

The demand for retirement products: the role of withdrawal flexibility and administrative burden

“Current pension products not flexible enough for many of the self-employed”

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About 40% of the self-employed in the Netherlands save too little for their retirement. Currently, they are more likely to invest in a house or put money aside in flexible savings than invest in a pension product. 48% of the self-employed don't know how to calculate their annual contribution limit, which can deter the self-employed from investing in pension products. Could offering the self-employed pension products with a greater withdrawal flexibility and lower administrative burden encourage them to save more for their retirement?

Principal Findings

- The self-employed are willing to give up 8% of post-retirement benefit for a lower administrative burden.
- They are also willing to give up 14% so they can withdraw money in the event of low income or for mortgage payments.
- Employees, however, are willing to give up just 4% for flexible retirement products and are not willing to pay for a lower administrative burden.

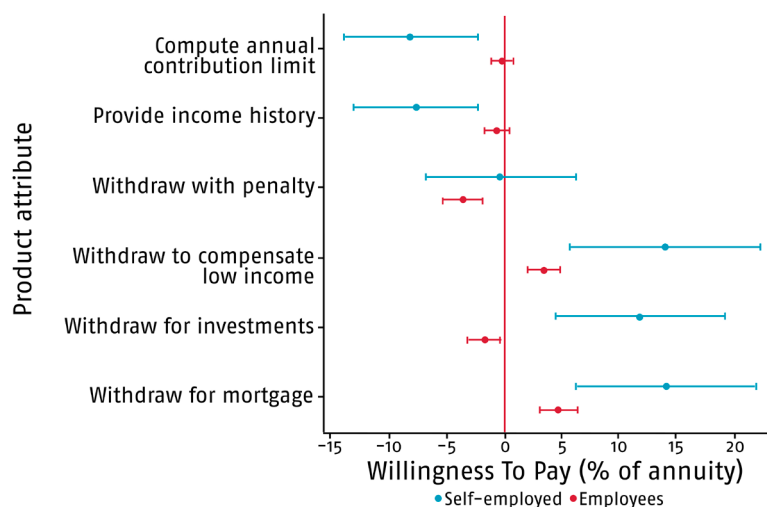


Figure: Willingness to pay for a lower administrative burden and more flexibility

Key Takeaways for the Industry

- Demand for the fiscally attractive pension products with increased withdrawal flexibility and reduced administrative burden is higher for the self-employed than employees.
- Abolishing the need to provide financial information to purchase annuities below a given threshold may boost the pension savings of the self-employed and lower-income workers in particular.



Want to know more? Read the paper **'The Demand for Retirement Products: The Role of Withdrawal Flexibility and Administrative Burden'**