

A close-up portrait of Udo Philipp, a middle-aged man with receding hair, wearing a dark suit, a light blue striped shirt, and a red tie. He is looking slightly to the right of the camera with a neutral expression. The background is a solid blue color.

Private pension savings need reform

Udo Philipp, Stv. Sprecher BAG WiFi, Mitglied Grüne Rentenkommission

The image features three classical-style pillars of varying heights against a dark red background. Each pillar has a capital with text. The tallest pillar in the center is labeled 'Gesetzliche Rente'. The pillar on the left is shorter and labeled 'Privatrente'. The pillar on the right is of medium height and labeled 'Betriebsrente'. Each pillar has a green rectangular box with white text below its capital. At the bottom of the image is a wide green banner with yellow text.

Gesetzliche Rente

Pay as you go state pensions

Privatrente

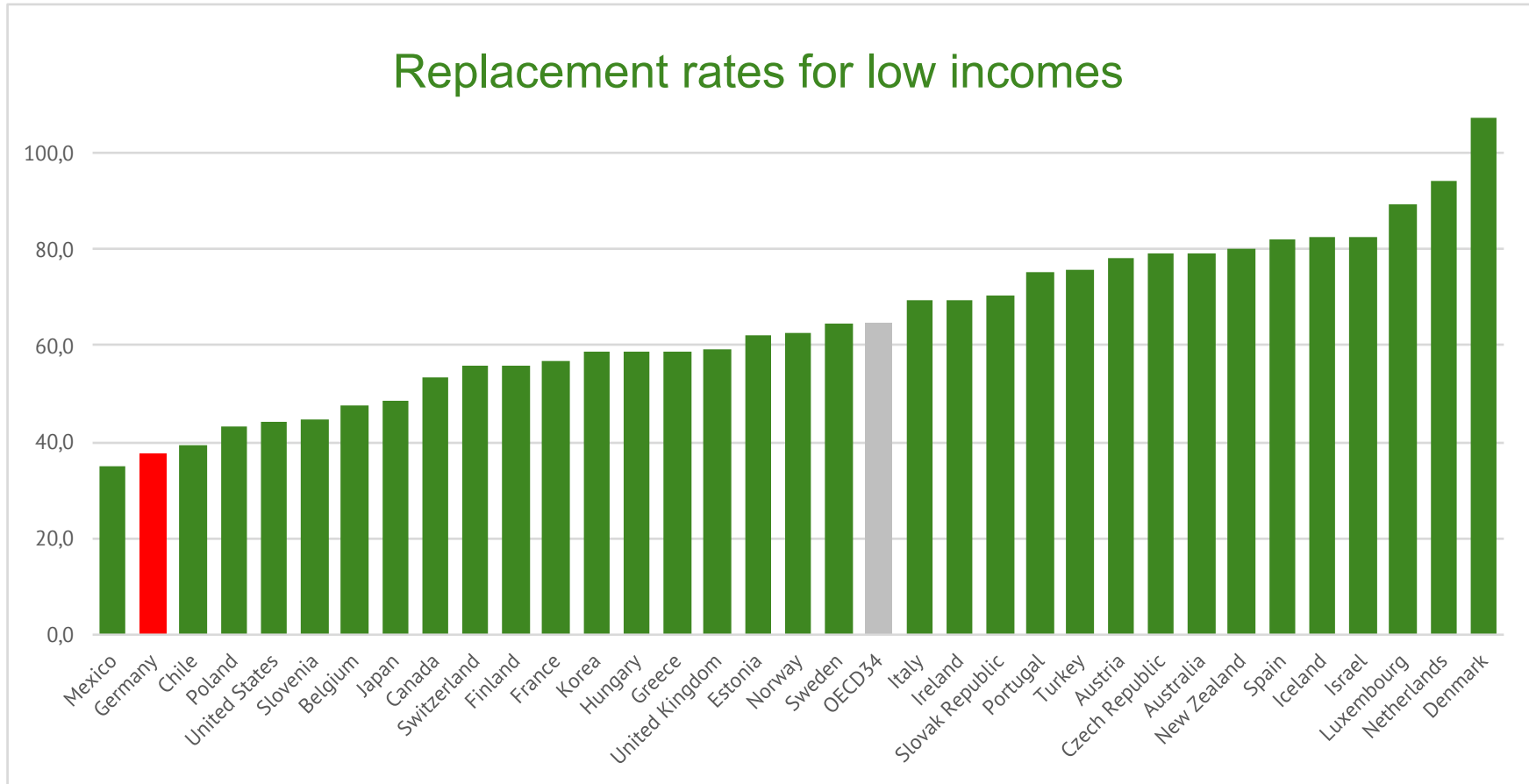
Private savings

Betriebsrente

Voluntary employer schemes

THREE PILLARS OF GERMAN PENSION SYSTEM

Replacement rates are a scandal



Source: OECD, Pensions at a Glance 2015, p. 139, own graph. Low income = 0,5x average income



A large crowd of diverse people, seen from an aerial perspective, forms the number 100 on a white background. The crowd is composed of many individuals of various ages and ethnicities, creating a vibrant, multi-colored outline of the number. The number 100 is positioned centrally, with the '1' on the left, the '0' in the middle, and another '0' on the right. The people are densely packed along the lines of the number, with some individuals also scattered in the white space around it. The overall scene is bright and clean, with soft shadows cast by the people.

Grüne Garantierente
Rente anstatt Sozialhilfe!

Grüne Garantierente – minimum guaranteed pension

900 Euro after 30 years of contribution

Real pension – not social aid

No means testing

Private savings, private and employer pensions can be fully kept

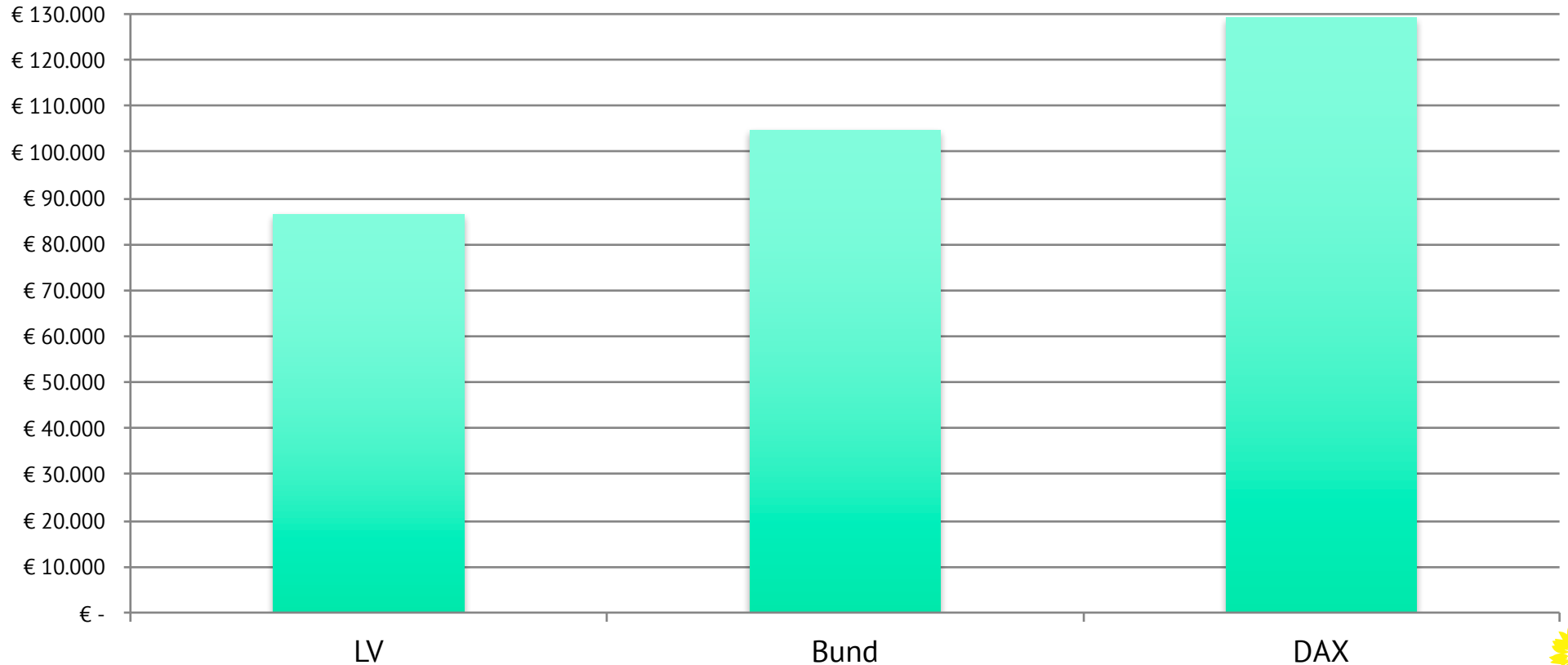




Riester-Rente has failed!

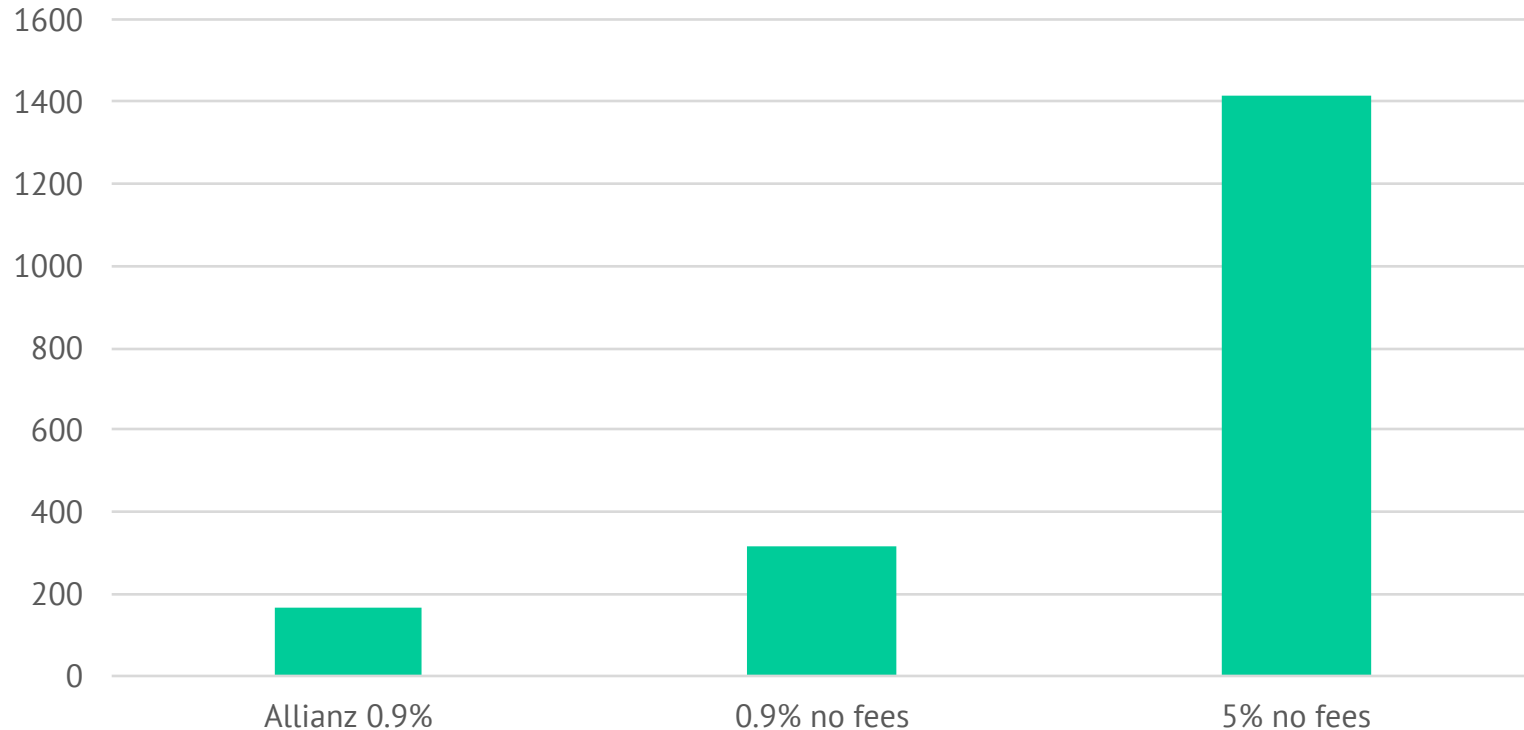
Lousy performance German life insurance

Ex post performance after contributing 100 Euros per month for 30 years in either life insurance, 10 year government obligations or DAX index



Private pension promise ridiculously low

Monthly pension after contributing 100 Euros for 42 years



Bürgerfonds – State pension fund comparable to Sweden

Opt out – not obligatory

Should be open to private pension savings and to voluntary employers pensions (Betriebsrente)

Comparable asset allocation as in Sweden

Equities and infrastructure investments until age of 55

Clear ESG goals



Bürgerfonds – Advantages

Much better returns

Much lower fees

Strict sustainability (ESG) criteria for asset allocation

Finance ecological transformation

Provide more equity to German economy



Bürgerfonds – Questions

Is it legal?

Does a State fund with opt-out advantage comply with EU competition law?

Can people live without guarantees?

How can you deal with monthly fluctuations of premium pension?

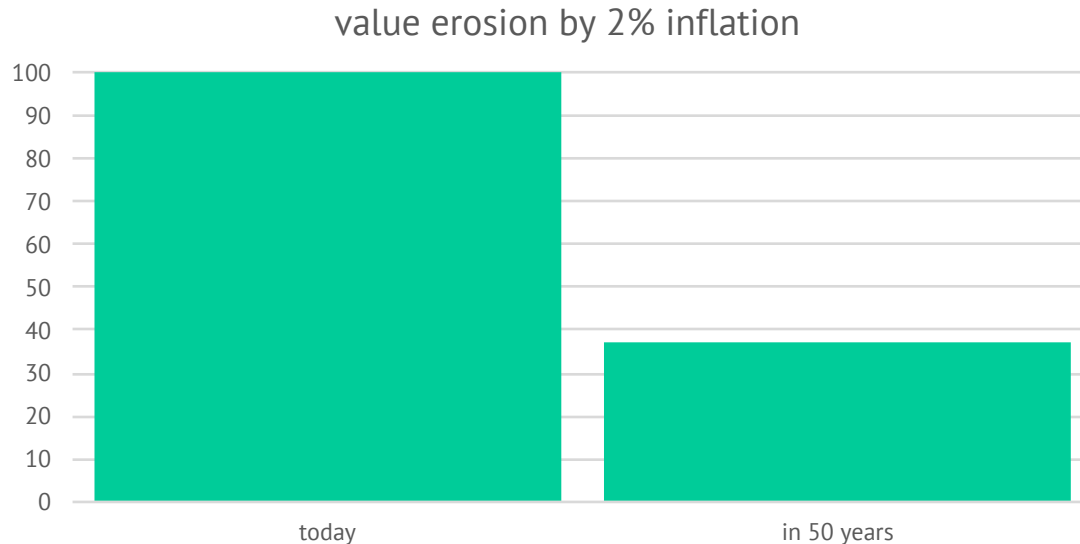


Guarantees are worthless

Advertized guarantee is *before* fees.

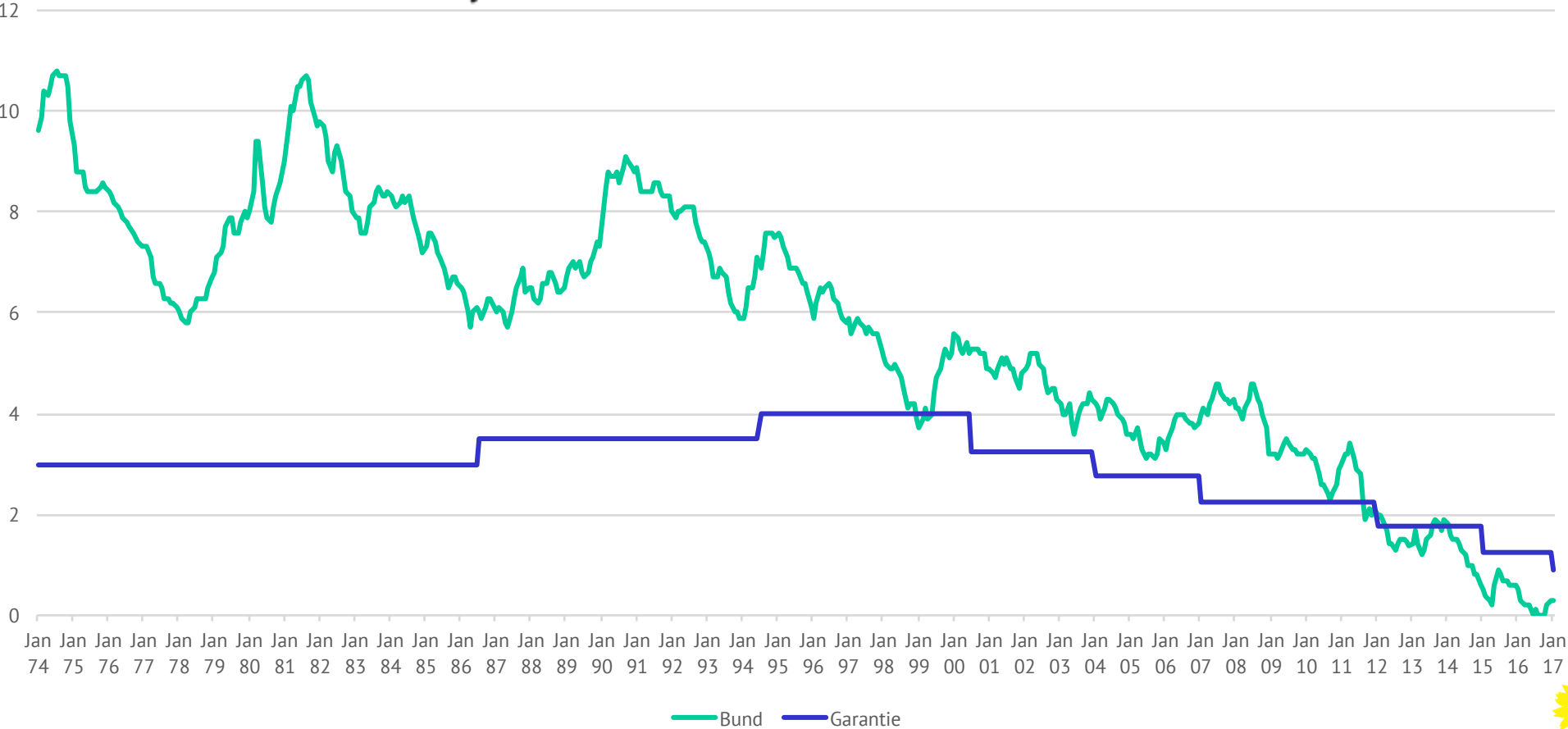
Fees are so high that advertized 0.9% guarantee does not cover the principal

Guarantees are nominal *before* inflation



Garanties are worthless – too low and too high

Garanties life-insurance vs 10yr Bund



An elderly couple is smiling warmly at the camera. They are seated at a table laden with fresh fruits, including raspberries, kiwis, lemons, and oranges. A green banner with white text is overlaid across the middle of the image. The background is a bright, modern kitchen setting.

A State Pension Fund for a better pension!