotional negativity surrounding pensions and a lower sense of control over one’s retirement situation (compare Table 5).

By contrast, in countries with more secure, funded pension systems—such as the UK, Ireland, and the Netherlands—pensions tend to evoke more positive emotions and a stronger sense of being “in control” when thinking about retirement.

**Table 5:** Emotions triggered by the thought of pensions.

	GRE	EST	ITA	POL	BEL	GER	FRA	UK	FIN	IRE	NED
<b>Emotions about pensions</b>											
Happiness	0.91	0.72	1.06	0.89	1.00	0.97	0.99	1.08	1.04	1.10	1.16
Calmness	0.90	0.79	1.02	0.92	0.99	1.03	0.98	1.11	1.05	1.02	1.23
Control	0.94	0.88	0.96	0.95	0.89	1.14	0.90	1.12	1.08	1.06	1.09
Unweighted average	0.92	0.79	1.01	0.92	0.96	1.04	0.96	1.10	1.05	1.06	1.16

## 7 Final Reflections and Policy Implications

This study has examined how citizens across 11 European countries perceive their national pension systems and how these perceptions relate to trust, emotional responses, and overall life satisfaction. While expert rankings frequently place the Dutch pension system at the top, this analysis shows that citizens themselves also rate it highly—particularly in terms of fairness, comprehensibility, and trust in both providers and government.

Importantly, the findings underscore that pensions are more than just a financial arrangement—they carry emotional weight and shape individuals’ sense of security and well-being. Public confidence in pension institutions and perceived adequacy of future benefits are key drivers of this sentiment.

The empirical evidence further suggests that pension system design matters for life satisfaction. Countries that combine perceived adequacy, institutional trust, and clear communication tend to score higher in subjective well-being.

As Europe faces demographic ageing and pension reforms, understanding public sentiment and emotional responses to pensions becomes increasingly relevant. This study highlights the value of integrating both expert assessments and citizen perspectives in shaping resilient and socially accepted pension systems.