

2012 State Street European Pension Study

Country Profiles

December 2012

This presentation features data from the 2012 State Street European Pension Study conducted by the Economist Intelligence Unit.



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Economist Intelligence Unit

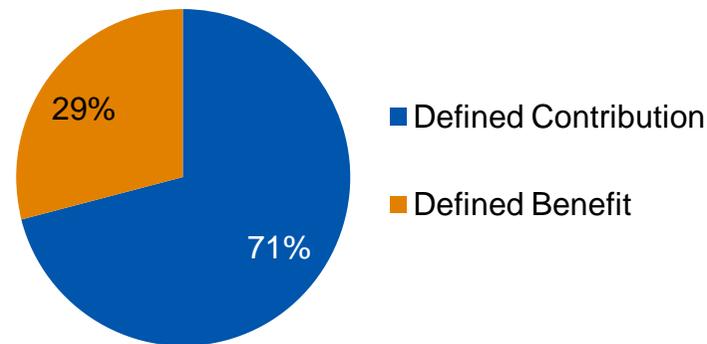
The Economist

2012 State Street European Pension Study

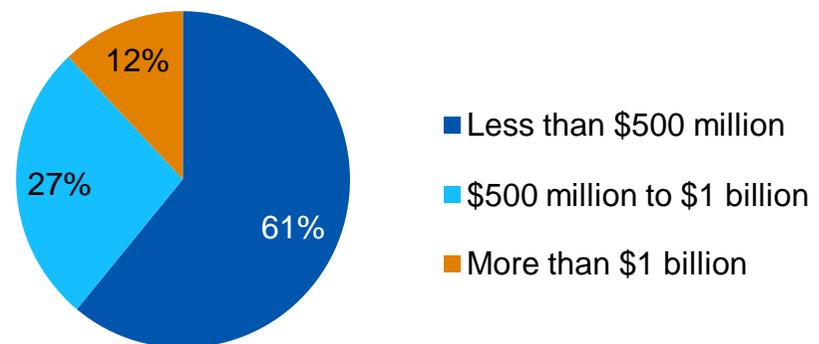
About the Research

- This study, sponsored by State Street and conducted by the Economist Intelligence Unit, examines key trends within the European pension industry.
- An online survey was fielded during October 2012 and garnered a total of 150 valid responses, with 25 from each of the following markets:
 - Germany
 - Italy
 - Netherlands
 - Switzerland
 - UK
 - Nordics
- One-quarter of respondents were multinational pensions, while the remainder operate in a single market.

Respondents by Type



Respondents by Investable Assets



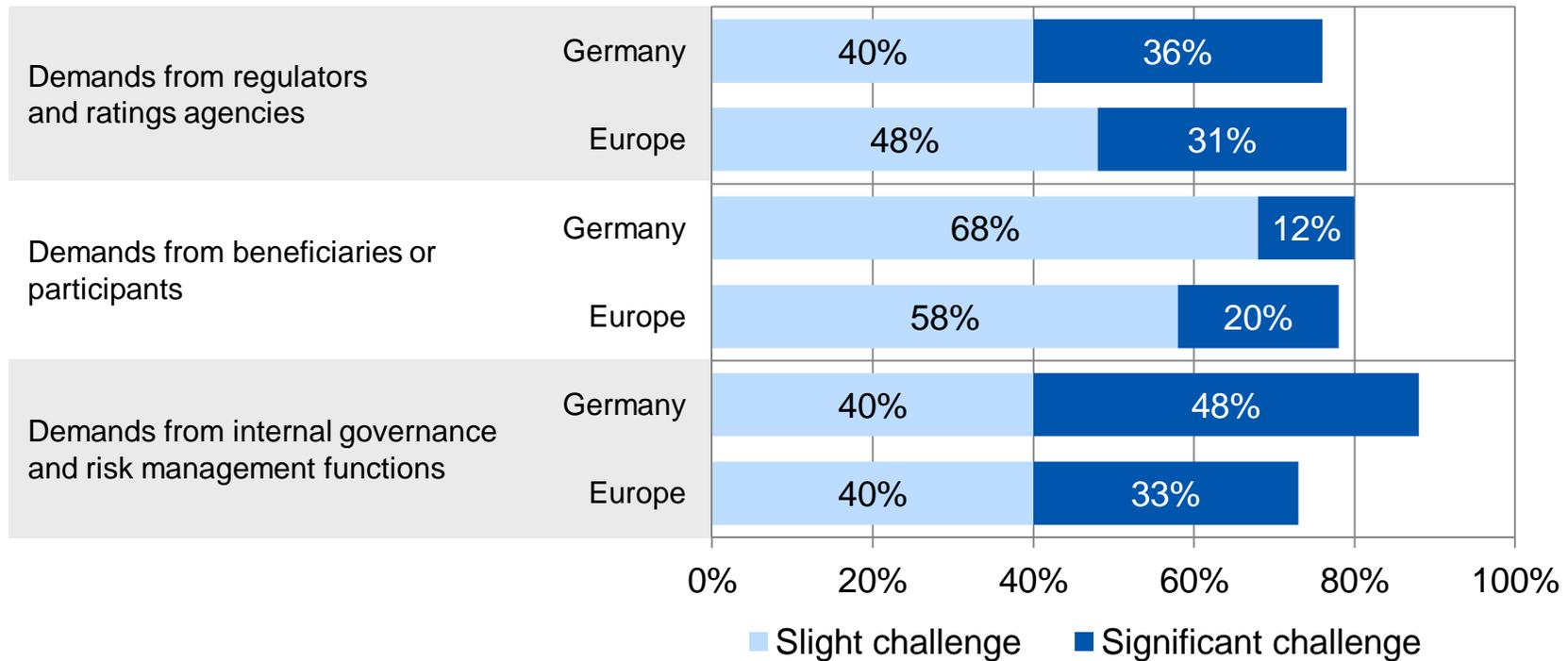


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Germany

Germany: Challenging Demands from Multiple Stakeholders

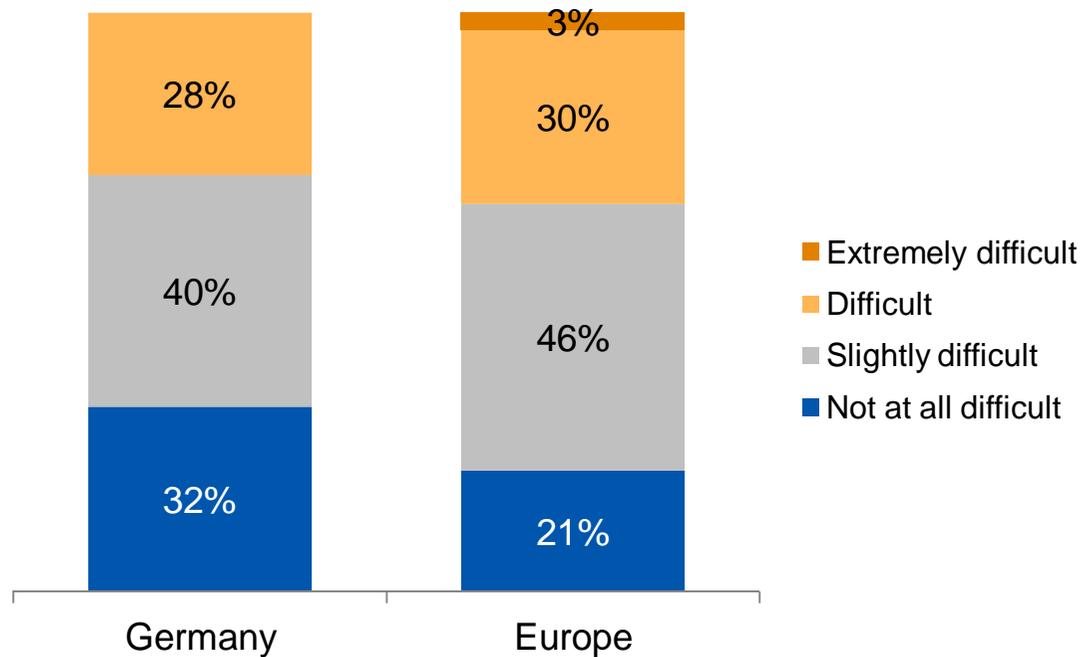
Internal governance and risk management make greatest demands, even more than regulation



Germany: Regulation

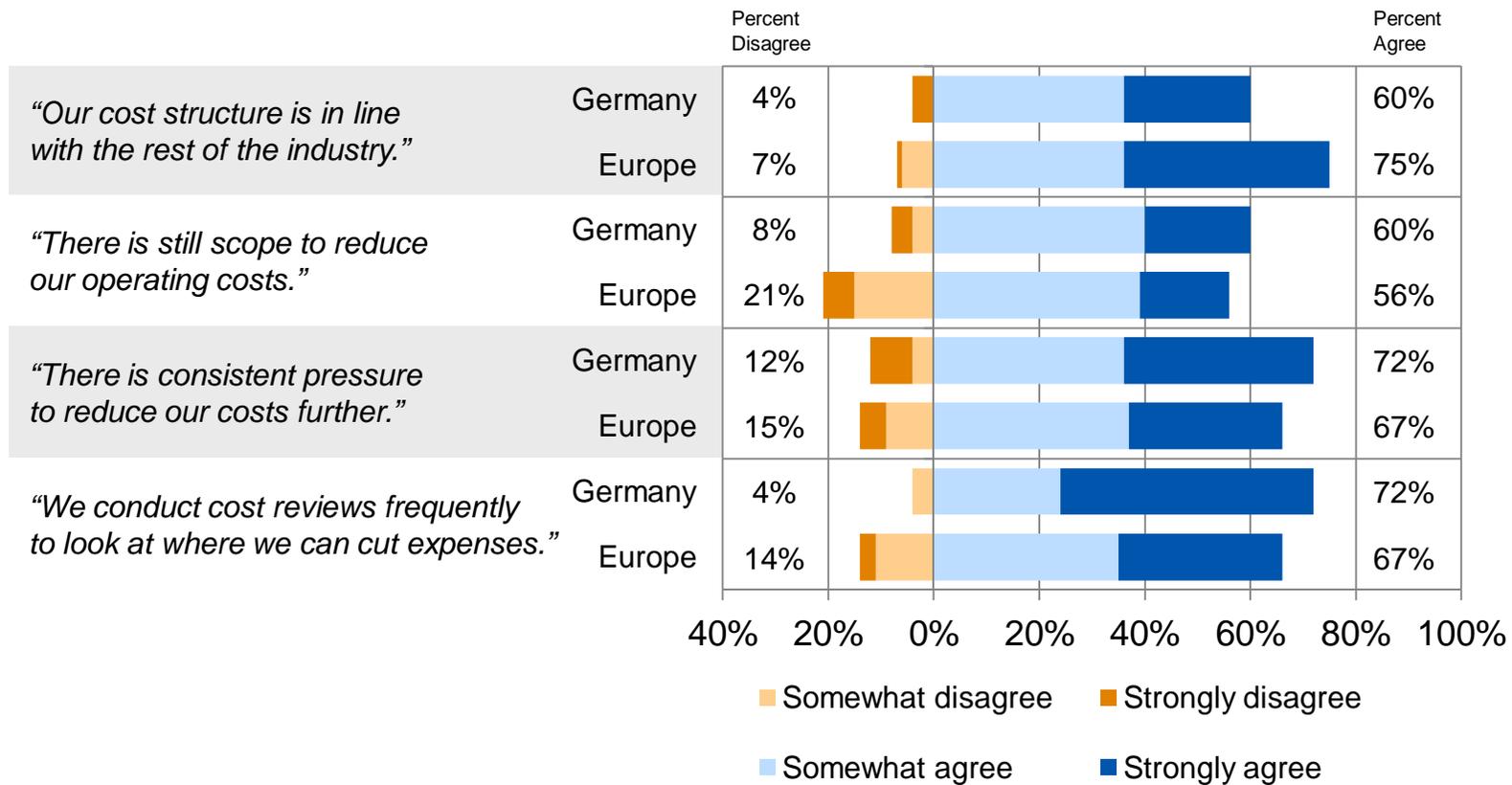
While German funds are less challenged than their European peers in keeping pace with regulatory change, two-thirds still experience some difficulty

Since the financial crisis, how difficult has it been to keep pace with the regulatory developments applicable to your market(s)?



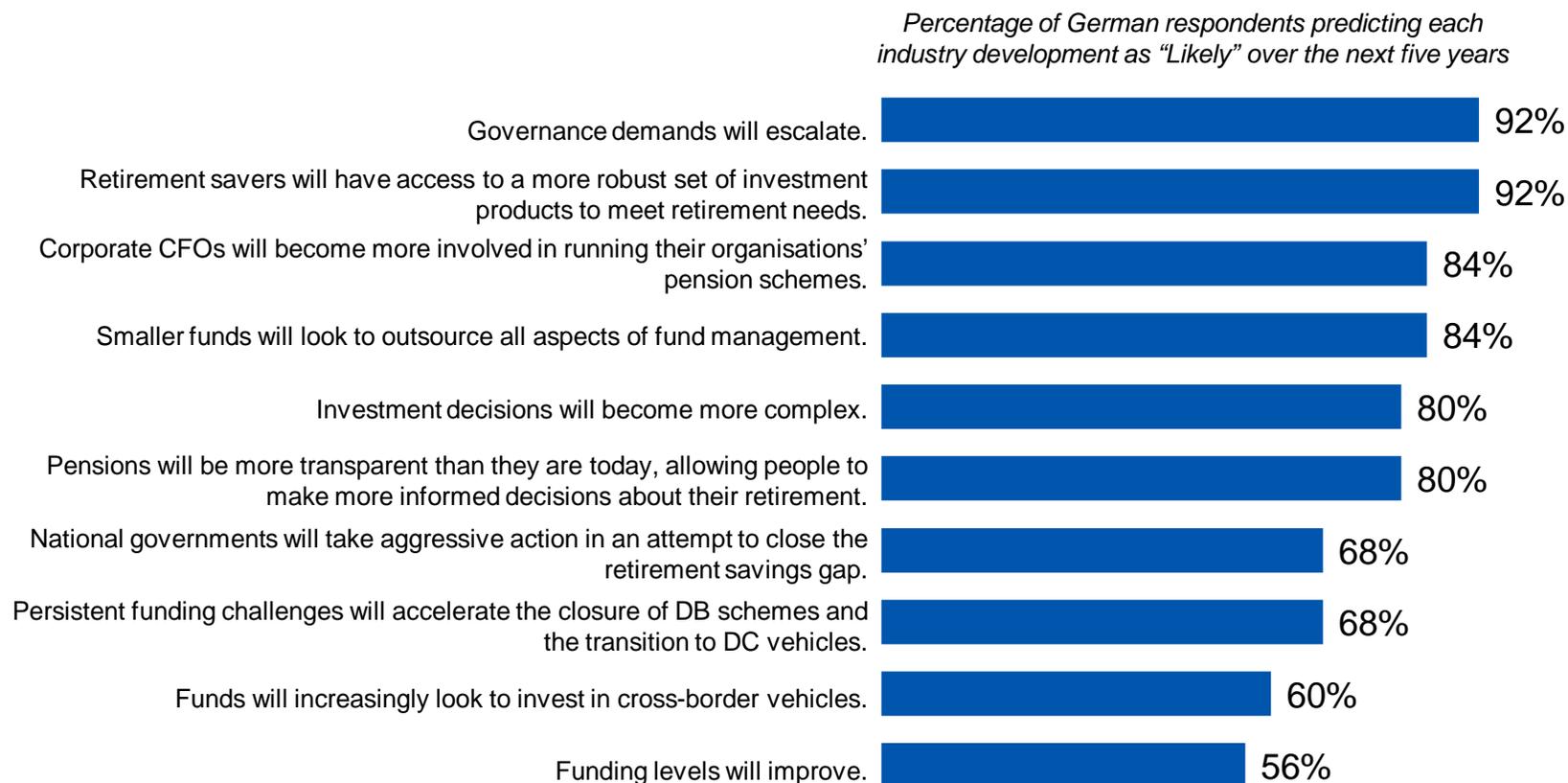
Germany: Pension Costs

72 percent of German pension funds report they face consistent pressure to reduce costs



Germany: Looking to the Future – 10 Predictions

German pension funds predict increasing governance demands, as product ranges expand



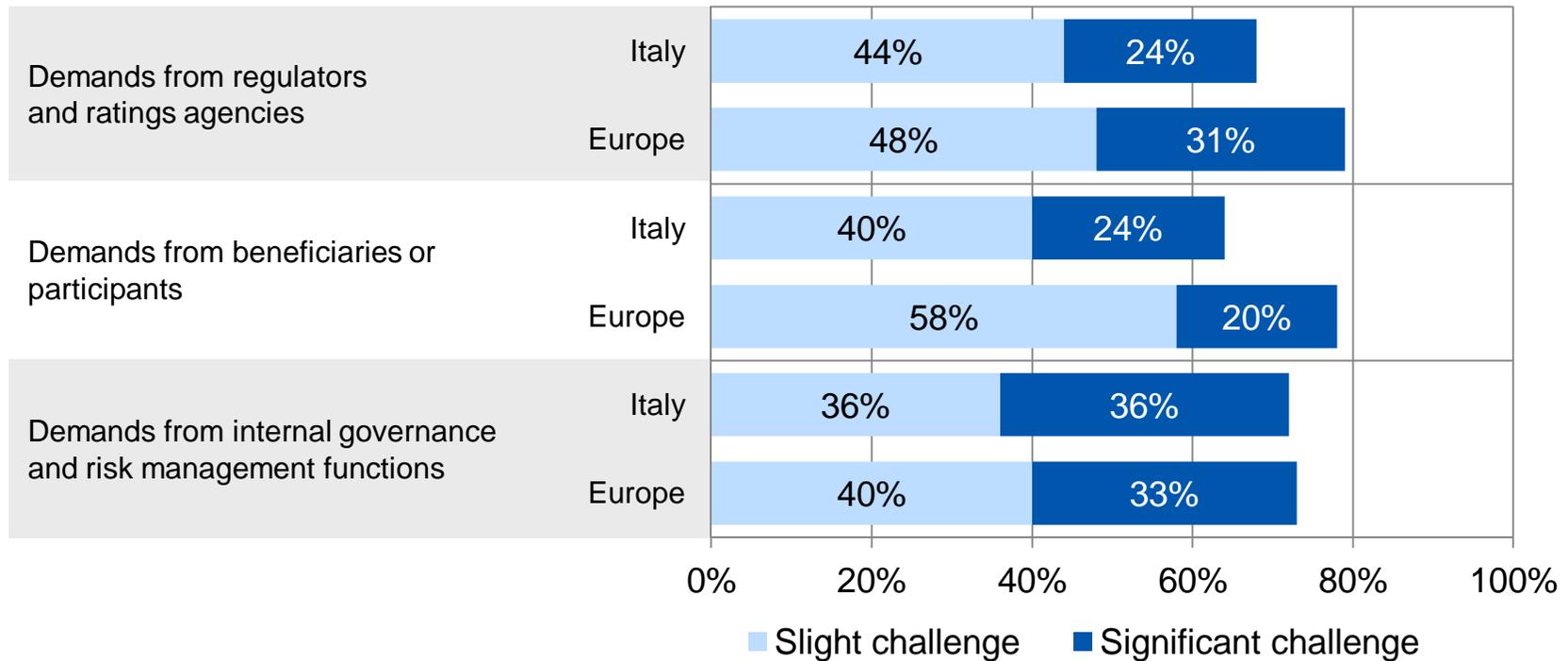


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Italy

Italy: Challenging Demands from Multiple Stakeholders

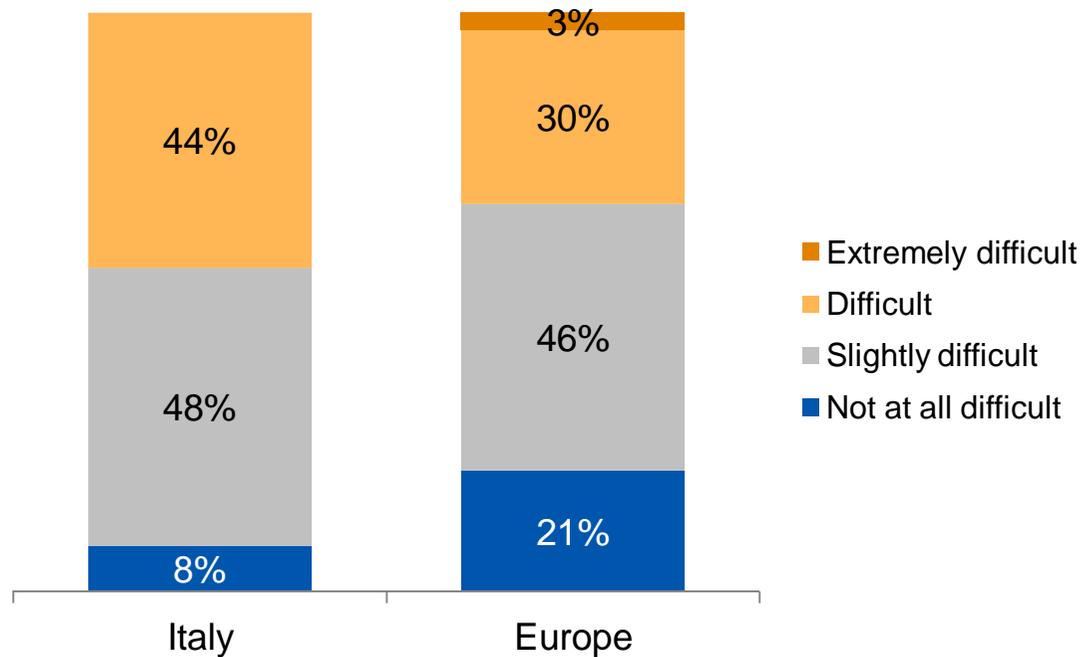
Italian pension funds see internal governance and risk management as key challenges



Italy: Regulation

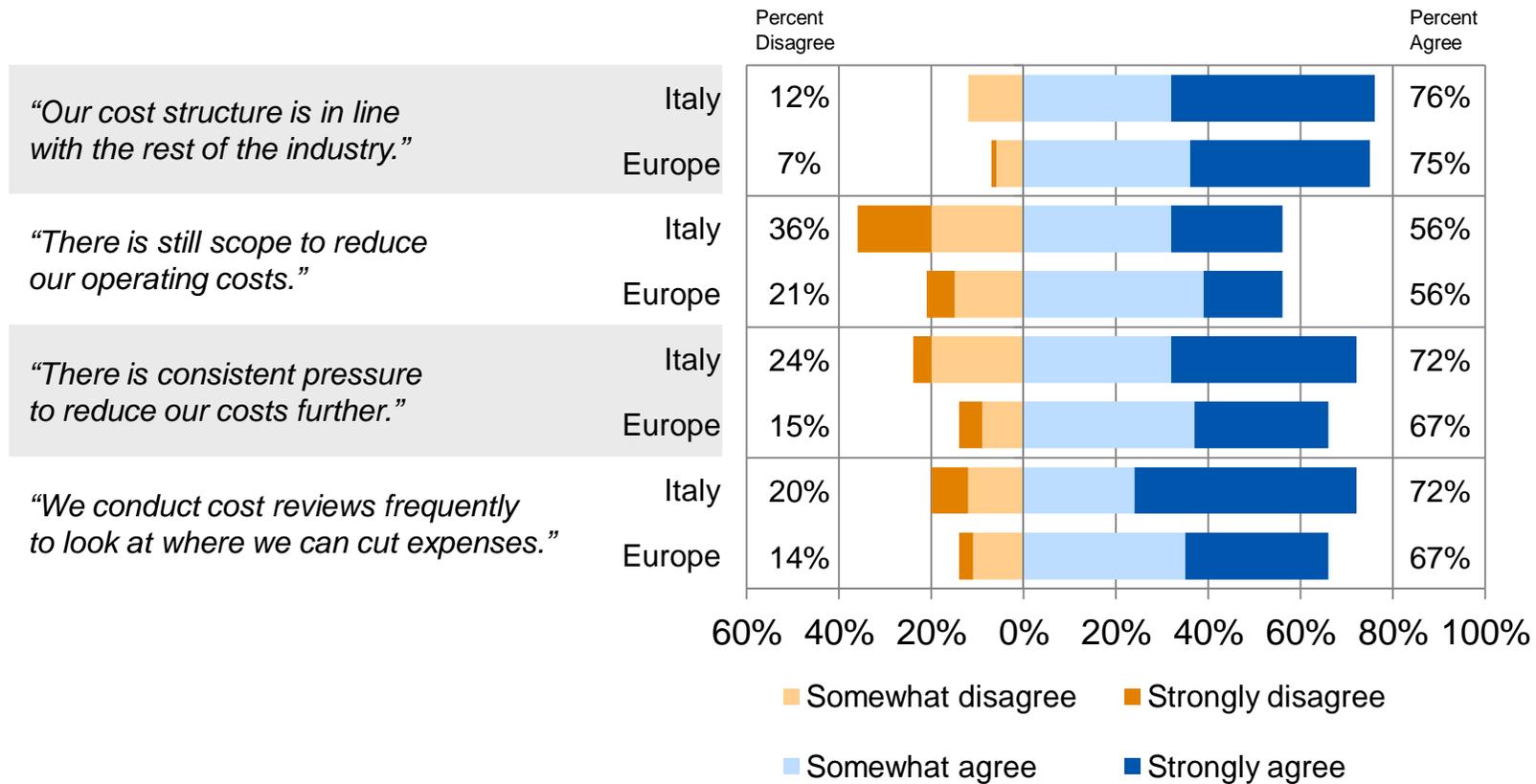
92% of Italian funds see some level of difficulty in keeping up with regulatory change

Since the financial crisis, how difficult has it been to keep pace with the regulatory developments applicable to your market(s)?



Italy: Pension Costs

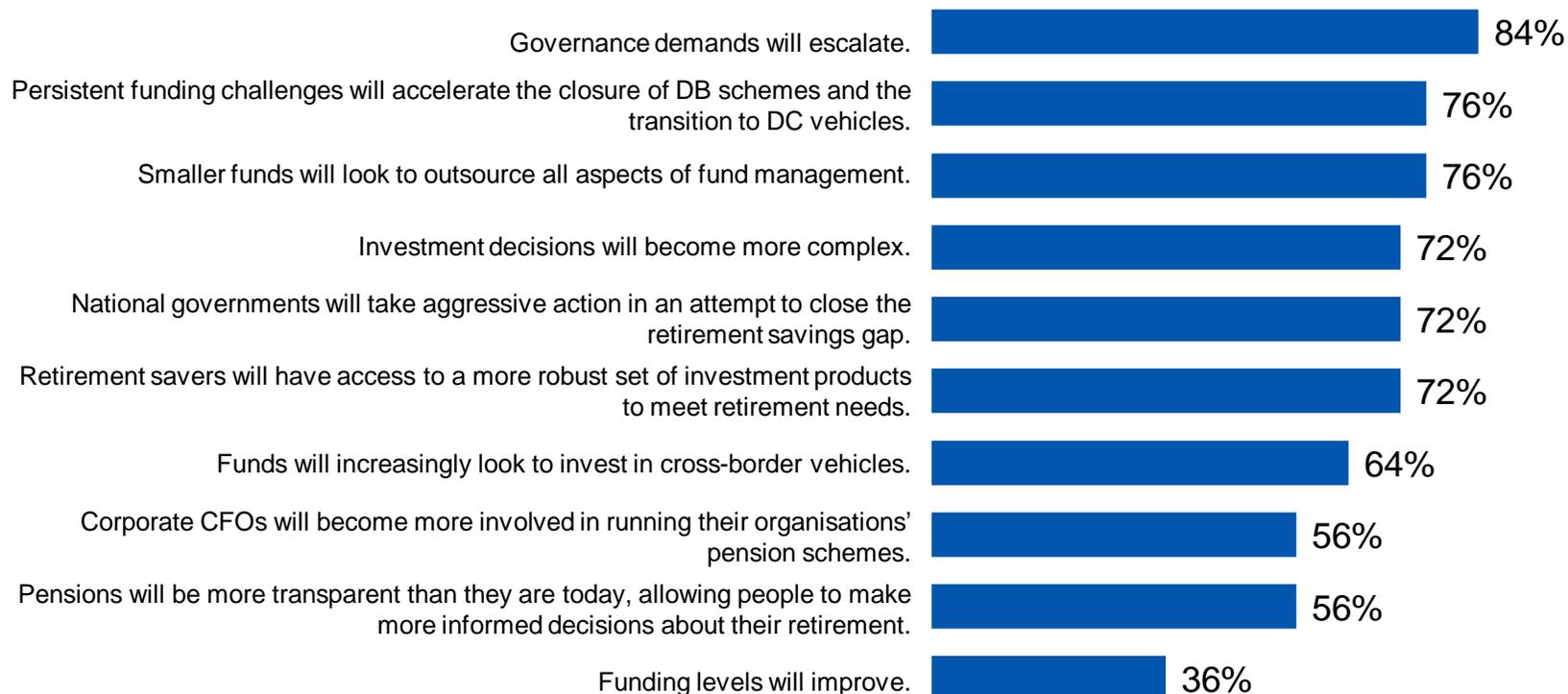
Cost cutting is a persistent theme, though 76% believe their cost structure is in line with peers



Italy: Looking to the Future – 10 Predictions

Shift to defined contribution will continue, and governance demands are increasing

Percentage of Italian respondents predicting each industry development as “Likely” over the next five years



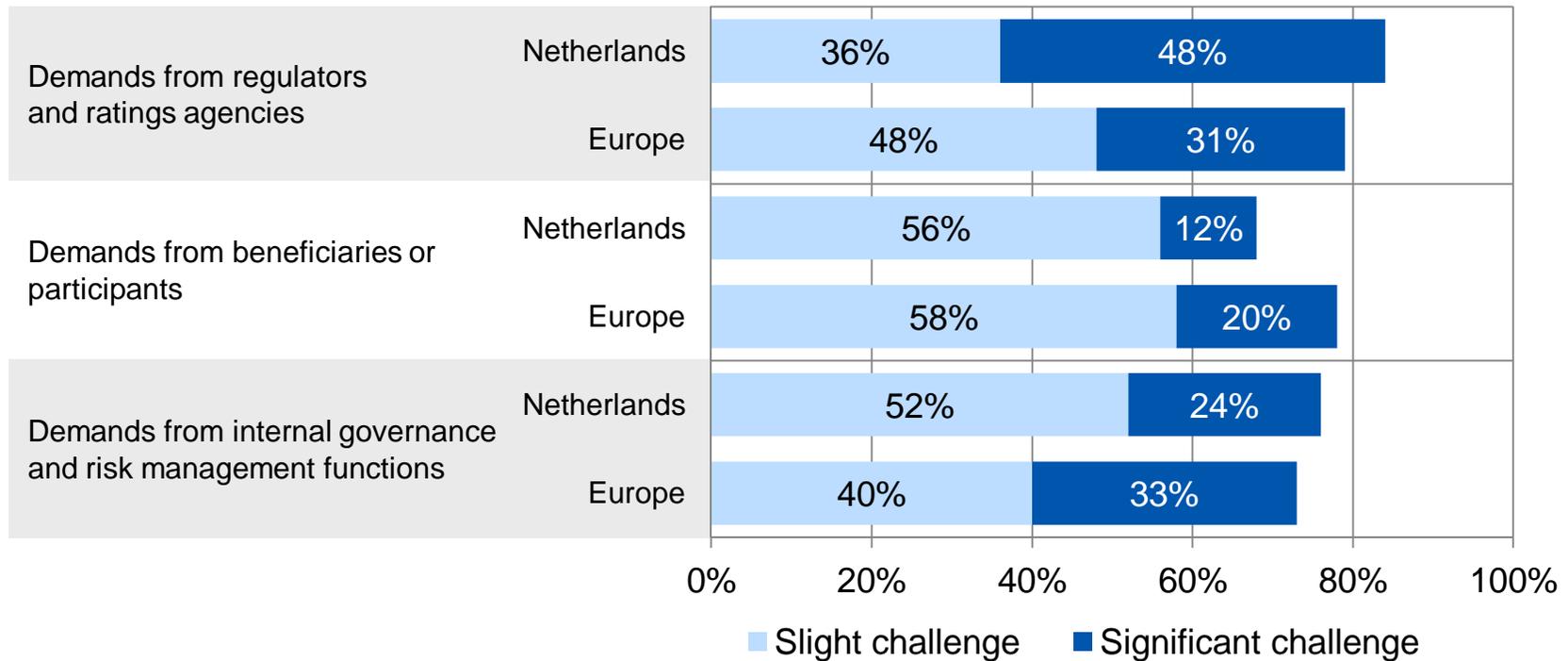


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Netherlands

Netherlands: Challenging Demands from Multiple Stakeholders

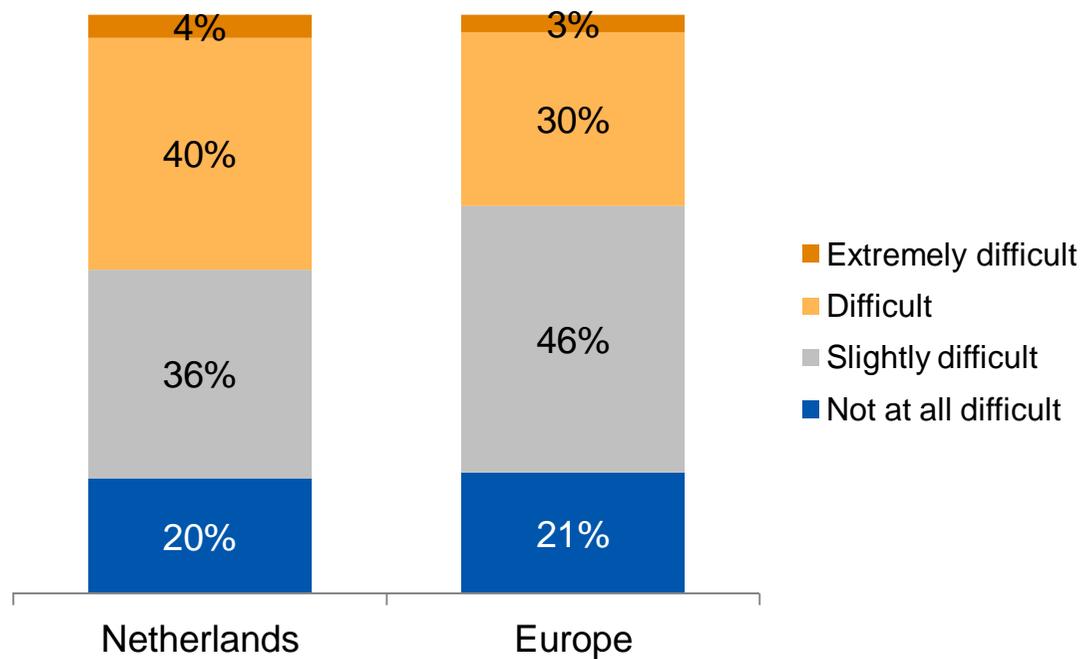
Meeting regulatory demands is the biggest concern for Dutch plans



Netherlands: Regulation

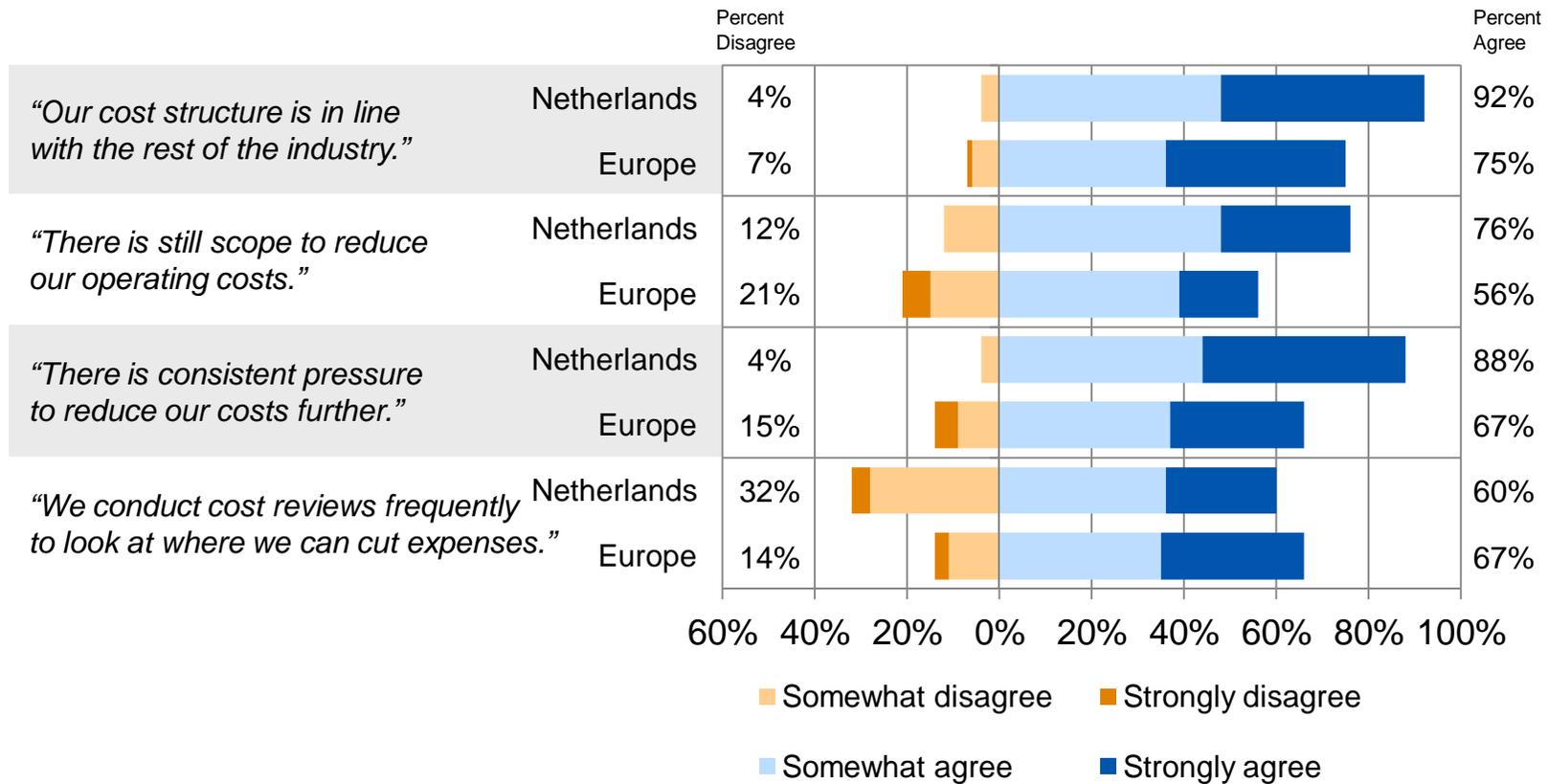
Keeping pace with regulatory change is difficult / extremely difficult for 44% of funds

Since the financial crisis, how difficult has it been to keep pace with the regulatory developments applicable to your market(s)?



Netherlands: Pension Costs

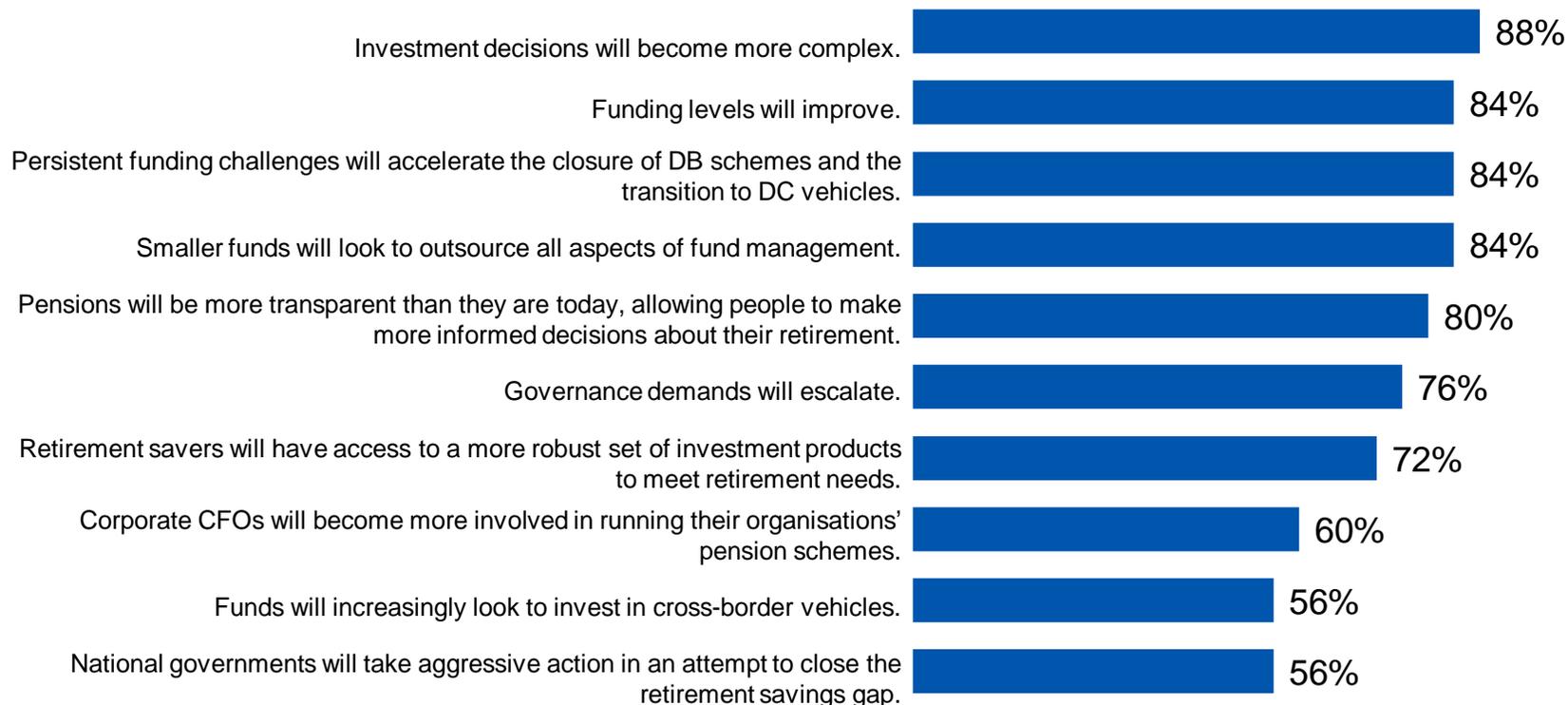
Despite cost structures being in line with peers, cost cutting is still expected



Netherlands: Looking to the Future – 10 Predictions

Majority of funds predict a rise in investment complexity, but expect funding levels to improve

Percentage of Dutch respondents predicting each industry development as "Likely" over the next five years



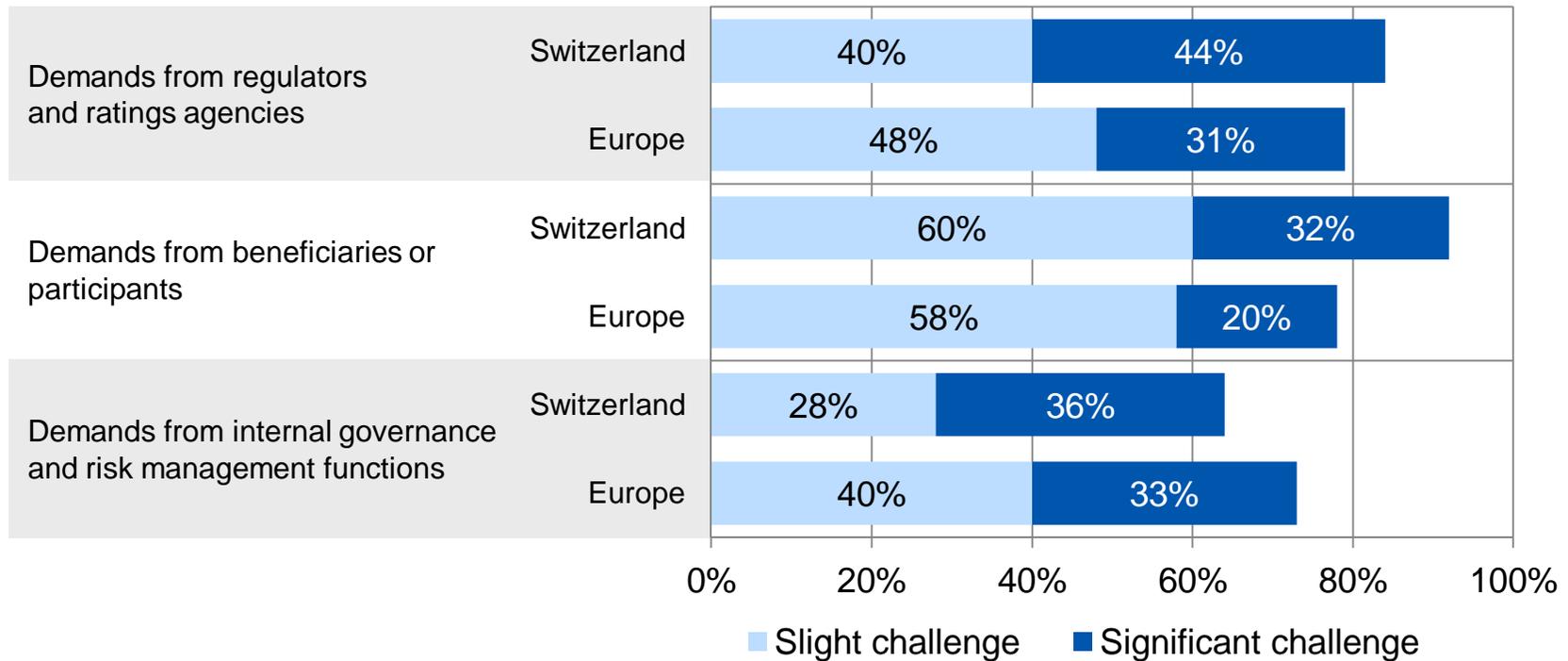


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Switzerland

Switzerland: Challenging Demands from Multiple Stakeholders

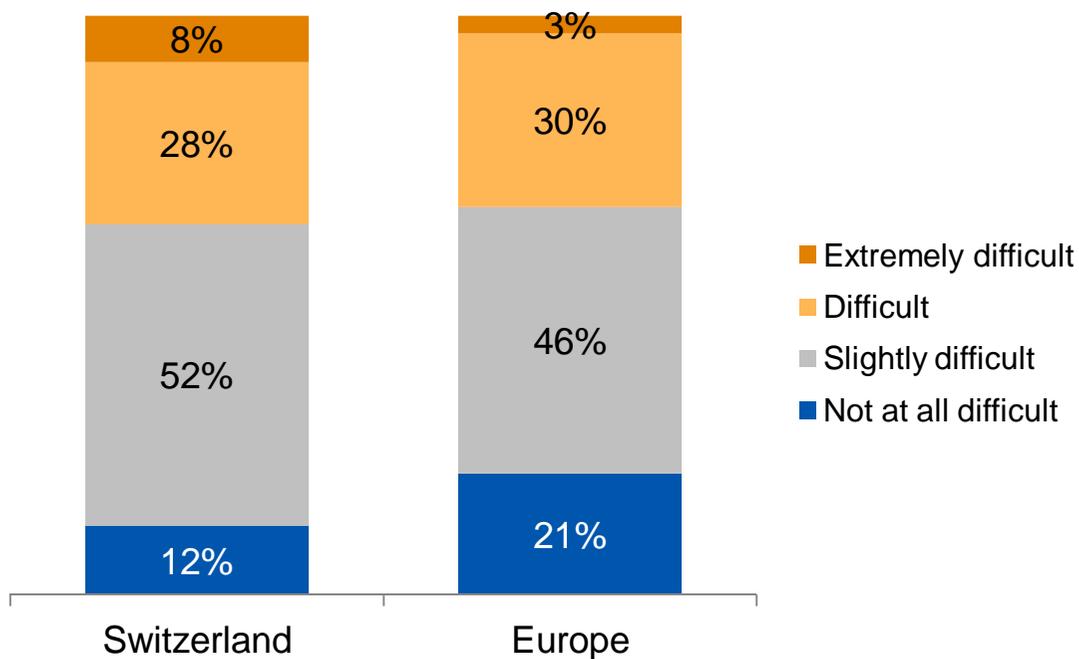
Demands of fund beneficiaries or participants represent a challenge for 92% of respondents



Switzerland: Regulation

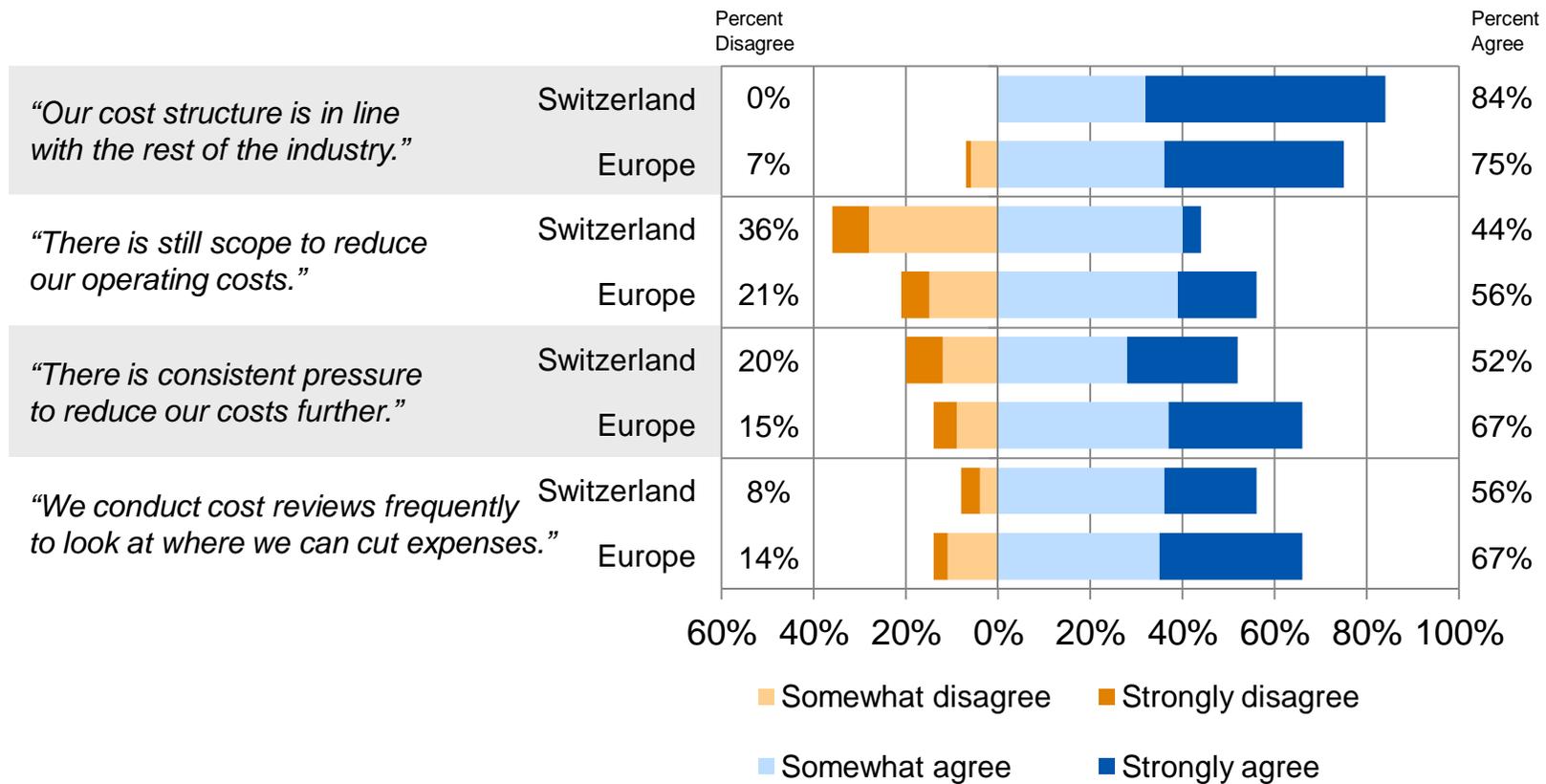
Only 12% of Swiss funds report no difficulty keeping pace with regulatory developments

Since the financial crisis, how difficult has it been to keep pace with the regulatory developments applicable to your market(s)?



Switzerland: Pension Costs

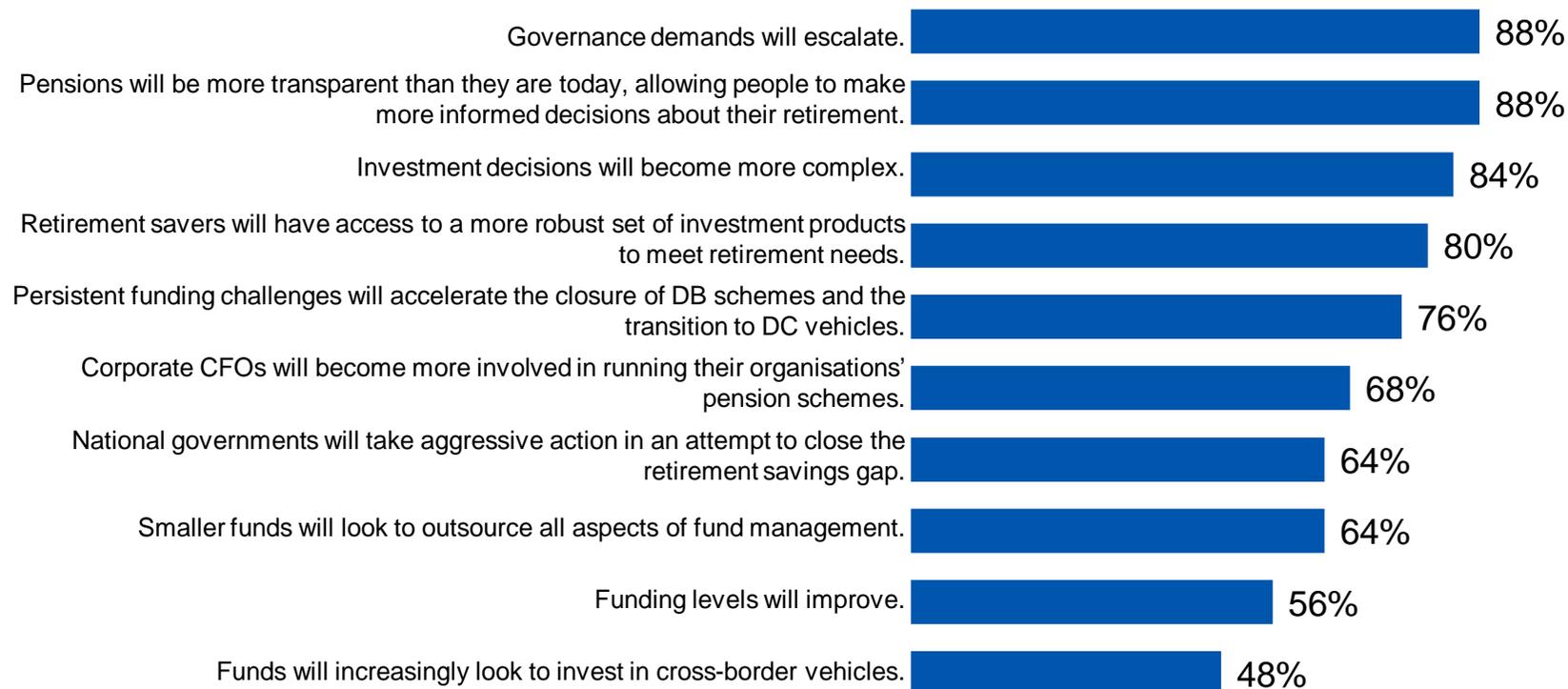
Strong belief among Swiss funds that their cost structure is in line with rest of industry



Switzerland: Looking to the Future – 10 Predictions

Transparency will improve, enabling more informed retirement planning

Percentage of Swiss respondents predicting each industry development as “Likely” over the next five years



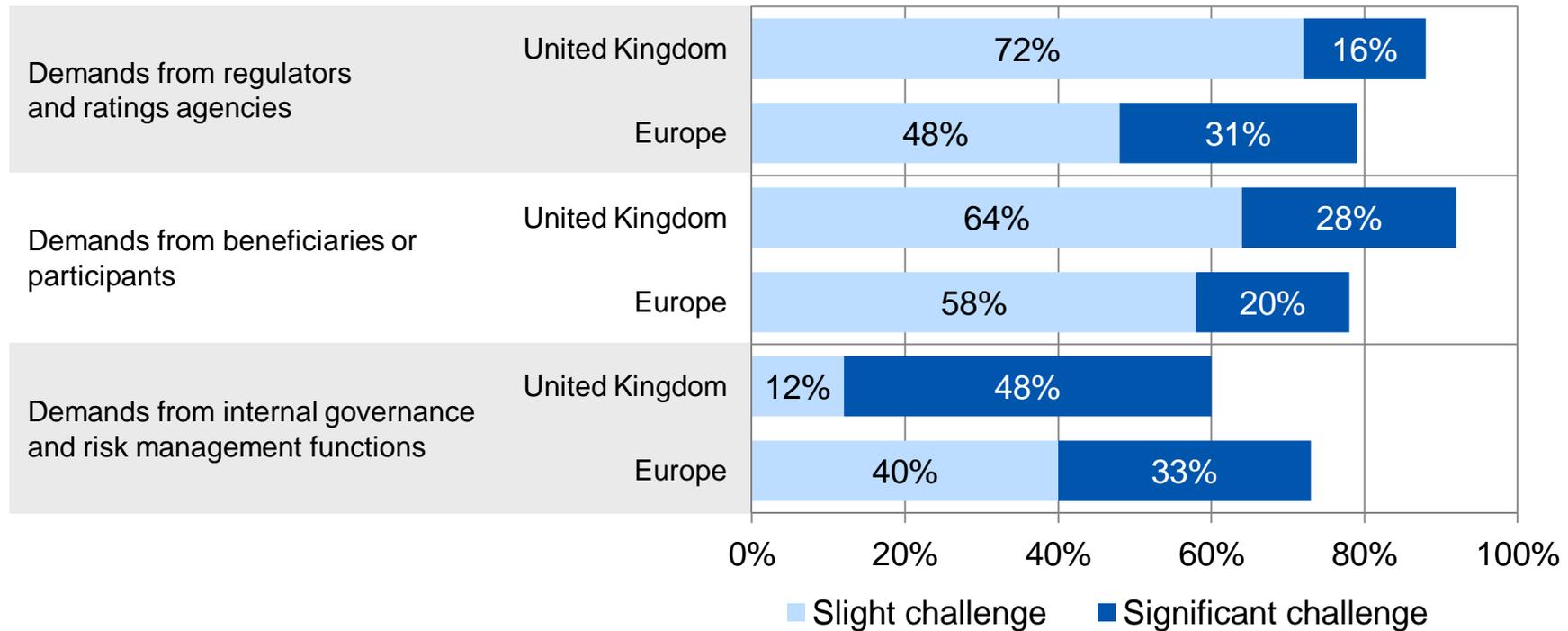


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United Kingdom

United Kingdom: Challenging Demands from Multiple Stakeholders

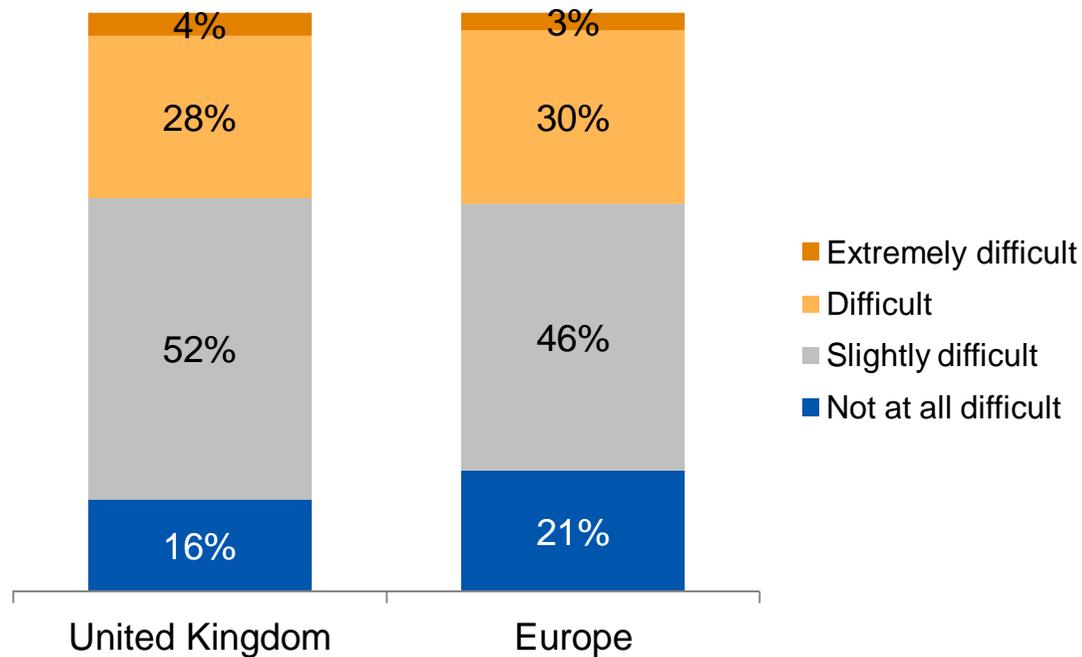
Demands from beneficiaries / participants in the UK significantly exceed the European norm



United Kingdom: Regulation

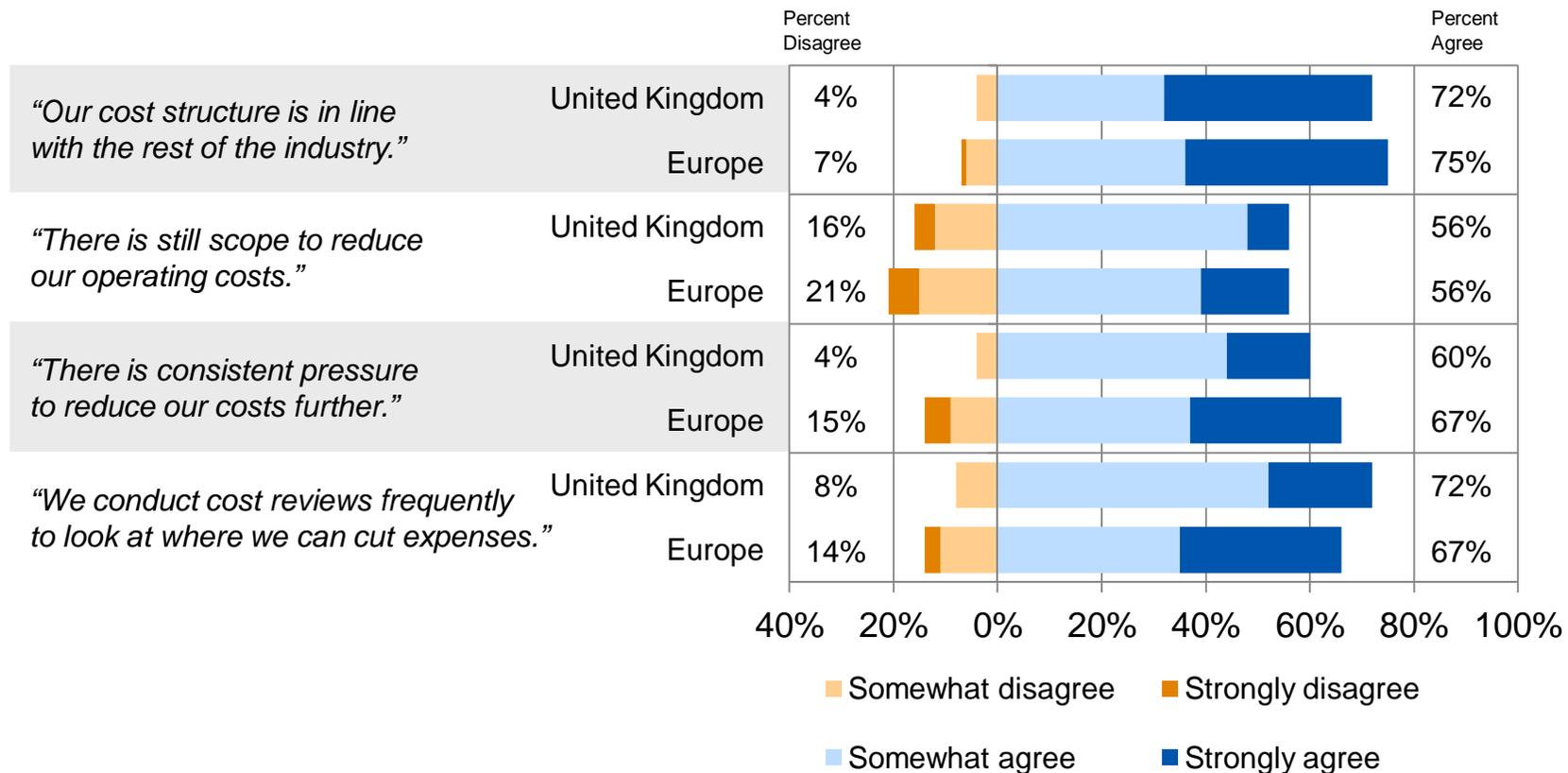
Vast majority (84%) of UK funds have some difficulty keeping pace with regulatory change

Since the financial crisis, how difficult has it been to keep pace with the regulatory developments applicable to your market(s)?



United Kingdom: Pension Costs

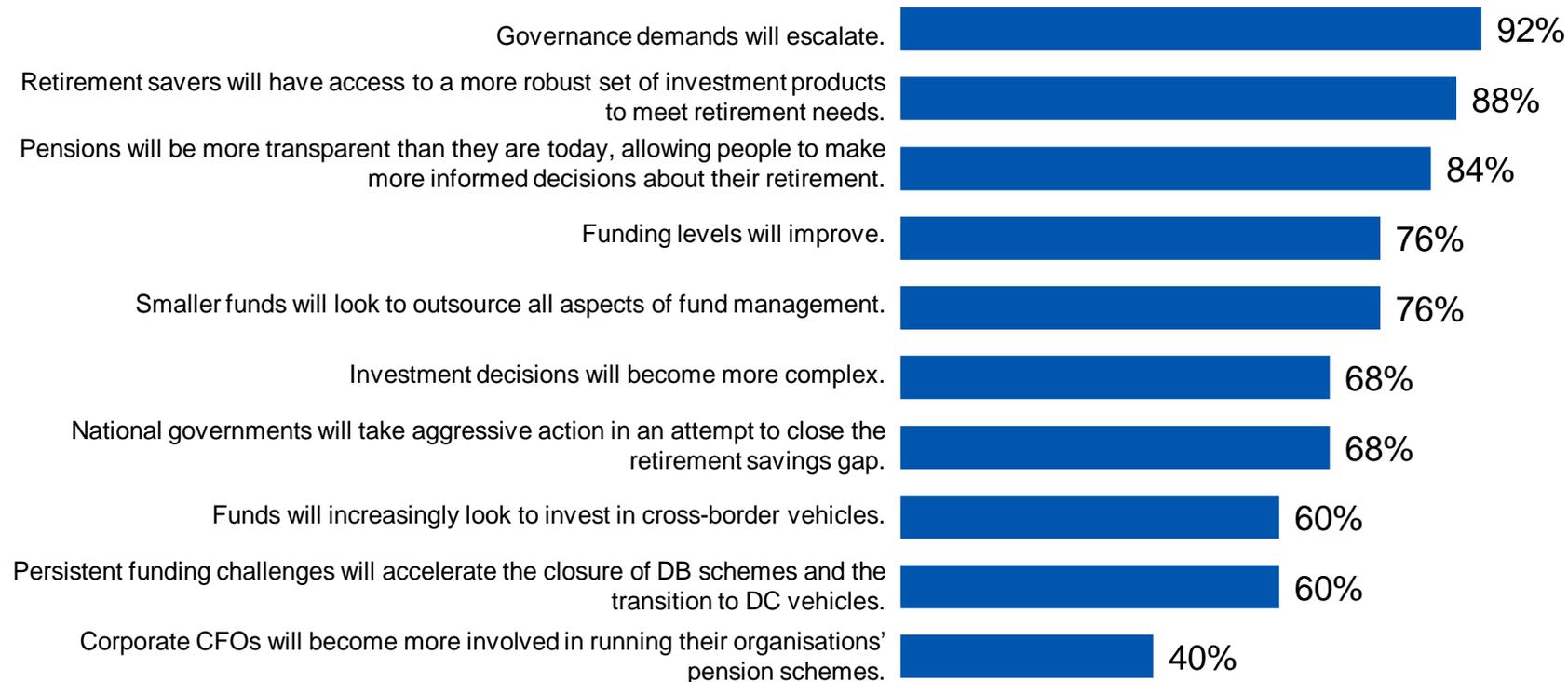
Cost structures are aligned with European norms – but the majority of funds still face pressure to reduce costs



United Kingdom: Looking to the Future – 10 Predictions

More robust and transparent pension products will improve retirement planning in next 5 years

Percentage of British respondents predicting each industry development as “Likely” over the next five years



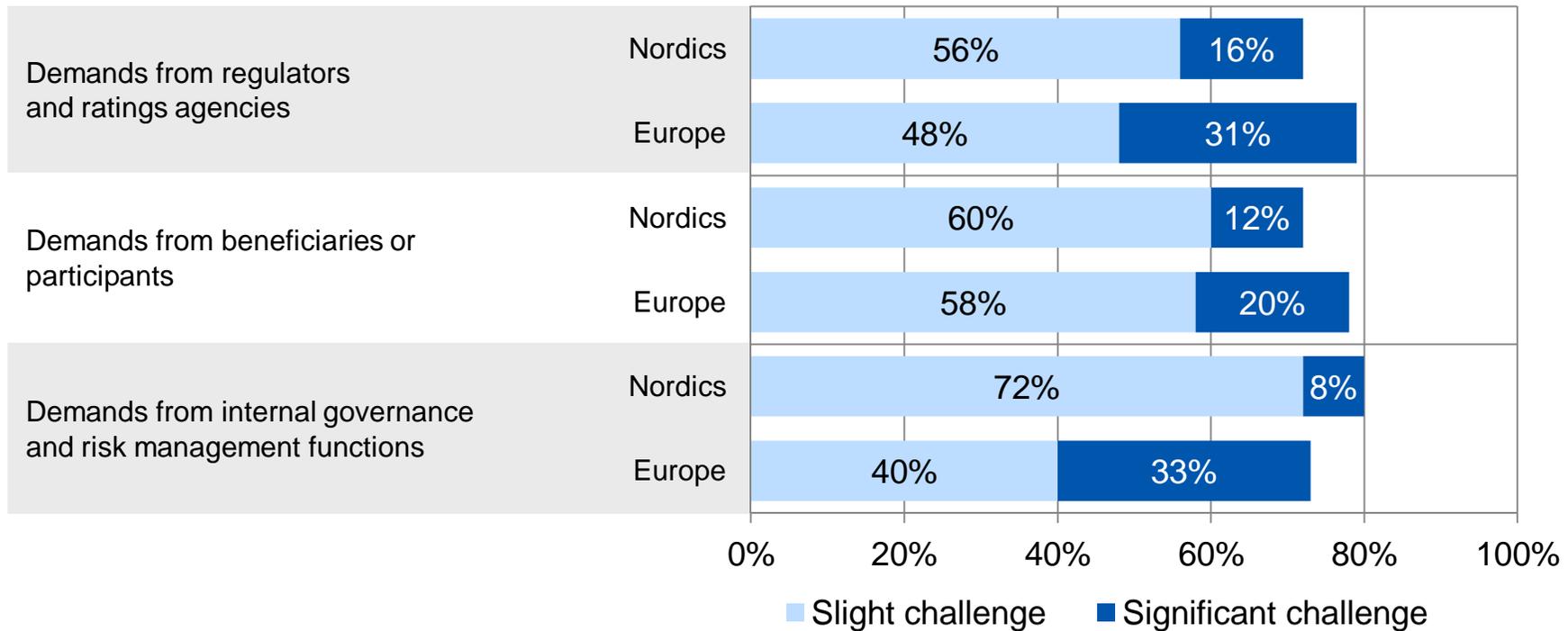


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Nordics

Nordics: Challenging Demands from Multiple Stakeholders

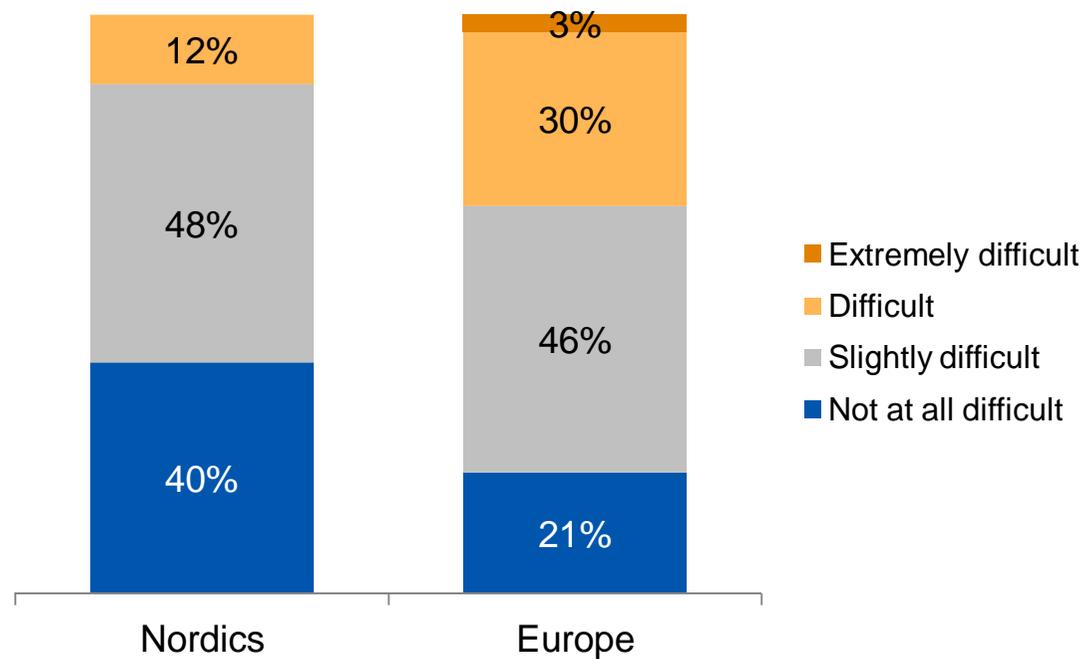
80% of Nordics plans see internal governance and risk management demands as a challenge



Nordics: Regulation

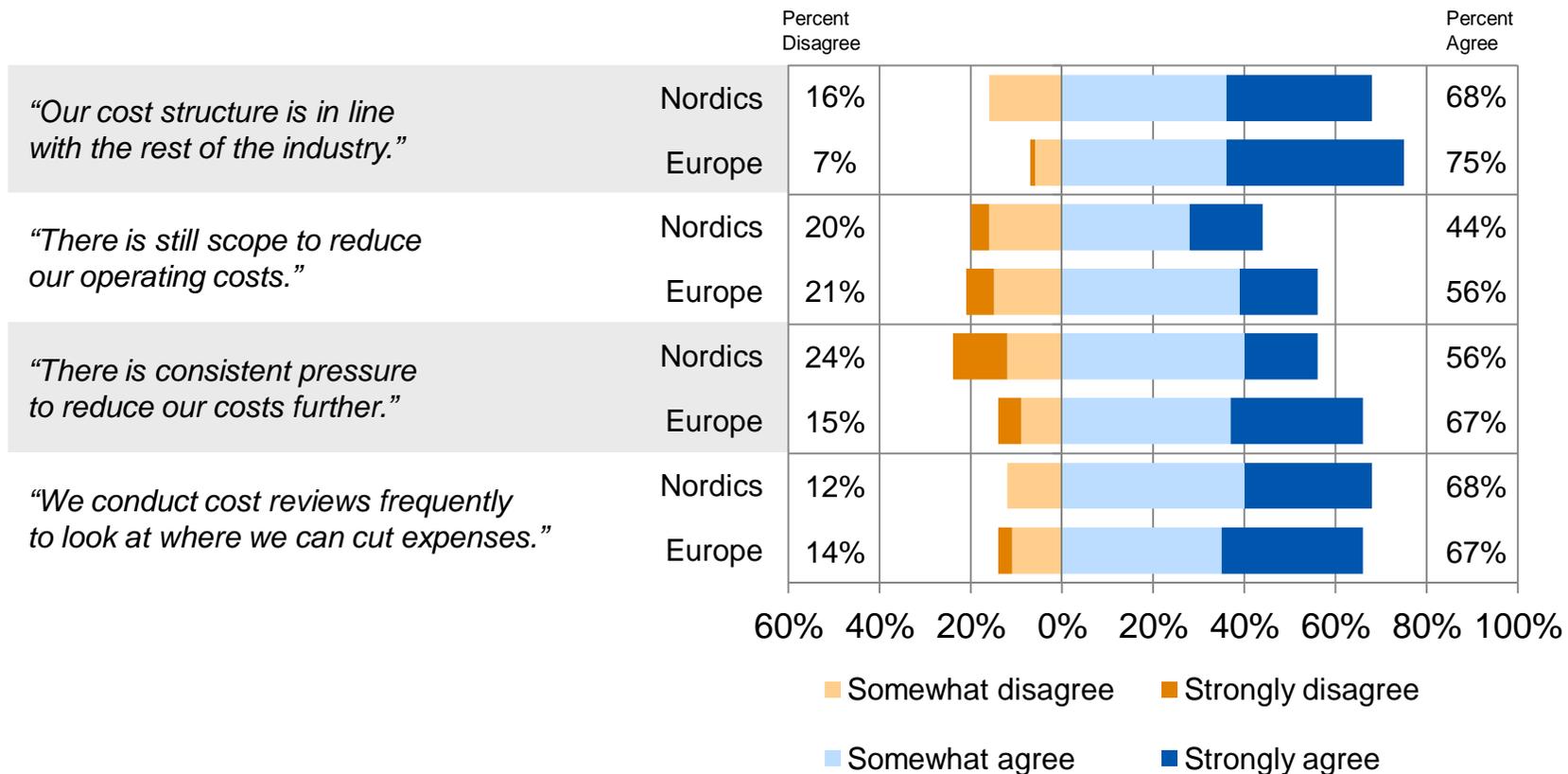
Nordic funds more confident than European peers in coping with regulatory demands

Since the financial crisis, how difficult has it been to keep pace with the regulatory developments applicable to your market(s)?



Nordics: Pension Costs

Cost cutting is a persistent theme, though 68% believe their cost structure is in line with peers



Nordics: Looking to the Future – 10 Predictions

More complex investment decisions will go hand-in-hand with increased governance demands

Percentage of Nordic respondents predicting each industry development as "Likely" over the next five years

