European Pensions

Spring 2025

Investment:

Outlook 2025

Two contrasting themes are on the agenda for 2025 – passive investing and private assets

Nordic pensions:

Push for property

A look at the spate of Nordic pension fund property investments

Engagement:

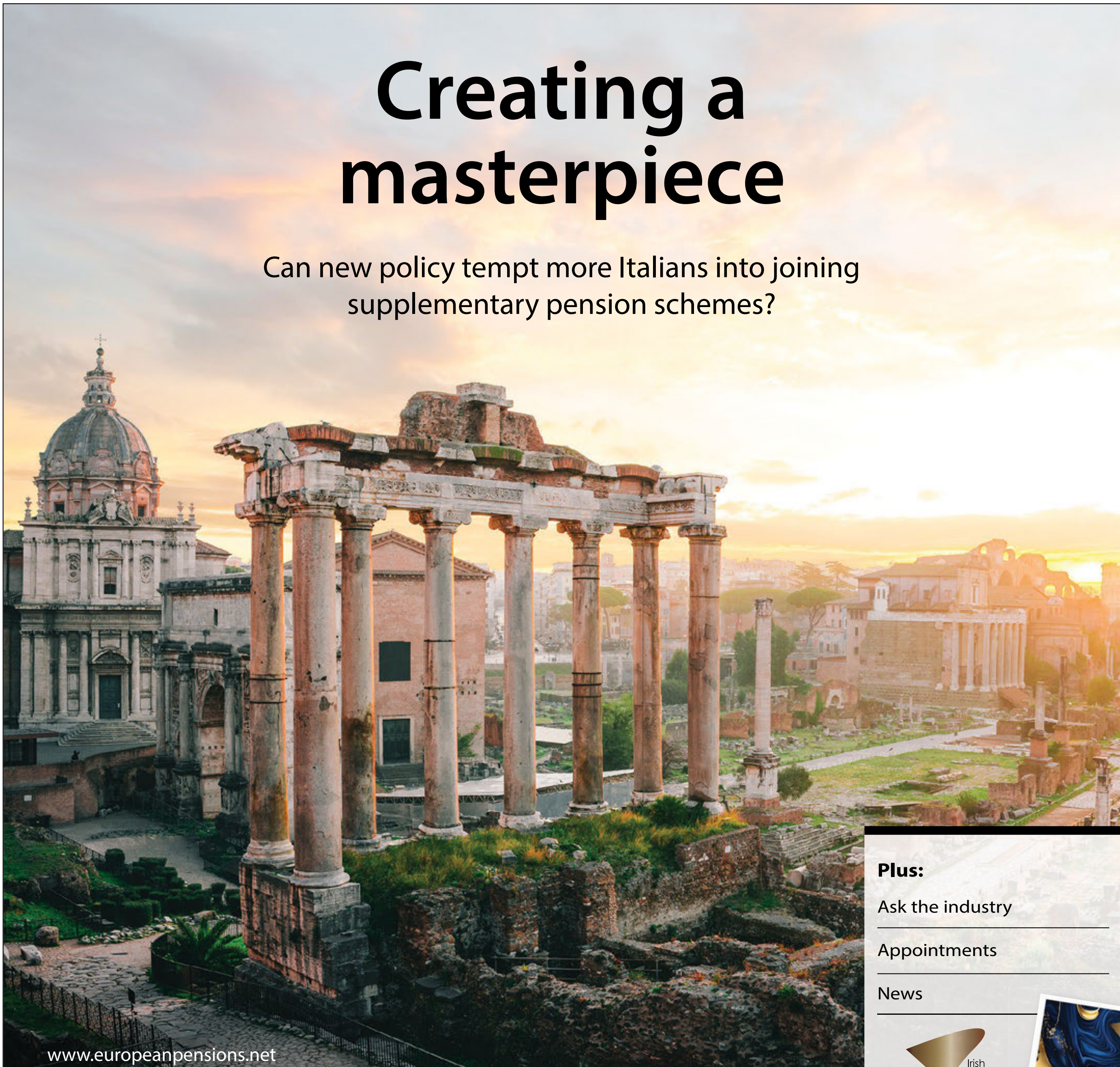
Member influence

The influence members have over their pension schemes

Retirement outcomes:

Gender pensions gap

Key developments over the past year impacting the gender pensions gap



Creating a masterpiece

Can new policy tempt more Italians into joining supplementary pension schemes?

Plus:

Ask the industry

Appointments

News

The winners

Irish Pensions AWARDS 2024

www.europeanpensions.net

16 CASE STUDY - LV

62 INTERVIEW - VERITAS CIO, LAURA WICKSTRÖM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Shifting goalposts

Natalie Tuck, Editor

Since the start of the year, *European Pensions* has covered news involving Elon Musk, after barely a mention in our two-decade history.

The first involved Dutch pension fund ABP, which recently made the decision to sell its shares in Musk's automotive company, Tesla. In true fashion, Musk responded on his social media platform X stating that ABP is losing money due to the sale of the shares.

Then, later in January, Musk was again making headline pensions news – this time after texts between himself and Norges Bank Investment Management (NBIM) CEO, Nicolai Tangen, were published. The conversation between the two centered on Musk's response to being invited to NBIM's annual dinner – but NBIM had also voted against Musk's Tesla compensation package.

Musk responded: "When I ask you for a favor, which I very rarely do, and you decline, then you should not ask me for one until you've done something above nothing to make amends. Friends are as friends do."

With Musk now appointed by US President Trump as a 'special government employee', I suspect that he, and President Trump, will feature much more frequently on the pages of this magazine. Already, we are seeing shifting goalposts on ESG policy due to Trump's administration that is not without concern.

"ALREADY WE ARE SEEING SHIFTING GOALPOSTS ON ESG POLICY"

Indeed, Pensions for Purpose research has found that 93 per cent of UK and European institutional investors have expressed "significant unease" over the future of sustainability practices under a Trump presidency.

In addition, Rasmus Bessing, director of responsible investments at Denmark's PFA, recently commented on how views on investing in weapons are changing. "Previously, many customers were critical when we invested in weapons, but now we are equally criticised if we don't," he said.

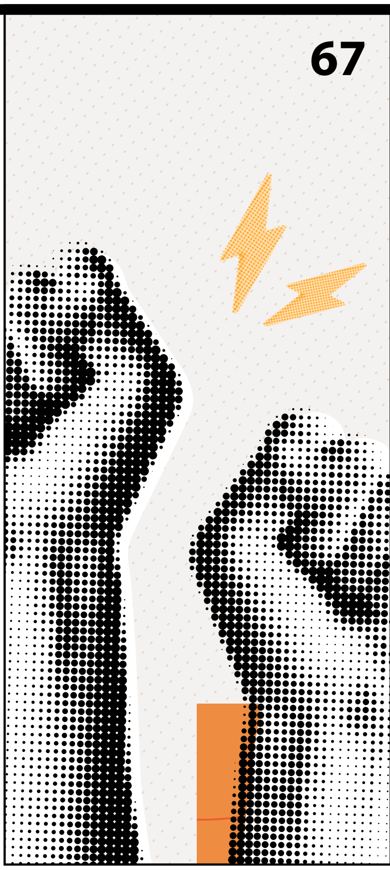
Bessing said that accountability work is "fraught with dilemmas" and characterised by the geopolitical upheavals created by the Covid-19 pandemic, Russia's invasion of Ukraine and President Trump's redefinition of the US role.

President Trump's re-entry to the White House has already resulted in a large number of US banks and asset managers withdrawing from international cooperation on how the financial sector can contribute to the green transition.

As Bessing said, it is a "clear signal that the world is changing rapidly" and the pensions sector will feel this just as much as any other.

Contents

Spring 2025



General features

Country spotlight

Contents

67

16

Industry voices

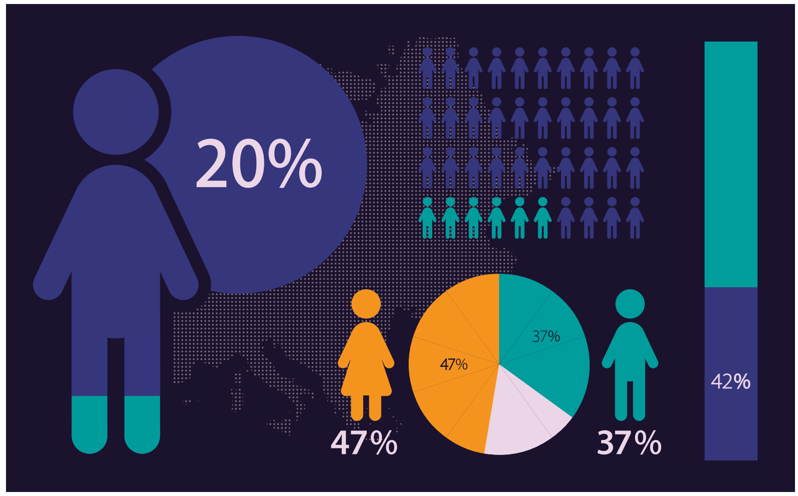
62

10

Regulars

27

Winners brochure



Majority of EU consumers are not members of occupational pensions

EIOPA SAID THAT WHILE PROGRESS HAS BEEN SEEN IN SOME AREAS, CONCERNS REMAIN THAT NEED ADDRESSING

Written by: Natalie Tuck and Sophie Smith

Just 20 per cent of European Union (EU) consumers are members of an occupational pension scheme, according to the European Insurance and Occupational Pensions Authority's (EIOPA) *2024 Consumer Trends Report*.

One of the report's key areas of focus was the analysis of consumer appetite for supplementary pensions, to bridge the pension gap caused by low occupational pension coverage. Currently, just 18 per cent of EU consumers own a personal pension product, according to EIOPA's Eurobarometer.

These figures align with the fact that just 42 per cent of those surveyed are confident that they will have enough money to live on in retirement.

EIOPA stressed that pension participation is particularly low among women. The number of women who participate in an occupational pension, or own a personal pension, is respectivly five basis points and six basis points lower than for men. Ultimately, women feel more negatively than men about their retirement outlook – 47 per cent for women, against 37 per cent for men.

EIOPA found that a lack of financial resources, high costs and the perceived complexity of some products to be the main reasons for the low uptake of personal pensions, across all consumers.

While almost half of EU citizens agree that personal pension products offer value for money, high costs remain the main reason for 19 per cent of EU consumers, who indicated why they did not buy or renew a personal pension product over the past two years.

However, this figure varies across EU countries, ranging from 38 per cent of consumers in Greece and 25 per cent in France and Austria, to 10 per cent in Finland, 11 per cent in Sweden and 12 per cent in the Netherlands.

"This is in line with EIOPA's findings from previous costs and past performance reports where it clearly emerged that Sweden is amongst the market with consistently lower costs. This trend may also reflect differences in how consumers in these countries evaluate the cost-benefit ratio of pension products," the report said.

In addition, the report noted that good governance of pension funds is recognised as a key factor in ensuring good outcomes for members and beneficiaries with "overall sound practices being observed across the EU".

Some digital tools have also appeared in the pensions sector, with an increasing number of savers and beneficiaries accessing and receiving information online. EU consumers reported using various channels to communicate about their pension benefits, such as in-person communication (43 per cent) and paper-based communication (14 per cent), but also via email (44 per cent) and via smartphone applications (18 per cent). However, older consumers (55+) preferred in-person communication.

"This split may be explained by consumers' digital skills but also by the complexity of the information provided, and the fact that it is sometimes less easy for consumers to understand their supplementary pension in the absence of a contact point. Moreover, only 55 per cent of EU consumers find that it is easy for them to understand their pension products/schemes and their overall pension benefits," the report found.

Commenting, EIOPA chair, Petra Hielkema, said: "Over the past years, policymakers, regulators and industry have made efforts to ensure that consumers receive valuable, well-designed and suitable insurance and pensions products and services. We are beginning to see improvements in areas needed; however, concerns remain and addressing them has become even more important in light of the effort to move towards a Savings and Investments Union."

EIOPA also recently shared its latest report on the European market for institutions for occupational retirement provision (IORPs), which revealed further consolidation and a "noticeable" recovery in terms of assets under management.

The report showed that the number of IORPs fell by 1.7 per cent at the end of 2023, as smaller institutions continued to merge into larger IORPs.

However, the number of multi-employer IORPs grew, indicating further consolidation and potentially greater efficiency as companies seek economies of scale.

"We are beginning to see improvements in areas needed; however, concerns remain..."

At the end of 2023, exactly 50 per cent of cross-border IORPs were servicing multiple, unrelated employers, representing a slight increase from the figures reported at the end of 2022.

However, cross-border activity continued to fall, as EIOPA found that despite the IORP II Directive's aim to deepen market integration, cross-border IORPs operate in only eight member states, with the total number declining to 28, following years of stagnation.

Despite the consolidation seen in the market, the report found that assets under management rebounded to €2.72trn at the end of 2023, up from €2.3trn in 2022.

In terms of assets under management, the largest IORPs are located in the Netherlands, Sweden, Germany and France. Dutch IORPs stood out in particular, with almost €1.6trn in assets under management, which accounts for more than half of the entire market.

The research also revealed steady growth in members and beneficiaries, as the total number of members and beneficiaries reached 71.6 million at the end of 2023. There was also further evidence of a continued shift towards DC schemes, with 31 per cent of active members in DC schemes in 2013, rising to 59 per cent in 2023, although DB schemes still account for a substantial proportion of assets.

In terms of investment strategies, IORPs continued to rely on investment funds (38.4 per cent), especially on those invested in equities and debt.

Notably, significant differences were seen in the investment approaches that exist across member states, which EIOPA highlighted as evidence of the relevance of local factors in shaping investment decisions.

News in brief

■ The European Insurance and Occupational Pensions Authority (EIOPA) has removed several previous guidelines in relation to Solvency II and the IORP II Directive to avoid overlaps and duplicates with the **Digital Operational Resilience Act** (DORA). EIOPA said its aim, by removing the guidelines, is to "foster a unified regulatory framework" for DORA in the European insurance and occupational pension sectors. The changes applied from 17 January.

■ **Sex workers** in Belgium have been granted full employment rights, including pensions, after a new law came into force on 1 December 2024. In what is thought to be the first law of its kind, sex workers in Belgium will be able to access a workplace pension scheme and contribute to their retirement savings. The changes seek to put sex workers on par with people working in other professions.

■ Ireland's **Pensions Authority** has provided an update on DORA for pension schemes. The authority has now updated its DORA Q&A document to include information on obtaining a legal entity identifier (LEI) – a 20-digit alphanumeric code that uniquely identifies a financial entity.

■ Text messages between **Elon Musk** and Norges Bank Investment Management (NBIM) CEO, Nicolai Tangen, have been shared by NBIM, in the interest of transparency. The messages related to reports that Musk had declined an invite to a dinner hosted by Tangen, with Musk suggesting that it would be "very difficult and expensive" for him to attend.

Dutch pension transition thrown into question at the last minute

THE TRANSITION TO THE NEW SYSTEM HAS FACED A NUMBER OF RECENT OBSTACLES, INCLUDING EMBEZZLEMENT CONCERNS

Written by: Natalie Tuck and Sophie Smith

The transition to the new Dutch pension system has faced a number of last-minute obstacles since the start of 2025, including legal concerns around how the transition has been handled.

Dutch legal experts recently filed a complaint with the Public Prosecution Service against the directors of the Occupational Pension Fund for Pilots (BPL), arguing that the board committed embezzlement when switching to the new pension system.

The experts involved suggested that pension funds from the scheme were transferred outside of the reach of participants, "deliberately, unlawfully and without the consent of the participants".

It also argued that these funds will be used, either in whole or in part, for purposes other than participants' pensions.

"By doing so, the board members involved have failed to comply with the obligations imposed on those directors under the legislation and regulations surrounding pension funds, and they have deliberately embezzled funds intended for the participants, as perpetrator, co-perpetrator or accomplice," the complaint stated.

The complaint also suggested that the issue could become bigger in the future as the transition to the new pension system continues, warning that the directors of the 150 other pension funds will also be guilty of embezzling pension funds.

Given this, the group urged the court to investigate the matter "urgently" and take the "necessary criminal measures".

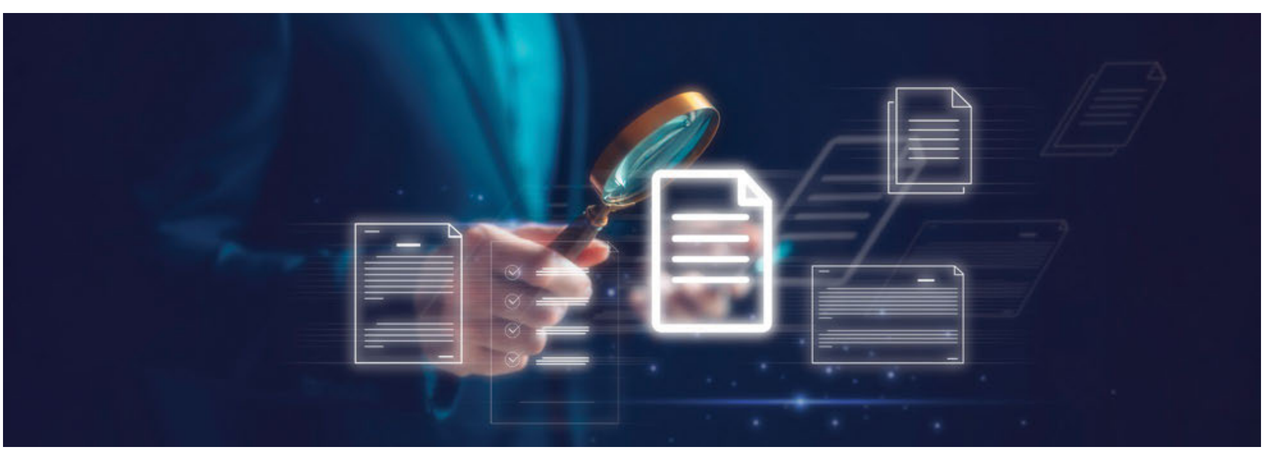
BPL said it has not yet been informed of the contents of the declaration and can therefore not respond further to it at this time. "It is up to the Public Prosecution Service to decide whether or not to follow up on this report, which the board looks forward to with confidence," it stated.

"We regret this course of events, given the time, capacity and costs we will have to spend on this, while we would rather spend this on our participants and pensioners."

BPL became one of the first pension funds to transition to the new Dutch pension system on 1 January 2025, after it became the first fund to receive the go-ahead from regulator De Nederlandsche Bank (DNB) in November.

However, since the scheme has transitioned the future of the new pensions system has been put in jeopardy after the Dutch political party, New Social Contract (NSC), together with Farmer-Citizen Movement (BBB), tabled an amendment to the Future Pensions Act (Wtp). This would give participants a collective right of consent on the transition to the new system.

The proposed amendment has been blasted by the Dutch Federation of Pension Funds, which was "deeply dismayed" by the move. Fellow Dutch pension fund, Pensioenfonds Zorg en Welzijn also said it would be "highly undesirable" to question the rules of the game at this stage of the transition, arguing that the proposal is "extremely complicated".



Swedish govt to push ahead with AP fund consolidation plans

IN OTHER NEWS, SWEDEN'S FI HAS PROPOSED AMENDMENTS TO REGULATIONS AND GUIDELINES ON SUPERVISORY REPORTING

Written by: Natalie Tuck and Sophie Smith

The Swedish government has confirmed that it will push ahead with plans to reduce the number of AP funds and improve the competence requirements for AP fund boards.

The Swedish Ministry of Finance previously shared plans to consolidate the three Stockholm-based Swedish pension buffer funds into two, as part of its ongoing efforts to modernise and streamline management of the buffer capital.

Swedish buffer funds AP2 and AP6 came out against the proposal to consolidate the two funds into one fund, with the latter warning it risks a "significant reduction" in unlisted shares in the buffer fund system.

However, the Swedish government has since confirmed that it will bring forward a bill to modernise the AP funds, which will reduce the number of AP funds and tighten the competency requirements for AP fund boards.

As part of the reforms, AP6 is set to be merged with AP2, which will remain in Gothenburg.

Despite previous concerns, AP6 CEO, Katarina Staaf, noted that the Pension Group has heard some of the issues raised by the industry, with the new plans set to give AP2 increased opportunities to invest in unlisted assets until 2036, to provide scope for utilising expertise acquired in AP6.

The government's bill also includes plans to consolidate the current three buffer funds in Stockholm into two, by distributing the assets in one fund equally between the two remaining funds, so they are of equal size. In particular, the government said it is looking to transfer the assets of AP1 in equal parts to AP3 and AP4.

The government said it may decide that certain assets should be managed in a special order, with the aim of limiting costs. The aim is that the changes will be implemented by 1 January 2026.

To maintain the scope to invest in Swedish listed companies, the bill also looks to adjust the provision that states that buffer funds may own a maximum of 2 per cent of the value of all shares in Swedish listed companies.

This is not the only upcoming change, as Sweden's Finansinspektionen (FI) has proposed amendments to regulations and general guidelines on supervisory reporting for occupational pension firms.

Publishing its consultation, FI explained that the amendments consist of changes to quantitative reporting. FI said it was necessary as the European Insurance and Occupational Pensions Authority (EIOPA) has changed its requirements for national supervisors, including FI, to provide quantitative data for occupational pension institutions.

"The changes decided by EIOPA involve the addition of 17 new items and the removal of a few items from the quantitative reporting. Two of the new items are due to new reporting requirements from the European Central Bank (ECB)," FI stated.

The changes affect both quarterly and annual reporting for occupational pension firms. In connection with the amended reporting requirements, FI also proposes certain clarifications, corrections and editorial amendments to the reporting regulations and their annexes.

The amendments to the regulations are set to come into force on 23 April 2025 and apply to the current financial year. However, FI has proposed to extend the deadline for the first quarterly reporting under the new requirements to 26 May.

Lithuanian govt urged to reconsider proposed pension reforms

PENSIONSEUROPE ARGUED THAT THE CHANGES COULD 'SEVERELY UNDERMINE' THE COUNTRY'S PENSION SYSTEM

Written by: Sophie Smith

PensionsEurope has urged the Lithuanian government to reconsider its proposed pension reforms, warning that they would "severely undermine" the country's retirement system.

The proposed changes to the second pillar pension scheme include replacing automatic enrolment with voluntary participation, the abolition of the state's matching contribution in favour of a personal income tax deduction, and the introduction of a 12 month opt-out period.

However, PensionsEurope argued that the changes could risk "significantly weakening" retirement security and undermining pension adequacy for Lithuanian citizens.

In particular, PensionsEurope argued that auto-enrolment is widely recognised as one of the most effective mechanisms to boost pension participation, pointing out that Lithuania's 2019 auto-enrolment reform has already delivered "excellent" results, with over 70 per cent of the workforce joining the second pillar system.

Given this, it warned that removing this mechanism to adopt a voluntary model would likely cause participation rates to decline "rapidly", leaving many with significantly lower savings and increasing the risk of old-age poverty.

It also argued that the proposed reforms go beyond dismantling auto-enrolment, as the proposed abolition of the 1.5 per cent state matching contribution and its replacement with a tax refund mechanism will "drastically" reduce incentives to save, disproportionately impacting lower- and middle-income earners.

"By weakening the second pillar, the proposed changes would place even greater pressure on the already strained public pensions," PensionsEurope added.

"This is particularly alarming given that in 2022, 41.4 per cent of Lithuanian citizens aged 65 and older were already at risk of poverty – more than double the EU average. Ignoring this reality, but also the country's long-term demographic issues, including an ageing and shrinking population, will only deepen the pension crisis in the years ahead."

PensionsEurope also warned that the plans to introduce a 12 month opt-out window could pose a "serious threat" to future pensions adequacy.

In light of these concerns, PensionsEurope urged the Lithuanian government to reconsider its proposed changes and instead pursue measures that strengthen, rather than dismantle, the country's pension system.

"The statutory-funded pension scheme in Lithuania is still in its infancy and will require time to mature and deliver its full benefits," PensionsEurope stated.

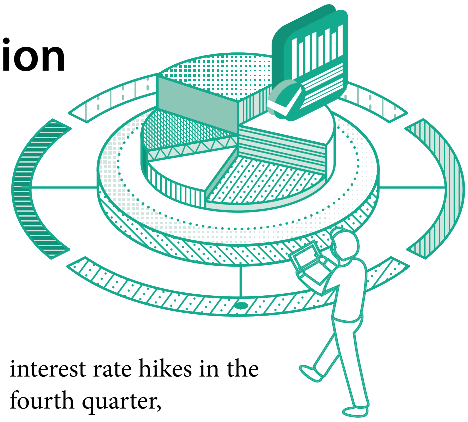
"Targeted measures should be adopted to enhance its effectiveness. These include public education campaigns on the importance of the statutory-funded pension scheme and incentivising employer contributions to the second pillar.

"Such actions are important to building a better pension system and improving the retirement future of Lithuanian citizens for generations to come."

PensionsEurope pointed out that the Lithuanian Ministry of Social Affairs has also secured support from the European Commission's (EC) DG Reform for the project 'Technical Support in Transforming the Existing Fully StateAdministered Funded Pension Scheme'.

Given this, PensionsEurope again urged the government to wait until the recommendations from the EC's experts are in before implementing any changes to the current pensions framework.

Denmark's ATP launches external evaluation



THE EVALUATION WILL TAKE A CLOSER LOOK AT THE FUND'S INVESTMENT STRATEGY, ADOPTING A MODEL THAT IS ALREADY USED IN A NUMBER OF OTHER COUNTRIES, SUCH AS NORWAY

Written by: Natalie Tuck

Denmark's statutory pension fund ATP has launched an external evaluation of its investment strategy to ensure it is as "efficient as possible".

ATP is responsible for Denmark's ATP Livslang Pension, a statutory pension scheme for workers, which provides a defined benefit pension upon retirement.

As part of the initiative, an independent group, made up of financial professionals from Denmark and abroad, will be established to conduct an evaluation of ATP's investment strategy.

The adoption of an external evaluation process follows "significant decisions" made by ATP's supervisory board and executive management in relation to ATP's pension product, which the Danish Parliament adopted in 2021, with a broad majority.

The group's work is expected to be finalised by mid-2026 at the latest.

The launch of the evaluation also followed the news that the fund suffered an investment loss of DKK -0.1bn in 2024, accounting for 20 per cent of total assets.

The country's pension giant blamed interest rate hikes in the fourth quarter, particularly in the US, for the "decisive impact" on the return of its investment portfolio.

It admitted that its investment return was "below" what is expected for an average year, based on the investment strategy it follows.

In 2024, negative contributions came from government and mortgage bonds with a return of DKK -9.2bn and private equity with a return of DKK -2.9bn.

Norway's pension enrolment limit for nurses abolished

THE CHANGE MEANS PART-TIME NURSES WHO WORK LESS THAN 20 PER CENT OF A FULL-TIME POSITION WILL BE ENROLLED IN THE PENSION SCHEME

Written by: Paige Perrin

The pension enrolment limit for nurses in Norway has been abolished, following amendments to the Nurses' Pension Act, effective 1 January 2025.

This change means that part-time nurses who work less than 20 per cent of a full-time position will be enrolled in the pension scheme for nurses. Pension rights can be accrued in the pension scheme from the first hour of work.

The Norwegian Nurses Organisation said this was an "important" gender equality measure and part-time employees would no longer experience discrimination.

The change will not affect the pension rights of those who work more than 20 per cent of a full-time position and they will continue to earn pension rights as before.

The amendment has an exception for retired nurses, as nurses born in 1964 or earlier who either receive an old-age pension AFP (calculated as a retirement pension), or early retirement from Norwegian pension company KLP, will not be enrolled in the nurses' pension scheme if they work less than 20 per cent of a full-time position in a quarter. This also means their pension will not be reduced.

However, for those nurses born in 1965 or later, there are no such restrictions, and they can work as much as they want without their pension being reduced.

In addition to this, they will be enrolled in the nurses' pension scheme from the first hour they work and earn additional pension benefits.

Spanish individual pension plan assets rise by 6.16%

IT BRINGS TOTAL ASSETS UNDER MANAGEMENT AND INDIVIDUAL PENSION PLANS AND EPSVS TO €98,826M, AS OF 31 DECEMBER 2024

Written by: Natalie Tuck

The assets of Spanish individual pension plans and Voluntary Retirement Savings Providers (EPSVs) increased by 6.16 per cent in 2024, equivalent to €7,119m, according to VDOS.

It brings total assets under management (AUM) of individual pension plans and EPSVs to €98,826m, as of 31 December 2024. Banks maintained their dominant position with €76,572m managed and a market share of 77.48 per cent, followed by independent groups and cooperative credit societies, with 6.52 per cent and 5.92 per cent, respectively.

Independent groups recorded the highest percentage increase in assets with 15.2 per cent, followed by international groups with 10.33 per cent.

Broken down, AUM of pension plans in the individual system increased by 7.97 per cent in 2024, €6,319m more, bringing the total under management to €85,586m at the end of December.

The increase was driven by positive portfolio performance of €6,897m, although this was partially offset by net redemptions of €578m.

In terms of profitability, among the main fund managers, Occident Pensiones performed the best with 13.75 per cent, followed Caja Ingenieros Vida with 13.05 per cent and Vidacaixa with 11.61 per cent.

Austrian pension funds return 7.76% in 2024

THE ANALYSIS SHOWED THAT THE LONG-TERM PERFORMANCE OF AUSTRIAN PENSION FUNDS WAS 'CLEARLY' BETTER THAN THAT OF NUMEROUS OTHER FORMS OF INVESTMENT

Written by: Paige Perrin

Austrian pension and provision funds saw an "exceptionally successful year" with domestic pension funds achieving a performance of 7.76 per cent in 2024, the Association of Pension and Provident Funds (WKÖ) found.

WKÖ said this was a "very good" result for the members of the pension funds and that these domestic funds currently manage assets of €29.04bn.

On average, around 155,000 beneficiaries received a monthly supplementary pension of €417 in 2024, which is paid 14 times annually instead of the typical 12 monthly payments.

The results also found that the long-term performance (1991-2024) of the eight Austrian pension funds, which stands at 5.03 per cent, is "clearly" better than that of numerous other forms of investment. Additionally, WKÖ said the investment strategy of the funds emphasised the importance of sustainability.

Commenting on this, WKÖ chairman, Andreas Zakostelsky, said: "As the largest private pension payer in Austria, the Austrian pension funds are a central component of the pension system.

"A pension fund pension is an important supplement to the standard of living in old age."

In addition to this, WKÖ said the Abfertigung NEU provision funds also achieved a "very pleasing" result in the past financial year with an average performance of 4.93 per cent.

Global pension assets hit record USD 58.5trn

THE INCREASE WAS DRIVEN PRIMARILY BY GROWTH IN THE LARGEST DC PENSION MARKETS, PARTICULARLY AUSTRALIA

Written by: Sophie Smith

Total global pension assets rose to a record high of USD 58.5trn in 2024, analysis from the Thinking Ahead Institute (TAI) has revealed.

The latest *Global Pension Assets Study* revealed a 4.9 per cent increase in total pension assets, rising from USD 55.7trn to USD 58.5trn at the end of 2024.

This was driven primarily by growth in the largest DC pension markets, as the survey found that, when looking specifically at the largest seven pension markets globally (P7), DC assets now account for 59 per cent of total assets compared to just 40 per cent in 2004.

This shift was attributed to DC schemes' higher exposure to growth assets, which has seen DC assets grow by 6.7 per cent, per annum, since 2014, while DB assets grew at a slower pace of 2.1 per cent, per annum.

However, the survey revealed "significant" regional differences, with the UK recording the slowest growth over the past 10 years.

The TAI suggested that there could be changes in the P7 rankings in future, noting that the growth in some regions, primarily those with larger DC markets such as Australia, is "far outstripping" others.

US adviser-sold market to grow

THE ALREADY SIGNIFICANT DC MARKET IS SET TO GROW FURTHER

Written by: Sophie Smith

The adviser-sold DC market in the USA is set to become "even more prevalent" due to the growth of the micro 401(k) market (plans with less than USD 5m in assets), according to *The Cerulli Report – U.S. Retirement Markets 2024.*

The report showed that the adviser-sold DC market is already "significant", as 57 per cent of DC recordkeepers estimate that 50-99 per cent of plans sold in 2023 were sold through advisers.

Cerulli suggested that wealth advisers will also look to capitalise on existing relationships with small business owners, in order to sell retirement plans to these clients.

Indeed, when non-specialist retirement plan advisers were asked where additional support would make them pursue more DC business, 46 per cent said cultivating wealth management clients from the DC business, and 43 per cent said sourcing plan sponsor clients.

News in brief

■ The rising cost of living has prompted an "impressive" 74 per cent of gen Z and millennials to take a greater interest in their pension superannuation, research from **AustralianSuper** has revealed. Despite economic uncertainty, gen Z and millennials believe in the value of 'supers', with a "staggering" 94 per cent agreeing that a super is crucial for financial health in retirement. In addition to this, 78 per cent said engaging with their super is just as important as looking after their physical health, which AustrlianSuper hailed as a sign of the evolving attitude towards financial wellness.

■ The **Australian** government will introduce mandatory and enforceable service standards for all large Australian Prudential Regulation Authority-regulated superannuation funds in the areas of death benefit claims, insurance claims and member communications. Assistant Treasurer and Minister for Financial Services, Stephen Jones, said the reforms are "all about strengthening the system by improving member outcomes", and would raise the bar for member service in superannuation. Draft standards will be released for consultation.

■ **Ontario** Teachers' Pension Plan has sold its ownership stake in the jointly owned holding company Kastrup Airports Parent ApS to Denmark's statutory pension fund ATP. This follows the board's decision to sell its indirect ownership stake in Copenhagen Airports A/S and is the result of ATP exercising a pre-agreed right of first offer. The deal remains subject to the necessary regulatory clearances.

Diary dates 2025

The latest events occurring across the European pensions market

PENSIONS AGE AWARDS 2025
4 March 2025
Grosvenor House Hotel, London
The 12th annual Pensions Age Awards aim to recognise and celebrate the excellence of both pension schemes and their providers across the UK, especially those that have demonstrated outstanding performance and resilience in challenging economic conditions seen in recent years. These prestigious awards are open to all UK-based pension schemes and provider firms that cater to UK pension schemes. The shortlist was announced in November 2024.
PENSIONSAGE.COM/AWARDS

PLSA INVESTMENT CONFERENCE
11-13 March 2025
EICC, Edinburgh
The PLSA Investment Conference returns as the PLSA's first conference of 2025. It will bring together leaders from pension funds, asset managers, investment banks, consultants, and government to focus on investment returns and economic growth and stay informed about government thinking, UK and foreign market opportunities, and macroeconomic developments. The three-day programme will include speakers such as The Rt Hon Lord William Hague, Torsten Bell and Fraser Nelson.
PLSA.CO.UK/EVENTS/CONFERENCES

EUROPEAN PENSIONS AWARDS 2025
3 July 2025
London Marriott Hotel, Grosvenor Square
The 18th annual European Pensions Awards were launched to give recognition to and honour the investment firms, consultancies and pension providers across Europe that have set the professional standards in order to best serve European pension funds over the past year. The host of this year's gala dinner is Zoe Lyons. The awards are free to enter and open to any pension fund or firm that serves European pension funds. The deadline for entries is 7 March 2025.
EUROPEANPENSIONS.NET/AWARDS

Not to miss…

IAPF SPRING CONFERENCE
13 March 2025
Radisson Blu Royal Hotel, Dublin
iapf.ie/Events

IAPF SUMMER CONFERENCE
27 May 2025
Radisson Blu Royal Hotel, Dublin
iapf.ie/Events

PENSIONSEUROPE ANNUAL CONFERENCE
10 April 2025
National Bank of Romania, Bucharest
pensionseurope.eu/events

PLSA ANNUAL CONFERENCE
14-16 October 2025
Manchester Central, Manchester
plsa.co.uk/events

LV

Investing in Iceland's next chapter

Iceland's Lífeyrissjóður Verzlunarmanna (LV) chief investment officer, Arne Vagn Olsen, tells Paige Perrin **about how the fund has been shaping Iceland's pension landscape with strong governance, sustainable investments, and long-term financial security**

Please give us an overview of the Lífeyrissjóður Verzlunarmanna (LV) pension fund.

■ LV is one of Iceland's largest pension funds, managing assets exceeding €10 billon. Established in 1956, LV serves over 80,000 members, providing a robust and sustainable pension system that ensures financial security for its beneficiaries. Our fund operates under a collective defined ambition scheme, which blends elements of DB and DC pension plans. This approach aims to provide a degree of income security while ensuring long-term financial sustainability. It balances a forward-thinking investment strategy with a prudent risk overlay. We take a long-term approach to asset allocation, investing in a well-diversified portfolio spanning domestic and international equities, fixed income, and alternative investments.

We actively engage with policymakers, corporate leaders, and industry peers to shape the future of pension management in Iceland. Our fiduciary duty demands high governance standards.

LV has urged Icelandic companies it invests in to enhance board candidate reporting. Why is this important to the fund, and what does it aim to achieve?

■ Strong corporate governance is fundamental to protecting and growing long-term value, and as a responsible investor, LV actively engages with domestic companies to drive best practices. Our recent letter to Icelandic companies highlights the need for increased transparency in board nomination processes – an essential component of sound corporate oversight.

The purpose of the initiative is to broaden the work done by nomination committees of listed companies. In Iceland, the tendency has been that individuals interested in a board seat submit their names to the nomination committee of a particular company. If the nomination committee decides to nominate someone else, the applicant often withdraws and thus never becomes visible to shareholders voting for the board at the annual meeting. This occurs even when the committee acknowledges that the individual has valuable skills but may not fit the immediate composition needs of the board.

LV wants to change the culture around this by opening the process and encouraging individuals to keep their applications visible. This will provide shareholders with more opportunities to choose from, which becomes particularly important in instances where shareholders disagree with the nomination committee's results.

We believe that by advocating for these governance enhancements, we are not only protecting the interests of our members but also contributing to the overall health and resilience of the Icelandic economy. A well-governed corporate sector translates into better long-term investment outcomes.

How did the Supreme Court's recent ruling on LV's pension liability adjustments impact the pension fund?

■ The ruling provided crucial legal clarity regarding pension liability adjustments due to the increased longevity of our members. Specifically, the ruling upheld LV's right to make actuarial adjustments based on updated life expectancy projections, ensuring compliance with Icelandic pension regulations and international accounting standards. This decision reinforced the principle that pension funds must proactively manage longevity risk to maintain financial sustainability. This was an issue that had been under debate for some time. The decision confirmed that LV's adjustments complied with regulatory and actuarial principles, reinforcing the robustness of our financial position.

The ruling allowed us to move forward confidently with our pension liability recalibrations, ensuring that we continue to meet our obligations in a financially sustainable manner.

More importantly, it underscored the importance of having a stable and predictable legal framework in pension fund governance, which is essential for long-term investment planning.

What have been the fund's biggest successes in 2024?

■ 2024 has been a defining year for LV, marked by several key accomplishments:

- Investment performance: Despite market volatility, our diversified portfolio delivered resilient returns, exceeding the benchmark performance in both our pillar 2 portfolio (95 per cent of assets) and our pillar 3 portfolios (private pensions). Based on preliminary numbers, our returns for the past year, five years, and 10 years are among the highest in Iceland.
- Investment infrastructure: We changed our global custodian last year after a lengthy process. This new custodian will ensure we are well equipped to tackle upcoming changes in our portfolios.
- ESG leadership: We intensified our responsible investment efforts by expanding engagement with both domestic and international companies on climate-related disclosures and sustainable business practices.
- Regulatory adaptation: Following the Supreme Court ruling, we swiftly adjusted our liability models, ensuring full compliance with legal and actuarial standards.
- Operational efficiency: Leveraging technology and data analytics, we improved fund administration and enhanced member services.
- Industry influence: By strengthening partnerships with policymakers, businesses, and institutional investors, LV has reinforced its role as a thought leader in Icelandic pension fund management.

"STRONG CORPORATE GOVERNANCE IS FUNDAMENTAL TO PROTECTING AND GROWING LONG-TERM VALUE. LV ENGAGES WITH DOMESTIC COMPANIES TO DRIVE BEST PRACTICES"

What are your key objectives for the year ahead?

■ Looking forward to 2025, LV's priorities remain firmly centered on securing sustainable, long-term returns for our members. We anticipate navigating a landscape shaped by persistent inflationary pressures, shifts in global interest rate policies, and geopolitical uncertainties.

Additionally, ongoing regulatory developments and the evolving ESG landscape will require adaptive investment strategies to maintain resilience and capitalise on emerging opportunities. Our key objectives include:

- Expanding global investments: Given the limited scale of Iceland's capital markets, we aim to further diversify internationally, ensuring a balanced and resilient portfolio.
- Advancing ESG integration: We will continue to push for stronger corporate sustainability practices while increasing investments in sustainable asset classes.
- Enhancing governance standards: LV will maintain its focus on corporate governance, advocating for greater transparency and accountability in Icelandic companies.
- Embracing technological innovation: We are investing in digital solutions to streamline operations, improve service delivery, and enhance decision-making processes.
- Risk-optimised growth: Our investment strategy will remain firmly rooted in risk-adjusted growth, balancing long-term performance with financial security.

At LV, we are committed to evolving alongside the ever-changing financial landscape. Our proactive, forward-thinking approach ensures that we continue to serve our members with excellence, resilience, and a clear vision for the future.

People on the move...

The latest news and moves from people within the European pensions industry

If you have any appointments to announce please contact natalie.tuck@perspectivepublishing.com

ALBERTO MATELLÁN

Mapfre has appointed Alberto Matellán as general manager of its French asset management subsidiary, La Financière Responsable (LFR). Currently chief economist at Mapfre Inversión, Matellán will lead on LFR's new strategic plan for 2025-27, focusing on internationalisation. In addition to this, the group confirmed that Thierry Chesneau is to be named president of LFR, following the retirement of Olivier Johanet.

ANNA HAMMER

The Second Swedish National Pension Fund (AP2) has appointed Anna Hammer as its head of asset management. Hammer was previously Länsförsäkringar chief economist, with previous experience in fixed income strategy. Before that, she worked at Sweden's Ministry of Finance and the National Institute of Economic Research. She takes over from Erik Kleväng Callert.

CRISTINA LUGARO

Candriam has appointed Cristina Lugaro as head of distribution – Nordics. Based in Stockholm, Lugaro will be responsible for leading the growth of Candriam's market share within the Nordics, as part of its continued engagement in the region's institutional and wholesale distribution markets. She succeeds Alain Deflandre, head of distribution Luxembourg & Nordics, who will continue in his role as head of distribution Luxembourg.

FREDRIC NYSTRÖM

The Third Swedish National Pension Fund (AP3) head of sustainability and governance, Fredric Nyström, has assumed the position of chair of the board of the Council on Ethics for the Swedish National Pension Funds. The board of the Council on Ethics also consists of representatives from the First (AP1), Second (AP2) and Fourth AP Funds (AP4). These include AP1's Magdalena Håkansson, AP2's Lina Sandström and AP4's Pia Axelsson.

HAUKUR YNGVI JÓNASSON

The Icelandic Pension Fund Association has appointed Haukur Yngvi Jónasson as a lawyer. He graduated from the Faculty of Law, University of Iceland in 2024. He previously worked as a lawyer for the technology company OK hf and its subsidiary Varist ehf. "The Icelandic Pension Fund Association looks forward to the collaboration and welcomes Haukur Yngvi to work," the association stated.

Appointments

TORSTEN BELL

British Labour MP for Swansea West, Torsten Bell, has been appointed as the UK's Pensions Minister after former Pensions Minister, Emma Reynolds, was named Economic Secretary to the Treasury. Bell was elected as an MP in the July 2024 general election. Prior to becoming an MP, Bell was chief executive of the Resolution Foundation. He also previously served as Ed Miliband's director of policy and as a Treasury civil servant.

MARIE LITEZINGS

Sweden's Alecta has appointed Marie Litezings as head of its customer department. Litezings has held various positions within AMF over 17 years and has been head of insurance since 2020, which includes responsibility for the company's product offerings, customer communication and insurance administration. She is also a board member of Min Pension. Alecta has also recruited Johanna Bono as its new head of internal audit.

MARC BRAUN

Germany's ERGO Vorsorge Lebensversicherung AG has appointed Marc Braun as a member of the board of management, responsible for company pensions. He will start his new role on 1 April 2025 and succeeds Ulrike Taube who left at the end of 2024. He joins from Allianz Pensionsfonds AG and has held various positions within Allianz since 1989.

CAMILLA BARRY

Camilla Barry has been appointed as the UK's deputy pensions ombudsman (DPO) and deputy Pension Protection Fund ombudsman. She succeeds Anthony Arter, who remained at The Pensions Ombudsman on an interim basis after his term as pensions ombudsman ended, in order to complete his case and to deal with any conflicts for the present pensions ombudsman.

GORDON KEARNEY

State Street Global Advisors has appointed Gordon Kearney as SSGA Europe Limited head of investments, succeeding James Binny, who announced his retirement in 2024. Based in Dublin, Kearney will report to the head of investment strategy and operations, Olivia Engel. He will oversee portfolio management activities and investment staff across Europe, as well as serving as a representative in Europe for clients.

PETER MIKKELSEN

Denmark's Industriens Pension has appointed Peter Mikkelsen as head of investments in real assets, covering investment in infrastructure and properties. Mikkelsen takes over from 65-year-old Jan Østergaard as part of an "ongoing generational change". Østergaard will remain in a specialist role, however, collaborating throughout the organisation on product development within the investment sector.

HEDWIG PETERS

Staying on board

Francesca Fabrizi sits down with Hedwig Peters, board member of several Dutch pension funds, to discuss her career, life as a portfolio manager in the '80s and her thoughts on Dutch reform

Please tell us about your career to date?

■ Since 2012, I have been an independent board member of several major Dutch pension funds. In my earlier days, I was an equity portfolio manager for more than 21 years. I have also held senior management positions as CIO of Allianz Netherlands, and I set up the fiduciary business for Allianz Global Investors in the Netherlands.

Where did it all begin?

■ I finished university in 1983, and that was economically a very difficult period. My first job was with a debt collection agency, which was interesting because we were dealing with situations whereby it wasn't always the fault of the individuals, but the bank that had overloaded them with loans.

That stemmed my interest in finance and so, after some further education, I went to work for Delta Lloyd, which was an insurer in the Netherlands. I joined its investment team and started to learn all about bonds.

After two years, my manager asked if I would sit on his desk and become an assistant on the equities side. Alongside that, I decided to study for my VBA (today known as the CFA). It's funny to look back now at those days and how things have changed. We did not have Bloomberg or Reuters, for example, but a data stream we had to keep refreshing by pushing a button. Also, every transaction had to be written down.

What was your next career move?

■ In 1990, I joined Centraal Beheer, now Achmea, in its investment team where I helped launch several equity funds and later moved more specifically into European equities.

In 1995, I joined Robeco, and in 1997, I helped set up a pan-European small-to-mid-cap fund. Luckily, it was around the start of the dot-com bubble so, for small cap, it was more or less about cherry picking from all the initial public offerings (IPOs).

That was a fantastic time for me because we divided the fund geographically and I was responsible for France, Italy, Spain and Portugal – wonderful places that I had to travel to regularly.

As wonderful as that was, however, at the time we were living in central Netherlands and I was having to travel to and from Rotterdam for work, which was not ideal when I had three small children at home. So when I got a call from the predecessor of Allianz Netherlands one day in 2001, which had an office very close to my home, I decided to accept an offer from them.

Then, in 2006, the position of head of investment became available, which later developed into a CIO role. At that time, a new way of working was coming to the fore – procedures were getting much stricter, and there was a strong focus on better governance, so it was very interesting and a great learning curve for me.

A few years later, the firm wanted to set up a fiduciary office, so I went over to Allianz Global Investors to set up the fiduciary office in the Netherlands. Sadly, that was in the midst of the financial crisis – we won a very big mandate at the time, but then the market collapsed so there was no action for some time.

"THE BIGGEST CHALLENGE IS THAT WE ARE IN THIS TRANSITION PHASE IN THE DUTCH PENSION FUND WORLD"

When did you decide to set up on your own?

■ It was in 2012 that I decided to go to the other side of the table – I already had a lot of experience with clients, as well as so much investment experience, so I became an independent board member, and I have never been so busy.

Today, I have several roles. I have been working with Royal Haskoning, a global consulting and engineering company, for quite some time.

It has a very interesting angle on the environment because it is a thought-leader in that space offering innovative solutions – so I am also learning a lot. I am also CIO at Nedlloyd Pension Fund, which is currently going through the process of transferring to an insurer, so again a very interesting area.

Additionally, I am an executive director for Pensioenfonds Citigroup, which I really enjoy. I also chair the advisory board of the pension fund for architects (Bpf Architecten).

What is the biggest challenge you feel you are facing today in your roles?

■ The biggest challenge is that we are in this transition phase in the Dutch pension fund world – moving primarily from a DB to a DC system. It is a difficult subject because not everyone understands the changes, including the plan members, and this is not good for the reputation of the pension system.

The other challenge is that even some of the well-known IT systems don't really know how to deliver under the new system; plus, there is a shortage of experts here, so a lot of the existing ones are overloaded with work – everyone is really stretched.

Finally, board members find it challenging to make predictions for the future because of the uncertainly, plus they are overloaded themselves and do not have enough time. I heard recently, for example, about a document for the board to review which had 14,000 pages. No-one is going to read that – it's nonsense.

The Dutch Central Bank is also learning by doing, so it is challenging for everyone.

What do you see as the strengths of the Dutch pensions system?

■ The strength is the solidarity. It is very well-funded because we started early, and most people are still a member of a pension fund. Less positive is that a lot of people in the Netherlands are self-employed and that is a problem because they are not often covered by a pension. There have been discussions in this area for many years but the regulator should be more helpful.

How are you feeling about the future of pensions in the Netherlands?

■ A little bit worried, because in the past it was an enormous industry. For those funds that are staying under the old system, they have a limited time horizon – they will not be covered by the new IT systems, for example, and organisations will not have any interest in them. They will almost be forced to go to the new system. But there is added-value, I believe, in funds which have a sense of community – such as the one for architects. It is easier to make tailor-made decisions for one group rather than multiple.

There can of course be advantages to consolidating funds, but it's worth pointing out that some people think our pension funds are very big in the investment industry, and that is not always the case, because we have relatively inactive portfolios, all in all.

If you have €1.8 trillion, for example, in the Dutch system in total, which is quite some money, around 50 per cent of that, at least, will be in bonds, and they don't move that much. The rest will be in equities or equity-related. If you look at that compared to worldwide figures, that's not that much and the turnover is limited.

I also hope that we do not see any further pressure to lower fees, because we are at quite low levels already, and with all the investments the industry has to make in artificial intelligence and risk systems etc, you cannot expect a good service if you are not willing to pay.

More also needs to be done around financial education for children and I plan to get more involved in that – whether that's with learning materials, talking to them in a practical way about finance, or teaching them how to manage a small budget.

I know my children thought they could just pull money out of the wall whenever they wanted until I explained it wasn't that easy!

COUNTRY SPOTLIGHT | ITALY

Creating a masterpiece

Italians still rely heavily on the first pillar pension system for retirement income but regulation is focusing on sculpting out a strong second pillar to increase membership in supplementary schemes. Giovanni Legorano **reports**

Like many European pension systems, Italy's is structured around a first pillar of public pensions financed by workers' social contributions, and second and third pillars based on supplementary pension savings.

The first pillar is split between pensions paid by Italy's National Institute for Social Security (INPS) and a number of Casse di previdenza, the pension schemes of professions, like doctors and architects.

While INPS finances pension payments with the contributions of active workers, the Casse invest pension contributions paid by members and pay pensions with the proceeds from such investments.

Public pension payments equal 15 per cent of the country's gross domestic product. The Casse have around €114 billion in assets under management, according to the Commissione di Vigilanza sui Fondi Pensione (Covip), Italy's pensions watchdog.

The second and third pillars hinge on Fondi negoziali, industry-wide pension schemes regulated

by workers' collective agreements, Fondi pre-esistenti, normally for single large companies, such as banks, and Fondi aperti, other vehicles of savings sold by insurers or banks.

All these schemes represent supplementary pension savings and are voluntary, although are incentivised through tax breaks and employers matching employees' contributions.

Several challenges

The system faces a number of challenges affecting both public and private pensions.

The current average retirement age is 62, although a reform enacted in late 2011, when Italy was in the midst of the financial crisis, raised it to 67.

Such reform, and subsequent government decisions, provided a number of exceptions, which are maintaining a relatively low effective retirement age, despite it slowly rising.

Another problem is the country's demography. Italy has among the highest life expectancy rates in Europe but coupled with one of the lowest birth rates.

"FOR THE FIRST TIME, PRIVATE SCHEMES CAN BE USED TO DETERMINE WHETHER WORKERS CAN RETIRE EARLIER"

In addition, the country's employment rate, albeit improving over the past few years, was around 63 per cent at the end of 2024, one of the lowest in Europe. A recent increase of such rate brought the ratio between active workers and pensioners to 1.46 per cent, or close to the 1.5 per cent 'safety threshold', for a pension system, according to Itinerari Previdenziali, a pension policy research centre.

Public pensions have also been slowly switching from a defined benefit method of calculation for pension benefits to a defined contribution method since the mid-1990s. This resulted in a gradual erosion of state pensions, which now equate to around 70 per cent of the final salary before retirement and are set to decline further.

So far, Italian workers have been slow in enrolling in private schemes to compensate for future lower public pensions. Around 25 per cent of workers were contributing members in private schemes at the end of 2023, consultants say, again lagging behind many European countries.

"The data describes a pension system that is now in equilibrium, but a number of changes will need to take place in order to preserve its stability," says Itinerari Previdenziali analyst, Bruno Bernasconi.

"For political reasons, many governments have intervened over the past years to either increase pensions or the requirements to retire earlier, undermining the stability of the system," he adds. "In the future, they will need to act to limit the number of exceptions that allow people to retire earlier, while enacting policies to increase the number of active workers and boost the birth rate."

He also says that more work is needed to push workers into saving more in private pension schemes to guarantee the same level of living standards once they retire.

Increasing membership

After lengthy discussions, Italian lawmakers approved legislation included in the country's 2025 budget that allows workers to retire at 64, or three years before the legal retirement age, if they have at least 25 years of contributions.

The additional caveat is that the retiree's monthly pension would need to be higher than three times the social allowance paid to low earners, or around €1,600, including pension benefit coming from private schemes.

"This is a totally new concept in the Italian pension system, because, for the first time, private schemes can be used to determine whether workers can retire earlier," says Prometeia Advisor SIM partner, Andrea Nanni.

"It's interesting because it is an attempt to mitigate the increases in retirement ages enacted to stabilise INPS's finances, while stimulating enrollment into private schemes."

However, Nanni cautions that for the time being the new law will only allow a small number of people to retire earlier. Yet, the effects of this provision could be interesting in the long run, he adds.

Politicians also discussed two other measures aimed at boosting enrolment into private pension schemes, but neither was introduced.

One was to automatically divert 25 per cent of the severance payment (Trattamento di Fine Rapporto, or TFR) to pension funds to increase pension savings.

Currently, newly hired employees have six months to decide whether to leave the TFR to their employer (or for larger companies in a special fund held by INPS), which will pay it as a revalued lump sum when they leave that job, or to have it transferred into a pension scheme.

If they choose to enrol into a private pension scheme the choice is irrevocable. If they choose to leave the TFR to their employer, they can change such a choice at any time. However, if they don't express any choice, the TFR will be paid to a pension fund, under the so-called silent-consent mechanism.

The second suggested measure to boost membership

"MANY PENSION FUNDS ARE CURRENTLY ASSESSING THEIR ASSET ALLOCATION ON THE BASIS OF THE CURRENT MARKET SITUATION"

in private schemes was to open a six-month silent-consent window, in which all workers, not only the newly hired, had to make an explicit choice, otherwise their severance payments would be transferred into a pension scheme.

Most observers favoured the second measure, while some criticised the first as it contained a mandatory requirement and contravened the principle that joining a private pension scheme is a free choice.

Although many attempts were made to increase membership into pension schemes, enrolment in Italy remains low compared to other European countries.

"Let's be very frank. In Italy, we are still in the Stone Age. When only one in four workers is an active member of a pension fund, we can conclude that this represents only a very marginal experience for them," says Aon Italy partner and head of wealth, Claudio Pinna.

He adds that there should be more and better financial education in Italy to win over the possible distrust many workers show towards supplementary pensions. In addition, there is a lack of political will to introduce the six-month-silent-consent window because this would deprive INPS of part of the annual TFR payments it now receives.

Instead, Pinna calls for automatic enrolment into pension schemes, coupled with an opt-out clause, to allow workers to leave if they wish.

Investments

Over recent years, Italian pension funds have begun to change their strategic allocation to chase better returns, consultants say. Not only have they increased their holdings of foreign stocks and corporate bonds, they have also embraced unlisted assets over the past four to five years, which many of their European and US peers did more than two decades ago.

Pension funds have begun to introduce investments in private equity, private debt and, more recently, investments in infrastructure in their portfolios. Investment in real estate has historically been an important part of Italian pension funds' assets under management.

"We structured portfolios, with a sizable share invested in private assets, even up to 15 per cent," says Mercer Italia SIM CEO, Luca De Biasi. "On average, I see 5-6 per cent invested in these types of assets."

He says there have also been cases of pension funds joining forces to make these types of investments. For instance, Fondo Gomma Plastica, Fopen, Pegaso and Previmoda decided in 2021 to collectively invest over three years €215 million in private debt.

Many pension funds are currently assessing their asset allocation on the basis of the current market situation, according to experts.

"We are analysing with attention all the aspects that may impact the financial markets' dynamic, which has been positive so far, starting with the potential implications of the economic policies of the new US administration on global growth," says Italy's largest pension fund Cometa director general, Federico Spiniello.

"The prospects for 2025 seem currently positive, but there are elements of uncertainty on the stability of this global economic cycle. This suggests caution and prudence. Therefore, we will proceed with the maximum possible level of diversification. The mix of stocks versus bonds could be marginally changed, but our long-term strategic approach remains unchanged."

COVIP

The Italian pensions landscape

Commissione di Vigilanza sui Fondi Pensione (COVIP) commissioner, Mariacristina Rossi**, provides an overview of the Italian pensions sector**

The Italian pension system is composed of a compulsory notional defined contribution (NDC) pension system and a voluntary, privately funded supplementary pension system.

The first pillar state pension represents the primary retirement vehicle, operating on a pay-as-you-go (PAYGO) basis, which means the pensions of current retirees are paid with contributions from workers.

Over time, legislative reforms – starting with Dini's reform in 1995 – have transitioned the system from a defined benefit to a NDC model. Every pension contribution paid by workers will contribute, forming the pension pot at retirement, generating a one-to-one relation between the contribution paid and retirement income, which is entirely annuitised. The (notional) return rate of the pension contribution is the GDP growth. In Italy, public retirement represents the primary source of income for most retirees, whose contribution rate is set at 33 per cent.

The supplementary pension system consists of the second and third pillar. The second pillar includes occupational pension funds, accessible only to employees or self-employed individuals meeting specific collective agreement criteria. The third pillar is open to all individuals and includes open pension funds or personal pension funds, often linked to life insurance contracts.

Employees can transfer their severance pay (TFR) to pensions, which is a sum accumulated over time through yearly contributions set aside by employers at around 7 per cent of annual income. This sum is revalued at a legally established rate (1.5 per cent plus 75 per cent of the inflation rate) up to retirement or employment termination. In the second pillar, contributions are also paid by employers. Additional contributions are encouraged with tax exemption up to €5,164.57.

After retirement, at least half of the accumulated sum in a supplementary pension has to be withdrawn as an annuity while the remaining part as a lump sum.

In 2007, automatic enrolment was introduced for new private sector employees, allowing them to transfer TFR to pension funds, with a window of six months to opt out. If no decision is made, workers are automatically enrolled in a default pension fund. A similar policy was extended to the public sector in 2021 and 2023, covering most public employees. Since 2015, employer contributions to supplementary pensions through collective agreements, known as 'contractual adhesion' have also been possible.

At the end of 2024, 9.95 million workers were enrolled in supplementary pensions, with total assets under management reaching €243 billion, equivalent to 10.8 per cent of GDP and 4 per cent of Italian households' financial wealth. Over the past 10 years, pension funds have recorded an annual average return rate of up to 4.7 per cent on equity investments, while the equity investment average return has been up to 13 per cent during 2024.

Although enrolment has been constantly increasing, participation remains limited, especially among certain categories: Self-employed workers, women, young employees, workers in small firms, and individuals living in Southern Italy. Supplementary pension coverage is, instead, higher among people with higher financial and pension knowledge.

The coverage and disparities of the supplementary pension system stem from broader economic and labour market issues, as well as the large contributions paid to the PAYGO system, displacing additional contributions to the supplementary system. Financial and pension education programmes coupled with effective automatic enrolment schemes represent a powerful driver for the development of the system.

MEFOP

Italy's push for pensions

Mefop economics and finance area senior researcher, Antonello Motroni, **discusses Italy's pension coverage challenge, pension investments and EU regulation**

At the end of 2024, membership in supplementary pension schemes exceeded 11 million, with the majority (56 per cent) enrolled in personal pension schemes. In 2024, membership grew by an average of 4.2 per cent compared to 2023, in line with past years.

However, despite this steady growth, the majority of eligible workers are not enrolled yet, keeping the overall participation rate below 40 per cent. As a consequence, the main challenge is to increase membership. This is a crucial issue given that the population is projected to become one of the oldest in the world and public pensions will increasingly rely on contributions. Changes in the labour market and technological innovations (AI and digitalisation) pose additional challenges.

To address low membership, a new institutional communication strategy is needed, leveraging all media, particularly social networks, to raise awareness about the importance of joining a pension fund. The establishment of a pension tracking system could also play a key role to fix pension gaps.

The public debate is also focused on the relaunch of automatic enrolment via 'silent consent' regarding the severance payment Trattamento di Fine Rapporto (TFR). During the discussion of the 2025 budget law, a new term for tacit approval for employees not enrolled was proposed, but not approved.

In this context, it is worthwhile to recall that social partners have introduced automatic enrolment to sectoral pension funds in some collective bargainings, supported by a small contribution from the employer, to boost participation in occupational pensions. This measure has led to a rapid increase in membership in certain sectors. However, data released by Commissione di Vigilanza sui Fondi Pensione (Covip) highlights a significant potential pension gap for those automatically enrolled through collective bargaining; they need to switch to a full membership, unlocking all sources of contribution to secure an adequate benefit. The government has set up a working group to draft a reform of the pension system, encompassing all pillars, but no legislation has yet been unveiled.

In addition, pension funds are under pressure to support the Italian economy. While 39 per cent of assets are invested in government bonds (14 per cent in Italian bonds), appetite for private assets is growing: A Mefop survey showed that in 2023, 60 per cent of pension funds invested in real assets, up from 47 per cent in 2020, with a focus on private equity and private debt, but in absolute terms, investments remain limited.

EU legislation represented a big spur to sustainable investments and institutions have put in huge efforts: A Mefop study found that around €40 billion is allocated to 'Article 8' investments. However, the upcoming revision of the Sustainable Finance Disclosure Regulation (SFDR) has sparked a huge backlash, leading some pension schemes to pause further steps forward. Stewardship initiatives promoted by the occupational pension association are also ongoing.

Meanwhile, pension schemes are coping with the incomplete Digital Operational Resilience Act (DORA), which seems disproportionate to the operations and small size of the institutions. Looking forward, the Financial Data Access (FIDA) regulation risks becoming another thorny piece of legislation.

Overall, the horizontal regulatory approach taken by Brussels concerns institutions due to complexities and costs, which are ultimately borne by members. The market hopes that the European Commission's projects to streamline regulations and reduce red tape will adequately address the sectoral specificities.

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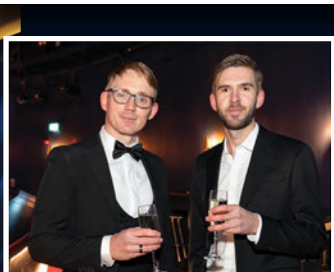


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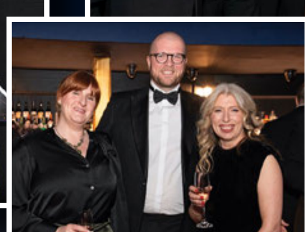



Irish Pensions AWARDS 2024

Contents

Highlighted Winners

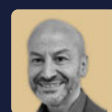
Welcome!

It was wonderful to welcome so many Irish pension professionals to our 13th Irish Pensions Awards, hosted for the first time at the historic Round Room at The Mansion House in central Dublin. Following a dynamic and demanding year for those working in Irish pensions, be that as consultants, providers, scheme managers, trustees or otherwise, it was the perfect occasion to come together and celebrate the industry's achievements and hard work. A variety of awards were presented to pension funds, firms, and organisations that have led the way through innovations in product development, technology, investment performance, and overall excellence. A big congratulations to all the winners and finalists, and a heartfelt thank you to our judges and sponsors for making this event possible. We hope you enjoy reading all about the night in the following pages, and we look forward to seeing you later this year for our next event, again at the Mansion House, on 4th November 2025 – pop it in your diaries at it's sure to be a night to remember.

Francesca Fabrizi,
Editor-in-Chief,
European Pensions

Judging Panel

Andy Dixon *Head of Independent Wealth and Family Office*
Unio Wealth Management



Mohsin Harhara
Head of Pensions
Skanska

Deirdre Horan
Leading Reward & Benefits
PTSB

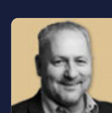
Emer Kirk *CEO*
Financial Planning Standards Board Ireland DAC

Martin Leech
Expert in Pensions

Rickard Mills
Non-Executive Director and Pension Fund Trustee

John O'Connell
Owner
Trident Consulting

Frank O'Riordan
Independent Director and Pension Trustee



Fionán O'Sullivan
Director – Employee Benefit Solutions
Trust Matters

James Skehan
Independent Professional Trustee

The *Winners*

INVESTMENT MANAGER OF THE YEAR
Irish Life Investment Managers

IRISH PENSION SCHEME OF THE YEAR
Bank of Ireland Staff Retirement Savings Plan (RetireWell)

EQUITIES MANAGER OF THE YEAR
Cantor Fitzgerald Asset Management Europe

PENSION TRUSTEE BOARD OF THE YEAR
Enable Ireland Disability Services Defined Contribution Pension and Life Assurance Plan

FIXED INCOME MANAGER OF THE YEAR
Legal & General Investment Management

PENSION SCHEME INNOVATION
Irish Life Retail Master Trust

PROPERTY MANAGER OF THE YEAR
Aviva Ireland

BEST USE OF INVESTMENT STRATEGY
Passive Iris (New Ireland)

ALTERNATIVES INVESTMENT MANAGER OF THE YEAR
Invesco

PENSIONS CONSULTANCY OF THE YEAR
WTW

LAW FIRM OF THE YEAR
Mason Hayes & Curran

EXCELLENCE IN DC AWARD
Unio Employee Benefits

PENSION SCHEME ADMINISTRATOR OF THE YEAR
LifeSight

Irish Pensions AWARDS 2024

COMMUNICATION AWARD
Employee Financial Wellness

INNOVATION AWARD
Royal London Ireland

PENSIONS TECHNOLOGY PROVIDER OF THE YEAR
Financial Risk Solutions (FRS)

INNOVATION AWARD (TECHNOLOGY)
FNZ Q-Hub

INDEPENDENT TRUSTEE FIRM OF THE YEAR
ITC Group

RISK MANAGEMENT AWARD
Mercer Ireland

ESG/SRI PROVIDER OF THE YEAR
AXA Investment Managers

PENSION BROKER/FINANCIAL ADVISER OF THE YEAR
Investwise Financial Planning

DIVERSITY AWARD
Coronation Fund Managers

PASSIVE MANAGER OF THE YEAR
State Street Global Advisors

sponsored by Aviva and Aviva Investors

CASH-DRIVEN INVESTMENT MANAGER OF THE YEAR
BCP

INFRASTRUCTURE MANAGER OF THE YEAR
AXA IM Alts

PENSIONS ORGANISATION OF THE YEAR
LIA

EMERGING MARKETS MANAGER OF THE YEAR
Amundi

MARKETING CAMPAIGN OF THE YEAR
Aviva Ireland

Investment Manager *of the Year*

The Investment Manager of the Year award recognises excellence in investment management at one of the most interesting times in Irish pensions history. With mass consolidation in the Irish market and the rise of master trusts, investment managers, now more than ever, must stand out from the crowd when it comes to performance, innovation, dedication, sophistication and foresight. The judges said the winner submitted an "excellent entry" that highlighted a whole plethora of ways the firm sets the bar high in the Irish pensions and investment space, with case studies to back up its statements. Congratulations to the winner, Irish Life Investment Managers (ILIM)!

To demonstrate the firm's commitment to continuous innovation, including the creation of more sustainability-related solutions, the firm was able to showcase a number of key initiatives and milestones achieved over the past 12 months.

Principally, continued client endorsement of ILIM's investment capabilities was evidenced by a substantial uplift in asset inflows in the year. 50% of assets managed for third parties are in funds that promote environmental or social characteristics.

ILIM leveraged that market leading position in Responsible Investing to launch the following solutions to deliver client investment goals:

WisdomTree Article 9 ETF: ILIM partnered with WisdomTree to launch the WisdomTree Global Sustainable Equity UCITS ETF (WSDG) in June 2024 – an Article 9 ETF that utilises the UN Sustainable Development Goals (SDG) framework with strong governance screens. The ETF is listed on Börse Xetra and the London Stock Exchange.

Climate Transition Equity Fund: ILIM partnered with a large institutional client, to deliver a customised solution, culminating in the launch of a new Climate Transition Equity Fund. This fund's rules-based investment strategy uses environmental data, aims to decarbonise over time in line with the Intergovernmental Panel on Climate Change's 1.5°C warming limit and enables investors in Ireland to support the transition to a low-carbon economy.

Further endorsement came during the year for ILIM's Pension Irish Property Fund which received a maximum five-star rating from GRESB (Global Real Estate Sustainability Benchmark) for 2024. In addition, the firm is now the largest solutions provider underpinning DC Master Trusts in Ireland as well as focusing on its bulk annuity market leadership position, in partnership with Irish Life Assurance (ILA).

ILIM also oversaw continued growth and enhancement of LDI Funds and Asset Liability Monitoring Service, helping the largest DB pension schemes to de-risk and match efficiently. It also responded to client demand for exposure to cash funds amid higher interest rates by launching several campaigns in 2023 to raise awareness. Congratulations again to the team at ILIM. Richly deserved!

JUDGES' COMMENT

This excellent entry highlighted a whole plethora of ways this firm sets the bar high in the Irish pensions and investment space, with case studies to back up its statements

Risk Management Award

Irish Pensions AWARDS 2024
WINNER
Risk Management Award

Mercer

Risk management is firmly at the top of pension scheme agendas and is a cornerstone of effective pension provision. This award recognises the provider that has developed innovative solutions to truly help Irish pension schemes to understand and manage their risks.

This year's entry was praised by the judges for demonstrating a truly comprehensive approach to risk management in the Irish pensions arena, and setting a high bar for its competitors. Congratulations to all of the team at Mercer Ireland!

While IORP II introduced a more formalised approach to risk management, strong risk management has always been a key objective for trustees – and a strong focus of Mercer's advice. This is demonstrated in Mercer's innovative approach, in establishing a dedicated team of risk management experts. This team supports trustees in the role of risk management key function holder. Moving beyond checkbox compliance, they aim to provide risk management expertise for all large trustee projects and strategic decisions.

Perhaps the most notable tool provided to clients is the group's tailored risk register, which provides a deep dive of the scheme risk profile and existing controls that allows trustees to engage with individual risks.

Mercer not only aims to identify risks but also assists clients to set out a clear action plan to improve the risk management framework to ensure that improvements are seen.

In order to reduce the burden on trustees when working on Own Risk Assessments (ORA), Mercer prioritises actions over the ORA cycle by helping trustees integrate them into existing workstreams.

Mercer has also developed a flexible risk dashboard to report on areas that matter most to trustees. This works by empowering trustees to track key risk metrics and monitor trends in any of their priority risks over time, supporting early interventions and informed decision making.

As well as more general risk management analysis, Mercer has also helped trustees with a range of wider projects to ensure risk is considered in strategic decisions and appropriate controls are employed to manage risk through the implementation or transaction phase, whether this is a risk transfer exercise, deterioration in sponsor convenant, significant funding / investment / benefit / default strategy changes, operational changes, amongst others.

With a comprehensive approach to risk management, a dedicated team of experts, detailed risk register, measured ORA process, risk dashboard, and provision of risk management perspectives in strategic decisions, Mercer stands out from the crowd as a leading risk management provider. Well done!

JUDGES' COMMENT

This entry demonstrated a truly comprehensive approach to risk management in the Irish pensions arena and sets the bar high against its competitors

Best Use of Investment Strategy

Irish Pensions AWARDS 2024
WINNER
Best Use of Investment Strategy

JUDGES' COMMENT

This entry showcased a comprehensive pensions savings solution that successfully works to meet the ever-changing needs of the member

This award recognises the pension scheme that the judges believe has excelled in investment design.

This year's winner, New Ireland, was praised for its innovative Passive IRIS strategy, which the judges said showcased a comprehensive pension savings solution that successfully works to meet the ever-changing needs of the members.

Passive IRIS is New Ireland's hugely successful flagship investment strategy; it is a target date fund structure, which is unique in the Irish market and is tailored around pension investors' planned retirement year.

Passive IRIS is a highly diversified multi-asset strategy that aims to provide a 'best in class' investment that has member outcomes central to its design.

The strategy adapts to meet pension investors' changing needs by allocating within the fund to higher-risk assets, like equities, when investors are far from retirement and gradually shifts to lower-risk assets, like bonds and cash, closer to retirement. This transition, known as the 'glide path', automatically adjusts the asset mix to align with an investor's life stage

New Ireland regularly reviews Passive IRIS' strategic asset allocation, under advice from their Investment Markets team. Recent updates include changing the length of the glidepath from 15 to 10 years, and adding new asset classes to provide a higher level of diversification. This should lead to materially better member outcomes over the long term.

Modelling suggests the changes made to the investment strategy underlying Passive IRIS will lead to better retirement outcomes for members with over a 25% improvement expected for younger members, based on median projections.

New Ireland is committed to improving the ESG credentials of Passive IRIS over time and work with the underlying investment managers, who engage with companies to address key environmental, social, and governance (ESG) issues. The judges commended the scheme's commitment to responsible investing, with the 2024 enhancement of tilting being added to certain asset classes.

New Ireland also prioritised policyholder communication in its enhancements to Passive IRIS and launched a bespoke Passive IRIS online hub, offering real-time performance insights and detailed fund information. The judges praised New Ireland for consistently putting members at the heart of its approach, recognising its dedication to adapting investment strategies and leveraging technology to enhance the member experience. In particular, they highlighted the Fund Centre's dedicated Passive IRIS hub, designed to allow Passive IRIS investors to understand performance and to see how the different components are adding to or detracting from performance, as the case may be, over time. Congratulations to the team at New Ireland for such a worthy win!

Fixed Income Manager *of the Year*

Irish Pensions AWARDS 2024
WINNER
Fixed Income Manager of the Year

JUDGES' COMMENT

A clear expert in active fixed income, this firm boasts a strong range of quality investment strategies and keeps its clients' objectives at the forefront of everything it does in this key area of investment

Irish pension funds rely on fixed income for a reliable revenue stream, and as a result, the fixed-income market is now as diverse and sophisticated as any other. This award recognises the company that offers a real specialisation in this area and can offer pension clients various solutions to meet the ever-changing market conditions.

This year's Fixed Income Manager of the Year award recognises a firm that has gone above and beyond in a highly competitive field of high-achieving companies, as well as matching the above criteria. Many congratulations to Legal & General Investment Management (LGIM) – this year's winner!

The judges described LGIM as "clear experts" in active fixed income. They said the firm boasted a strong range of quality investment strategies and kept its clients' objectives at the forefront of everything it did in this key area of investment. With over 50 years of experience managing active fixed-income strategies, LGIM boasts long-standing expertise in the area and is equipped with a well-resourced, collaborative team.

As the judges said, LGIM's strengths lie in its partnerships with Irish clients. Most of its assets are managed against clients' specific objectives and risk profiles, ensuring its entire operation, strategy, and service are shaped around its clients. This creates a customer-centric service that helps clients achieve their financial goals.

In addition to focusing on clients' specific investment objectives, LGIM continues to host a range of conferences, roundtable events, and trustee education seminars, which helps keep clients informed of their views, principally through access to the LGIM blog.

LGIM showed innovation and efficacy with the launch of the actively managed L&G ESG Euro Credit Fund, addressing demand from institutional investors to standardise the investable credit universe based on ESG metrics and offered clients a pooled solution that invested in a more sustainable universe, a critical factor in their success this year.

LGIM's stewardship team has gone from strength to strength, as their Global Research and Engagement Groups (GREGs) continued to play a vital role in shaping the investment team's thinking and strategy, embedding further the consideration of ESG risks – and opportunities – across both public and private investment platforms.

LGIM once again proved its top-level service by receiving the highest rankings for responsible investment strategy and active ownership by the UN-backed Principles for Responsible Investment (UN PRI). Throughout 2023, its Investment Stewardship team engaged with more than 2,000 companies and voted on more than 148,000 resolutions worldwide.

These achievements make LGIM a worthy winner of the Fixed Income Manager of the Year award – congratulations once again!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Conduct Authority.

Infrastructure Manager *of the Year*

Irish Pensions AWARDS 2024

WINNER
Infrastructure Manager of the Year

AXA Investment Managers

JUDGES' COMMENT

This firm impressed the judges with its high-quality offerings across the debt and equity space, coupled with its recognition of the importance of ESG across the board

At one of the most challenging times in pension fund investment, infrastructure is now being taken even more seriously as a useful asset class among pension investors. Therefore, the Irish Pensions Awards' Infrastructure Manager of the Year accolade recognises those players that understand this complex asset class and are working hard to help pension funds reap the potential rewards.

This year's winning firm impressed the judges with its high-quality offerings across the debt and equity space, coupled with its recognition of the importance of ESG across the board. For the second year in a row, congratulations to AXA IM Alts!

AXA IM Alts is a global leader in alternative investments with €185bn AuM comprising c.€81bn of primarily private real estate, €92bn of private debt and alternative credit, as well as c.€12bn in infrastructure and private equity.

It takes a 360° approach to real estate and infrastructure investing with over €126bn of assets under management in direct opportunities, held indirectly through debt and listed equities and via long term private equity investments into operating platforms.

AXA IM Alts began investing in infrastructure in June 2013 upon the launch of the Infrastructure Debt platform, with a commitment from the AXA Group to invest up to €10 billion in infrastructure. Since 2013, AXA IM Alts has invested over €20 billion in European Infrastructure.

Its infrastructure platform encompasses a diverse range of infrastructure projects across the digital, energy, social, transportation and utility sectors, spanning key European markets such as the UK, France, Germany, the Nordics, Benelux, Spain, Portugal, and Italy.

In August 2023, AXA IM Alts participated in the financing of a data centre company located in Europe, with 34 data centres currently in operation with total capacity of over 130MW.

The financing will support the company in expanding its capacity, with nine data centres currently in development, totalling 92MW and over 655MW of secured and confirmed gross power capacity in the pipeline.

ESG is fully integrated into AXA IM Alts' investment decision-making processes, with its responsible investment approach anchored by the three key pillars of decarbonisation, resilience and building tomorrow.

It achieves this by avoiding fossil fuel infrastructure and targeting digital low carbon networks, renewable energy generation and electricity grids and electric transportation. The result is that AXA IM Alts is driving new ESG-linked financing structures and setting precedents in the market.

Congratulations again to AXA IM Alts for its continued dedication and excellence in the infrastructure space!


AXA Investment Managers
Building Europe's future with global vision and local expertise
Infrastructure is key to the transition to a Net Zero economy. As a responsible asset manager, we focus on operating, developing and financing infrastructure that supports a decarbonizing, electrifying, and digitalizing world. Specializing in the European infrastructure market, we have deployed over **€15 billion across digital, energy, social, transportation, and utility infrastructure.** Our investments span both debt and equity strategies, ensuring diversification, resilience, and long-term stability.
Learn more about AXA IM Alts
alts.axa-im.com
For institutional investors only as defined by applicable local laws and regulation Picture for illustrative purposes only. Design & Production: Internal Design Agency (IDA) | September 2024 | 19-011390 | Photo Credit: Gettyimages

Property Manager *of the Year*

Irish Pensions AWARDS 2024
WINNER
Property Manager of the Year

AVIVA

The Property Manager of the Year award aims to recognise those firms that have proved themselves in the field of property investment, have shown innovation in their product offerings, and have displayed excellence and consistency in their management of this diverse and exciting asset class.

This year's deserving winner was Aviva Ireland, which ticked all those boxes and more with its submission centred around the Aviva Irish Commercial Property Fund. In the words of the judges, this entry stood out for "demonstrating outstanding performance, strong governance and a commitment to sustainability in the property sphere, putting it ahead of the rest".

The Aviva Irish Commercial Property Fund was launched to provide investors with exposure to a diversified portfolio of high quality Irish commercial real estate. It has a core-plus strategy, investing in quality core properties, while also conducting active asset management to drive value and improve sustainability.

In terms of the numbers, it was hard for the judges to ignore this entry – the fund has been the best performing unit-linked Irish property fund annualised over three, five and 10 years to 30th June 2024 (Financial Express, 30th June 2024); it outperformed its MSCI Benchmark by 6.6 per cent over a one-year period to the end of Q1 2024; and it boasts robust income statistics, with a current net initial yield of 5.9 per cent – to highlight just a few of its impressive achievements.

Other key features that impressed the judges included the fact that 99 per cent of rent was collected during the first half of 2024, a testament to its strong relationships with tenants; and its notable annual rent roll of €24.8 million.

Additionally, and importantly, the judges felt this entry stood out for its unwavering commitment to sustainability – ESG is part of all asset management and investment decision making, and the fund is classified as an SFDR 'Article 8' fund. It also continues to add value to properties through redevelopment projects; while the fund achieved a significant improvement in its Global Real Estate Sustainability Benchmark score.

Finally, Aviva Ireland's entry highlighted its support for clients, brokers and the wider industry, by offering regular property market and fund updates, educational content such as videos and webinars, and access to high quality and informative property and ESG events.

All in all, the Aviva Irish Commercial Property Fund has demonstrated outstanding performance and strong governance. Its commitment to sustainability, combined with a solid governance framework, ensures it not only achieves strong financial results but also contributes to responsible long-term value creation for all stakeholders.

Congratulations again to the team at Aviva Ireland for such an impressive entry.

JUDGES' COMMENT

This firm demonstrated outstanding performance, strong governance, and a commitment to sustainability in the property sphere putting it ahead of the rest

Marketing Campaign *of the Year*

Irish Pensions AWARDS 2024
WINNER
Marketing Campaign of the Year

AVIVA

Marketing is a key pillar of any pension organisation looking to ensure pension scheme members receive the best service and retirement outcomes possible. This award recognises those firms, pension funds or associations that have developed leading-edge, relevant, and effective marketing campaigns in the Irish pensions and institutional investment space, which aim to raise awareness of their specific offerings to the market, or raise awareness of a particular theme.

A huge congratulations to Aviva Life & Pensions – this year's winner of the Marketing Campaign of the Year award! The company's 'Beat the Bank' campaign demonstrated a masterclass in marketing. The judges said they were impressed with the campaign, which they described as "innovative and engaging", and highlighted that, most importantly, it achieved "impressive results".

Aviva Life & Pensions' Fixed Deposit Fund Range campaign idea was backed by comprehensive research, demonstrating the firm's deep understanding of the needs of Irish pension clients. The Beat the Bank campaign's effectiveness was highlighted through its ability to reach and engage both brokers and end consumers, which resulted in substantial fund flows and strong engagement key performance indicators.

The campaign also impressed the judges by creatively emphasising the guaranteed rates of return, dissatisfaction with bank deposit rates, and the iconic Aviva Stadium, showcasing the reliability and security of Aviva Life & Pensions' fixed deposit funds as an investment choice.

Aviva Life & Pensions' campaign aimed to drive sales into the company's new fixed deposit funds, and successfully highlighted to pension investors that this is an investment option that offers more certainty of return with capital protection. The judges noted how engaging the campaign was through the Beat the Bank slogan and the use of imagery symbolising Aviva Life & Pensions' commitment to its Irish customers, while still keeping the rates at the heart of the campaign.

The judges also pointed to the company's use of digital platforms as demonstration of Aviva Life & Pension's commitment to using technology effectively to drive a successful campaign and reach its primary and secondary target markets.

From a key performance indicator perspective, the campaign proved a huge success, with fund flows of nearly €300 million in sales from late 2023 to 30 June 2024. The campaign was also one of Aviva Life & Pensions' top performing campaigns from its engagement key performance indicators, highlighting its ability to reach and grab the attention of its target markets.

Massive congratulations to the worthy winner of this year's Marketing Campaign of the Year award – Aviva Life & Pensions!

JUDGES' COMMENT

This firm impressed the judges with a campaign that was innovative, engaging and most importantly achieved impressive results

Pensions Consultancy *of the Year*

Irish Pensions AWARDS 2024

WINNER
Pensions Consultancy of the Year

JUDGES' COMMENT

This innovative, forward-looking consultancy firm refuses to stand still and impressed the judges across a range of areas, showcasing excellence and expertise in the Irish pensions space

This award recognises the consultancy firm that has delivered outstanding service to its pension fund clients in the last year, shown a dedication to the delivery of pension scheme consultancy, and demonstrated a superior understanding of the market's needs.

This year's winners were particularly praised for their innovative, forward-looking approach, impressing the judges with their expertise in a range of areas in the Irish pensions space. Congratulations to all of the team at WTW!

More than 150 employers in Ireland have chosen WTW's LifeSight, which is now responsible for more than €3.4 billion in assets committed and continues to grow rapidly.

The Irish pensions landscape is about to undergo a fundamental shift with the introduction of auto-enrolment, and WTW has been at the forefront of this crucial work.

Working with many companies to implement the solutions required to meet the legislation and deliver employee engagement and education programmes, WTW has been able to make use of its UK expertise, sharing essential insights from this complex area to help clients stay one step ahead.

WTW has also helped its clients to understand their current position better through its auto-enrolment readiness assessment service. Communicating these changes has also been a key area of work, as WTW has looked to make sure that the work being done by pension schemes is proving effective, rather than being seen as a tick box exercise. Focusing on meaningful member interactions, WTW produces a score for each scheme, which can then be used to highlight areas for improvement, and to compare the effectiveness of engagement efforts with those of earlier scores and industry peers.

This work has already led to improvements, with presentations developed for overseas workers, women in pensions, online portal demos, and much more.

The firm's engagement spotlight has also been bolstered by its Retirement Readiness tool, which projects the age at which funds will run out based on anticipated retirement age and target retirement income.

These innovations help employers to develop a communications strategy that prompts remedial action before it is too late, while some more paternal companies have even taken steps to improve the structure of their benefits.

Despite a volatile and changing market, WTW has refused to stand still, bringing exciting evolutions and innovations to the market – whether through novel engagement tools, or new solutions to empower employers to meet their employee's retirement needs. Congratulations again to all of the team at WTW!

Pension Scheme Administrator *of the Year*

Irish Pensions AWARDS 2024
WINNER
Pension Scheme Administrator of the Year

JUDGES' COMMENT

This firm goes above and beyond the normal requirements of a pensions administrator to offer the highest standards to its members and presented exciting examples to show how

The often-overlooked role of the administrator is key to ensuring pension fund members receive the excellent service they deserve. This award recognises those administration firms that have gone beyond the minimum standards required to offer a truly value-added service to their clients.

The judges were impressed by LifeSight Ireland's ability to go above and beyond the normal requirements of a pensions administrator to offer the highest standards to its members and presented exciting examples to show how. Congratulations to LifeSight Ireland on a worthy win!

A key highlight of LifeSight Ireland's offering is its ageOmeter tool, which helps members understand when they can retire. It also provides clarity on when members can retire at their current contribution rate and demonstrates how changes to contributions or investment strategies could impact their outcomes.

In addition to this, the tool also allows members to include details of other pensions without needing to transfer benefits and use a budgeting tool to estimate the income they will require in retirement. The tool also enables people to assess different scenarios or ask questions related to their retirement journey.

Another notable aspect of LifeSight Ireland's offering that the judges highlighted was its employer portal. The portal grants employers 24/7 access to the same information as administrators, enabling them to observe trends in monthly contributions and investment performance. It also offers insights into the effectiveness of LifeSight Ireland's communications and engagement activities.

The engagement spotlight tool, another unique standout feature, gives employers a quantifiable number to judge the effectiveness of member engagement against peers or previous results. This tool enables employers to take steps to improve the effectiveness of communications or to plan an engagement strategy with their account manager.

LifeSight Ireland's commitment to its members extends to its comprehensive communications to members. Recognising that every member is unique, LifeSight Ireland provides multi-channel support through face-to-face interactions, telephone services, web platforms, online tools, and printed materials. This tailored approach ensures that members can engage with their pension in a way that suits their needs.

It was also commended by the judges for its communications in the form of e-cards to prompt members to either get in touch or to take certain actions. The judges also highlighted LifeSight Ireland's proactive efforts to address industry challenges, such as the gender pension gap. By analysing engagement metrics and setting targets, LifeSight Ireland tailors future communications to encourage actions that improve retirement outcomes.

Congratulations again to LifeSight Ireland, winner of the Pension Scheme Administrator of the Year award!

Diversity Award *of the Year*

Irish Pensions AWARDS 2024

WINNER
Diversity Award of the Year

CORONATION
TRUST IS EARNED™

JUDGES' COMMENT

This firm understands the important role diversity plays in the investment space, the different aspects of diversity and is leading the way in this area

This award goes to the pension provider that has shown a true understanding of the importance of diversity in today's climate, either in the way it has shaped its business or its product offering.

The judges said this year's winner understands the important role diversity plays in the investment space and the different aspects of diversity, and it is leading the way in these areas. Congratulations to Coronation Fund Managers!

Founded in Cape Town at the genesis of post-Apartheid South Africa, Coronation has been committed to nurturing a diverse and inclusive workforce throughout its 30-year history.

At the core of its ethos, Coronation believes that diversity provides an advantage in a competitive and unpredictable world. Therefore, diversity is an entrenched part of its culture and, together with its inclusive work environment, a catalyst for its success. Coronation's staff span gender, ethnic, language, religious and socioeconomic backgrounds across various academic and professional qualifications. Notably, its board chair is female, and it has earned local and global acclaim for its diversity initiatives.

Coronation's latest innovative diversity initiative, the Coronation Catapult Programme, was introduced in 2023. The scheme exemplifies its dedication to tackling real needs in an operating environment, focusing on the high unemployment rate in South Africa, which currently stands at 33 per cent, with graduate unemployment at around 10 per cent. Simultaneously, within its network of stockbrokers, some have a substantial workload to provide the graduates with meaningful work but cannot increase their employee count.

In response to these intersecting needs, Coronation developed Catapult as a 23-month work readiness programme. Coronation provides participants' salaries and training costs, while stockbrokers offer hands-on mentorship and on-the-job training. Five of the 17 participants are female, and all are black individuals.

As firm believers that building a pipeline of female talent in the industry begins by introducing young women to the field, Coronation invites female high school learners to its annual Women's Day Breakfast in Johannesburg and Cape Town. Here, they have the unique opportunity to engage with seasoned investment professionals and seek guidance on future career paths in economics and finance.

Other notable early career interventions include the Coronation Exceptional Students Bursary Programme and internships. The bursary programme was established in 1993, and to date, 144 students from underprivileged areas across South Africa have been given the chance to achieve their dream of a better future. Congratulations to Coronation on a well-deserved win!

Pension Scheme Innovation Award

Irish Pensions AWARDS 2024
WINNER
Pension Scheme Innovation Award

Irish Life

ITL Independent Trustee

JUDGES' COMMENT

One word – trailblazer – sums up this entry that sets the bar high for the industry

Pension schemes, while being a long-term savings product, still do need to constantly evolve and adapt to best meet the changing needs of savers. That is why this award aims to give recognition to the pension scheme that has pushed the boundaries of pension provision by applying innovation and dynamism in the design and/or management of its scheme.

The winner of this year's Irish Pensions Awards Pension Scheme Innovation Award certainly excelled in these criteria, being summarised by one judge as "one word – trailblazer". "This sets the bar high for the industry," another noted.

Congratulations for the second year in a row to Irish Life Retail Master Trust!

This was – and continues to be – a pioneering master trust in Ireland, having been developed six years before any of its competitors, in 2016, and accepting its first members in 2022.

In 2024, the Irish Life Retail Master Trust trustees created a seven-person Investment Committee, who are also supported by two independent investment advisers. The committee's focus is on ensuring best-in-class investment options while ensuring the offering aligns with the trust's SIPP and SIG.

Meanwhile, the trustee committee operates on delegation from the corporate board of the trustee company, Independent Trustee Services (ITS) DAC. This structure enables the committee to lean on a wider depth of knowledge than that on the board of ITS alone.

Irish Life Retail Master Trust is the only retail master trust to secure 100 per cent independent trusteeship, both structurally and financially. There is no overlap in terms of governance or staff between Irish Life and ITS.

It's little wonder then that its Own Risk Assessment found that the scheme remarkably contained no 'Medium – High' or 'High' risks. With this excellent governance, Irish Life Retail Master Trust has allowed over 6,000 pension savers, and almost as many employers, to benefit from the consumer protection afforded under IORP II.

The scheme also insists that each member has access to a regulated financial adviser. This means that the members receive a far higher level of ongoing advice than any other occupational pension scheme. The members also benefit from an advanced communication policy whereby they are regularly and proactively communicated with by the scheme.

The result of this dedication to quality throughout all aspects of the pension schemes? Irish Life Retail Master Trust is the only retail master trust that enabled the successful transfer of a full book of post-April 2021 One-Member Arrangements (OMAs) prior to the regulatory deadline of June 30, 2023.

It is also already in the process of migrating the remaining pre-April 2021 OMAs – well ahead of the 2026 deadline stipulated by the Pensions Authority. It is on target to have more than 10,000 members by the end of 2025. Congratulations again to a trailblazing pension scheme!

Equities Manager *of the Year*

Irish Pensions AWARDS 2024

WINNER
Equities Manager of the Year

Equities are a key asset class for Irish pension schemes, and this award celebrates the managers who have led the way in managing equities over the past 12 months.

The judges praised the winner for offering best-in-class investment solutions, maintaining robust operational and risk control functions, and achieving excellent investment performance. Congratulations to Cantor Fitzgerald Asset Management Europe, winner of the Equities Manager of the Year award!

Cantor Fitzgerald Asset Management Europe (CFAM) is a new name with a long-standing history. Established in 1986, the firm operated under the brand names Montgomery Oppenheim and later Merrion Investment Managers before being acquired by Cantor Fitzgerald in 2018 as part of its global move into Asset Management.

What was once a local team in Ireland, it is now supported by a global parent company, providing real-time access to a global network of investment professionals, collectively managing €16 billion in assets under management (AUM) for Cantor Asset Management (as of December 2023).

CFAM specialises in active multi-asset investment but also offers a wide range of diverse funds for those looking to create their own multi-asset solutions. The firm has an exceptional track record in multi-asset investing dating back to 1993.

Its trio of core multi-asset funds boast a 5-star rating on Morningstar, which is preserved for the top 10% of similar funds rated on a global level.

CFAM's flagship Multi-Asset 70 Fund celebrated a significant milestone in late 2023, marking its 30th anniversary. This Fund has delivered an exceptional return of 10.5% p.a. since inception over 30 years, outperforming its benchmark, the Moneymate Pooled Fund Survey, which returned 8.5% p.a. over the same period (as of December 2024).

The Multi-Asset Fund range is built upon a range of standalone building block investment funds, with the Cantor Fitzgerald International Equity Fund serving as the equity component. This fund played a crucial role in CFAM's success in winning the Equities Manager of the Year award. The Fund is an actively managed, style-agnostic global equity fund. This flexible investment strategy is designed to take advantage of opportunities across different market environments. With over €1.1 billion in AUM, the fund returned 34.2% in 2024, significantly outperforming its benchmark return of 25.6% (MSCI ACWI). The fund's 5-year annualised return is 15.4%, compared to 11.9% for the benchmark (as of December 2024).

Overall, CFAM has a proven track record of delivering exceptional long-term returns for clients across all its funds, solidifying its position as an outstanding winner in this category. Congratulations to the CFAM team!

JUDGES' COMMENT

Best-in-class investment solutions, robust operational and risk control functions, and excellent investment performance all added up to an award-winning entry

Cantor Fitzgerald Asset Management

Cantor Fitzgerald Asset Management celebrates Equities Manager of the Year

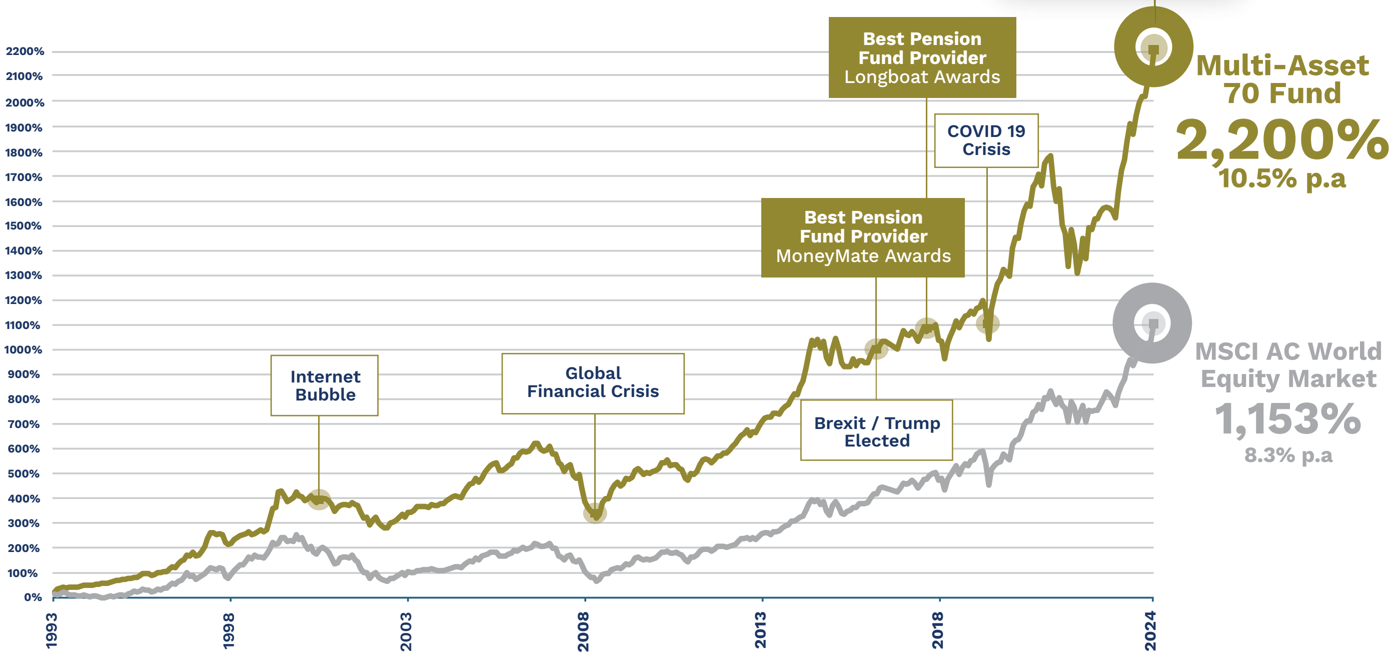
MULTI-ASSET 70 FUND PERFORMANCE SINCE INCEPTION vs. EQUITY MARKET*

*performance to 31 December 2024

Irish Pensions AWARDS 2024 WINNER Equities Manager of the Year

MORNINGSTAR ★★★★★

CFAM International Equity Fund: A Core Component of Our Multi-Asset Fund Range



Source: Bloomberg and CFAM. Performance is quoted gross of Annual Management fee.

WARNING: Past performance is not a reliable guide to future performance.

WARNING: The value of your investment may go down as well as up.

WARNING: If you invest in this fund you may lose some or all of the money you invest.

WARNING: This fund may be affected in changes in currency exchange rates.

This is a marketing communication

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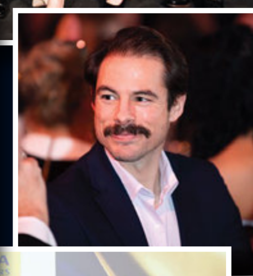
The *Event*











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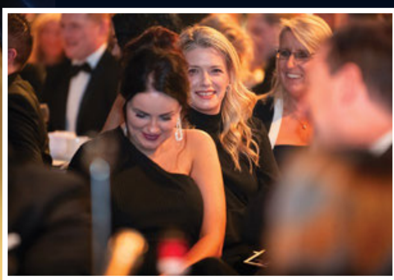
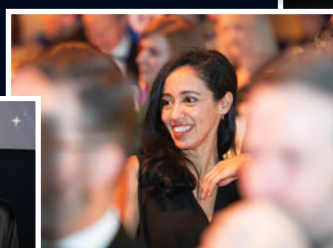
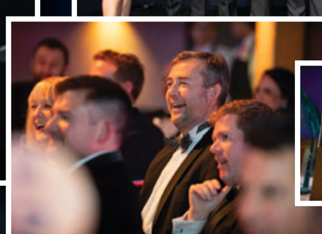
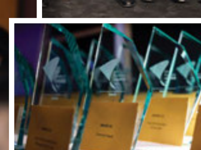
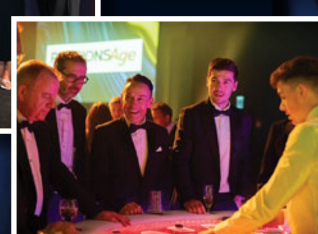










APFCR

Strong returns and greater choice in the Czech pension system

Association of Pension Companies of the Czech Republic (APFCR) president, Ales Poklop, discusses recent and upcoming changes to the Czech pension system

When we saw 2023 was a record year for pension savings – as equity pension funds earned investors an average yield of over 20 per cent and the best of them even yielded 30 per cent – I really did not expect that a year later I would be able to talk about double digits again. But that's the reality and I am extremely pleased.

The best-performing equity funds, which we call dynamic funds, yielded an excellent 33 per cent for 2024. If we look at the returns of these dynamic funds in the past year as an average value, the figure is 12.54 per cent. Next came balanced funds with a return of 7.32 per cent (these investment funds contain an equity component and a bond component), and conservative funds investing only in bonds closed last year with an appreciation of 3.41 per cent.

Although dynamic funds involve more risk than balanced and conservative funds, their long-term appreciation is proving to be the strongest argument for their use as an old-age investment. When a potential investor maps out the entire financial market and all the products available, they will quickly discover you also receive a state contribution of 20 per cent of what you invest each month, as well as substantial tax deductions and other benefits. That's a pension savings scheme that will truly prove to be the right tool for building a long-term reserve, with the advantage of simplicity and almost no management required.

In fact, the funds are set up so anyone can take care of their financial planning for the future. Furthermore, people will be able to try something completely new this year. The law allowed for the creation of so-called alternative funds that can invest in real estate, public infrastructure, cryptocurrencies, commodities, and private equity. This innovation opens opportunities for bolder investment strategies. The first alternative funds launched in January 2025 and seven of nine pension companies in Czechia are expected to offer them.

The second investment novelty (which hasn't been launched yet but is very likely to come later this year), will be an expansion of investment options for existing funds into rental and affordable housing. This new area could especially be used by balanced funds. The Finance Ministry is reportedly considering this change.

Another positive change being considered by the ministry is the method of compulsory employer contributions for employees working under difficult conditions (category III). Employer contributions are an important factor in the final amount of pension savings. Any greater involvement by employers is therefore welcomed by the APFCR.

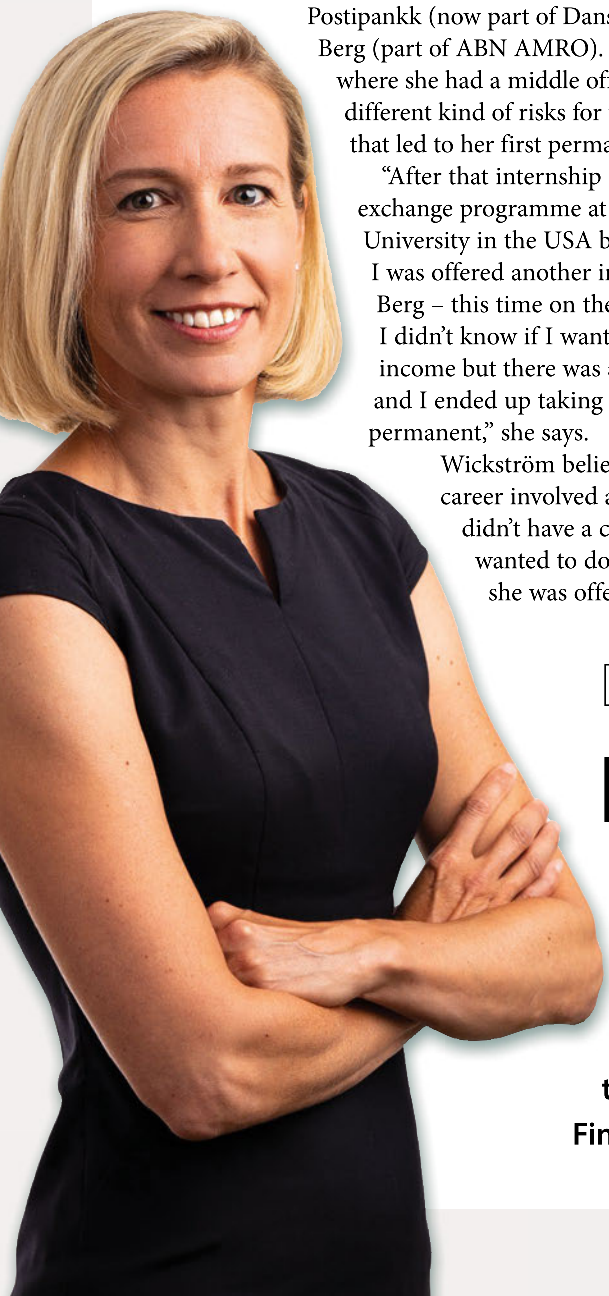
After last year's legislative changes, the pensions segment with a total of four million investors is seeing conservative pension savings being rapidly abandoned, while new schemes with equity investment options are seeing record numbers. The two trends are linked because people are changing from the old to the new system. In previous years, the normal number of people moving from the old scheme to the new one was around 30,000. But last year it was almost 200,000. This is also due to a new option: The ability to switch new pension schemes and pension companies without having to switch to a new scheme with their current pension company first.

I believe that 2025 will be a year of consolidation in pension savings after the large number of changes, as well as a year of increasing monthly contributions by investors, rejuvenating the entire industry. Above all, it will be another year that will bring great value for clients.

LAURA WICKSTRÖM

Lessons in leadership

Veritas CIO, Laura Wickström, chats to Natalie Tuck **about her career history, not being scared to take risks and taking on the mantle of CIO at one of Finland's key pension players**



A quick scan of Veritas chief investment officer (CIO) Laura Wickström's LinkedIn reveals a diverse career in investment. She has held roles on both sides of the investment spectrum, worked for small and large companies and on two different continents – but she didn't always foresee a career in investment.

Wickström studied for her business degree at the Helsinki School of Economics (now part of Aalto University), with a brief spell at Texas Tech University in the US on an exchange programme.

"I didn't have a clear picture of what I wanted to do but I thought that having a business degree would leave a lot of options open," she says.

During her time as a student, she undertook several internships at institutions such as Postipankk (now part of Danske Bank) and Alfred Berg (part of ABN AMRO). It was this latter role, where she had a middle office role calculating different kind of risks for the derivatives team, that led to her first permanent position.

"After that internship I took part in an exchange programme at Texas Tech University in the USA but when I returned, I was offered another internship at Alfred Berg – this time on the fixed-income side. I didn't know if I wanted to work in fixed income but there was an open position and I ended up taking it, and it became permanent," she says.

Wickström believes that her early career involved a "lot of luck" as she didn't have a clear view of what she wanted to do, but the positions she was offered ended up being her preferred choice.

"What I was able to contribute to those positions led to more opportunities. I ended up being at Alfred Berg for over six years and then moved to the states, due to my husband's career," she says.

While in the USA, she worked at a local investment bank but also took a career break to have children. After five years, her family moved back to Finland so she could return to work.

"I started at a local asset management company here in Helsinki, which I ended up working at for eight years and became the CEO during the latter four... then I went to Veritas," she says.

Of this decision, Wickström says she wanted the opportunity to see the end investor side and focus on investment activities.

"I've had a career in investing but had the opportunity to look at different assets classes, from fixed income, equities and then alternatives, to private equity and in different organisations with different perspectives," she says, adding that she hasn't built her career by rising to different corporate levels, but rather, by building her professional knowledge in different roles.

"However, when there's been these opportunities to have more responsibility on the leadership side, I have always enjoyed it.… So, when the CIO opportunity [*at Veritas*] came up I applied as I knew that I enjoy that aspect from my previous leadership roles," she says.

Logical leadership

Wickström was deputy CIO of Veritas from 2018 and became acting CIO from April 2024. She then successfully applied for the role on a

"WHAT I WAS ABLE TO CONTRIBUTE TO THESE POSITIONS LED TO MORE OPPORTUNITIES"

permanent basis and took on the mantle in July 2024. She leads an investment team of just under 20 people and with them, is responsible for Veritas' €4.7 billion of assets under management.

"Our portfolio is a globally diversified institutional portfolio and the team has less than 20 investment professionals managing different asset classes here in Helsinki and some of the team is at our head office in Turku," she says.

Working for a smaller organisation, she adds, allows her to be very involved in its investment activities.

"The role of CIO is not so much a governance role; it is quite close to the market because our team is quite small. I enjoy that it is quite hands on, even though the team is very qualified. It is quite a collaborative effort – for example, in our allocation meeting the entire team participates," she says.

"We are in a sweet spot as we're able to do things of size together and everyone can participate, and it is quite transparent. I think you can get a holistic view of the portfolio, since I understand that with bigger portfolios, you might need more different silos, but we try to keep it less siloed because we can still."

The timing of her appointment, during the Finnish summer break, was beneficial, she says. It meant that when everyone returned after the summer, it was the natural time for the team's investment planning process to begin.

"I was quite familiar with the portfolio, as I have been at Veritas for over seven years, but I thought about starting from the most important things and then delving into the granular…. Part of it was quite natural to start looking at the allocation, the really big themes and also having the opportunity to craft it the way that I want it to be, obviously together with the team, but it was the first investment plan that was done under me as CIO," she says.

"Now we are in 2025 and implementing that plan, we have the opportunity to look a little at how we are going to do things below the big picture allocations."

In terms of Veritas' investment strategy for 2025, she says it is the same as every year – to generate good risk-adjusted returns.

"It might vary slightly depending on the market conditions, but I think the basic building blocks are always the same that we try to have the return-seeking part, which relies on the equity portion, and then we have the diversifying elements, which come from fixed income and alternatives," she says.

"I think in this market, there might be more opportunities on dispersion and diversification compared to last year, when it seemed the returns came from a handful of shares. This year seems that it might be a little bit more of a broader approach on that side."

Developments in Finland

In January 2025, the Finnish government approved proposals from social partners to reform pensions in the country. One element of the agreement is to improve investment returns on occupational pension assets by relaxing investment regulations for earnings-related pension insurers. This includes several different elements aimed at a moderate increase in equity weightings.

"It is something that we have been following," Wickström says, "obviously we weren't part of the negotiations but now that it is published it is information that is important for us to start planning for the upcoming changes but also that moves quite slowly. In practice we know what direction we are going in but until the regulatory changes come into effect, expected in January 2027, there isn't that much we can do but plan."

To allow for more equity weighting, Wickström will look to reduce some of the liquid parts of the portfolio, which can be quickly adjusted, followed by the fixed-income portion of the portfolio.

"Those kinds of portfolios are the natural places where you're able to get capital and move it to the equity part. Then, as we have more time to adapt, there are some illiquid that you can plan in a programme. However, as most of them have been implemented through funds, it is something that we don't have that much control over – we're more reliant on the managers," she says.

Circling back to her career, I ask her for advice to women at the beginning of their careers in investment. "Just keep an open mind," she responds, "and when you are given opportunities, take advantage of them and give your all. That's probably, at least, what worked for me."

GENDER PENSIONS GAP

Hot or not?

With International Women's Day 2025 taking place on 8 March, *European Pensions* takes the temperature on key developments in Europe over the past year that could impact the gender pensions gap. Written by Paige Perrin

Norway abolishes pension enrolment limit for nurses

The changes to Norway's Nurses' Pension Act represent a significant advancement for the nursing profession, where 90 per cent of nurses are women. Abolishing the pension enrolment limit for part-time nurses starting January 2025 allows Norweigan nurses to accrue pension rights from their very first hour of work. This reform is vital as it promotes financial security for many nurses who work part-time for a range of reasons, such as childcare or caring for elder relatives. The Norwegian Nurses Organisation said this was an "important" gender equality measure and part-time employees would no longer experience discrimination.

Sex workers in Belgium granted pension rights

Prostitution in Belgium was decriminalised in the summer of 2022 and since then the industry has seen around 30,000 people working in the industry. In December 2024, Belgium became the first country to grant sex workers full employment rights, including access to workplace pensions, marking a 'groundbreaking' shift in labour rights. This law is thought to be the first of its kind and enables sex workers to save for retirement through formal pension schemes. The law also entitles sex workers to official employment contracts, providing protections such as sick leave, health insurance, and maternity leave. This progressive move is a significant step toward destigmatising sex work.

Petra Hielkema advocates to close the European gender pensions gap

Heilkema's efforts to close the gender pensions gap over the past year are particularly influential as she is the chairperson of the European Insurance and Occupational Pensions Authority (EIOPA). At the start of the year, she stressed the importance of addressing pension gaps now to avoid a future crisis. Later in the year, Hielkema reaffirmed that closing the gap remained a priority for EIOPA and advocated for a range of solutions to accommodate differences in pension systems across member states. She also identified three key measures to reduce gender disparity in the financial services sector. These include treating diversity as a core governance issue, ensuring pensions sectors account for women in digital upskilling, and incorporating diverse perspectives in product design and risk assessment. She believes gender equality is "crucial" for business success.

Ireland implements auto-enrolment

The Auto Enrolment (AE) Retirement Savings System Bill was finally passed by the Dáil in July 2024, with plans to launch in September 2025. This change will significantly impact Ireland's pension landscape, and many are hopeful it will help reduce the gender pensions gap. A recent survey found that 63 per cent of Irish pre-retirees believe this initiative will benefit women in retirement. However, not everyone agrees. Some in the pension industry, such as Irish Life, have raised concerns that the new scheme could widen the gap instead. It argued that the lack of flexibility in contributions means women, who often take breaks for family or personal reasons, won't have an easy way to boost their savings later on. Irish Life warned that if the system does not address women's unique challenges, it could leave many struggling to make ends meet when they retire.

The majority of UK divorcing couples do not consider the value of pensions when dividing assets

This is very troubling as the lack of awareness around pensions as an asset in divorce is a big contributing factor to the gender pension gap. In February 2024, research from Legal & General (L&G) revealed that many UK divorcing couples fail to consider pensions during divorce settlements, as only 13 per cent factor in pensions when dividing assets with their partners. In addition to this, 23 per cent actively waived their rights to the value of their pension. L&G emphasised the potential impact this could have, particularly for partners who stayed home for childcare or caregiving during marriage, leaving them with a smaller retirement pot. The research also showed that women (24 per cent) are more likely to face financial struggles post-divorce than men (18 per cent). The research found that, on average, women save £23,000 in their pension pot by the time of divorce, compared to £60,000 for men.

The gender pension gap widens in Germany, Austria, Sweden, and the Netherlands

The widening of the pensions gap in several European countries is worrying as it suggests that despite policy targeting this area, progress isn't being made. In April 2024, Germany's Ministry for Statistics revealed that women's retirement income is 27.1 per cent lower than men's, with women over 65 receiving an average gross retirement of €18,700 per year, compared to €25,600 for men. The research also found that excluding survivor's pensions, the gender gap stands at 39.4 per cent. In August, Austria reported a 40 per cent gender pension gap, equivalent to €922 less each month for women. In October, research by Swedish pension provider Skandia found that women are at risk of receiving "significantly" lower pensions than men, despite the pay gap gradually closing. In November, research from a Dutch government-backed initiative aimed at improving financial literacy, Wijzer in Geldzaken, reported that retired women in the Netherlands receive an average of 40 per cent less from their pension than men.

GENDER PENSIONS GAP

The gender pensions gap: Policy, not just awareness

WRITTEN BY **PAIGE PERRIN**

Our gender pensions gap thermometer *[pg64-65]* highlights the 'hot and not' developments relating to the gender pensions gap since the last International Women's Day in March 2024.

And while positive, the 'hot' changes, including Norway's abolishment of the pension enrolment limit for nurses and Belgium sex workers being granted pension rights, are incredibly niche.

These advancements do not tackle the broader, systemic issues that continue to contribute to the gender pensions gap across Europe.

Indeed, as highlighted by our thermometer, the gap has widened across Europe. Even in countries such as Germany and Austria, which rank among the best, progress remains slow and challenges persist.

These countries still struggle with the same core issues. Women live longer than men, take on more caregiving responsibilities, and are more likely to work part-time.

Our thermometer presents a snapshot of the disadvantages facing women in Europe when in comes to achieving an adequate income in retirement. Measuring progress on a single scale is difficult, as each country has a different pension system and varying policies on gender equality, even if they share some similarities.

So, what's next? While we've made progress, the road ahead remains long and challenging.

There is a need for more comprehensive and targeted policy changes across Europe. It's important that we don't just celebrate small wins but instead focus on the larger structural issues that continue to exacerbate the gap.

European Insurance and Occupational Pensions Authority (EIOPA) chair, Petra Hielkema, has been a strong advocate for closing the gender pensions gap and her advocacy carries weight due to the prominence of her role. In particular, Hielkema believes that dashboards could be a solution to the gender pensions gap.

While dashboards may improve transparency and reduce the number of lost pension pots, they do not address the root causes, such as career breaks, caregiving responsibilities, and part-time work, that drive pension inequality. These issues need to be addressed with concrete policy changes, as mere awareness will not solve them.

> **"THE SOLUTION LIES IN POLICIES THAT ACTIVELY COMPENSATE FOR THE CAREGIVING AND CAREER INTERRUPTIONS THAT DISPROPORTIONATELY AFFECT WOMEN"**

I believe it is about action and policy. Sure, awareness is a good first step on the road, but it cannot address the systemic inequalities that cause the gender pensions gap. The reality is that women are more likely to take career breaks or work part time, whether for maternity leave, caregiving responsibilities or health issues, and as a result, they often earn less over their lifetimes.

These gaps in earnings translate directly into gaps in pension contributions, which accumulate and widen over time. The pension system was designed based on the assumption that workers would follow a continuous career path, but this assumption does not hold for women, who face different life choices and circumstances.

We must find ways to compensate for these contribution gaps both during and after career breaks.

Therefore, there is an urgent need for targeted policies. Governments could introduce pension credits for carers, similar to systems in Sweden and the UK, where time spent caregiving is recognised in pension calculations. Employers should also play a role, whether through pension contributions during maternity leave or more flexible retirement options that allow women to work longer without financial penalties.

While education and transparency are important, the solution lies in policies that actively compensate for the caregiving and career interruptions that disproportionately affect women. Until such policies are implemented, the pension gap will continue to exist, and women will continue to face financial insecurity in retirement.

OUTLOOK 2025

From hands on to hands off

Passive investing will continue to gain traction in 2025 for pension funds, alongside a hands-on approach to private assets. Lynn Strongin Dodds **reports**

Although the year is only a few weeks old, many of 2024's main themes such as geopolitical tensions, shifting economic trends and pension reform are expected to play out in 2025. The ongoing uncertainty has only reinforced the need for a diversified portfolio for all scenarios. Bonds and equities will still feature albeit in different percentages, but increasingly private markets will make a bigger dent.

As JP Morgan Asset Management head of EMEA Institutional ex-UK, Sherene Ban, notes, many European pension funds are adjusting their investment strategies in response to evolving regulations, market volatility, and demographic changes.

Markets have also been rattled by the rapid-fire spate of proclamations from President Trump's second administration. He wasted no time threatening Mexico, Canada and China with tariffs, and many believe it is not too long before the European Union appears on the hit list, which would have a significant impact on the region.

However, many agree with Candriam deputy head of pension and insurance relations, Fabrice Sauzeau, who believes that while Trump's policies and their effect on the markets remain unpredictable, there will be more continuity than disruption this year.

"The European pensions landscape is diverse in organisation, regulation and investments, but is shaped by common megatrends," he says, adding that one of the most significant is the ongoing replacement of the corporate DB model by multi-employer, sectorial DC or hybrid schemes.

Different paces

Countries are moving at different paces with the Netherlands, the eurozone's largest pension system with over €1.2 trillion in accrued benefits, capturing all the headlines with its sweeping four-year-phased-in reforms. France's transition is also underway with its d'epargne pour la retraite (PER DC framework), which was introduced in 2019 and further enhanced over the years to make pension saving more flexible, simple and standardised. Meanwhile, in Germany, the move to DC was almost complete last year with around 97 per cent of corporates offering that option to its members, up from 93 per cent in 2023.

In terms of asset allocation, strategies will differ depending on a scheme's size and resources, but Janus Henderson head of sales, France Charles Henri Herrmann, highlights a few common approaches. These include a greater portion directed to private credit and alternatives as well as impact investing. "ESG approaches and sustainable finance has to be at the heart of their strategies due to regulation, but we are seeing much more alignment with the United Nations Sustainable Development Goals," he adds. "I also expect to see more interest in digitalisation and AI to help with portfolio optimisation."

An active switch to passive

As in most years, cost is also front and centre, which explains why European pension funds along with the wider investment community have embraced exchange- and commodity-traded funds (ETFs and ETCs). In fact, recent research from BlackRock shows that adoption has accelerated since 2020 not only due to the low-price tag but also the resilience these vehicles demonstrated during the onset of the pandemic when markets panicked.

Invesco head of DC clients, Mary Cahani, expects the trend to continue, due to DC pension funds' low fee budgets. However, innovation to enhance the passive exposure is critical. She adds that over 80 per cent of UK DC fund assets are invested in public assets, and the majority of these investments are passive. ETFs are part of the trend due to their liquidity profile, low cost for access and flexibility to gaining exposure to different markets, commodities, or even illiquid investments.

Figures from Morningstar show that European ETFs and ETCs had a bumper 2024 with a record-breaking €247 billion invested, a significant hike from the previous high of €159 billion set in 2021 and well ahead of the €145.4 billion recorded in 2023. One of the fastest growing segments was active or enhanced ETFs, which tripled their inflows to €19.1 billion, comprising 2.5 per cent of total assets invested in ETFs in Europe, up from 1.8 per cent in 2023.

Their main attraction is they offer the prospect of beating the index because fund managers can pick certain securities and exclude others. Some active ETFs still follow an index very closely, while others deviate more in an attempt to generate higher returns. Pension funds are also becoming spoilt for choice as leading European fund managers have, and are planning, to launch a plethora of equities and fixed-income vehicles.

As Nordea head of wholesale and institutional distribution UK, David Crawford, explains, perceptions have changed about using ETFs. At one time they were the preserve of tactical asset allocation but today they are also being used for strategic asset allocation.

"I think there is also disbelief about the

"I THINK THERE IS ALSO A DISBELIEF ABOUT THE CAPABILITIES OF ACTIVE MANAGERS"

capabilities of active managers," he says. "What we are seeing instead is that if investors want to capture a small amount of alpha, they will use enhanced passive strategies."

The death knell though has not been rung for active management and some industry experts think that it could come back into fashion if stock indices repeat January's bumpy ride. As the month came to a close, low cost-effective artificial intelligence (AI) solutions from China's DeepSeek sent the S&P 500 index dropping 1.5 per cent, while the tech-heavy Nasdaq fell 3.1 per cent. Nvidia was the hardest hit, plunging 16.9 per cent and losing roughly USD 600 billion in market value. European and Japanese tech stocks also fell, reminding investors of the vagaries of markets.

"I don't think we will see a wholesale reversal of the move to passive but there has been a slow movement back to active management," says WTW head of manager research, Chris Redmond. "This is due to concerns over the concentration of the stock market, where a small number of stocks – the magnificent seven – dominate US and global equity indices. The volatility over the last three weeks linked to a new AI market entrant have shown the potential impact of the market concentration."

Newton International Management CIO of multi asset, Mitesh Sheth, is also seeing the return of more liquid and transparent hedge fund strategies, such as market neutral and macro directional. "These strategies provide a more flexible and dynamic approach to outperform the index," he adds.

Private assets boost

In addition, European pension funds want a much more hands-on approach to the management of their private assets. They are behind their global counterpart and are planning to boost their exposure by 57 per cent over the next two years, according to Aviva Investors' seventh *Private Markets Study*. This compares to 47 per cent and 44 per cent in North America and in Asia-Pacific, respectively.

L&G institutional deputy head of Europe, Miriam Uebel, says this is the year that European pension funds are placing significant emphasis on building resilience and achieving sustainable, long-term returns. "Infrastructure investment features prominently, with a focus on digital connectivity and renewable energy projects, reflecting a strategic alignment with global decarbonisation goal," she says.

Goldman Sachs Asset Management co-head of the Continental Europe Fiduciary Management team, Céline van Asselt, agrees adding that in this environment, there will be a greater interest in diversifying strategies, with further growth in allocation to private assets. "European pension funds will also continue to pursue opportunities across the risk spectrum in fixed income – especially in investment grade and private credit," she adds.

Emerging market (EM) debt is also firmly on the radar. Ninety-One Co-Head Central & Northern Europe Client Group, Aymeric François, notes that several major European pension funds are aiming to diversify from developed market to EM government bonds because the growth stories are strong given that the central banks acted quickly and in a disciplined fashion to control inflation. However, an active approach is required due to the impact any tariffs would have but also where these countries are in their energy transition journey given the EU requirements.

As the year rolls on, Mercer European head of macro and dynamic asset allocation, Julius Bendikas, recommends pension funds keep a watchful eye on valuations and concentration in equities, assess whether bonds will provide diversification if markets become more volatile and potentially look for opportunities in more niche market segments like frontier markets debt.

2025 PREVIEW

Regulation, reform and refinement

Following another year of economic challenges and geopolitical shifts, Europe's pension sector is preparing for a transformative 2025. Callum Conway **takes a look at the developments expected in the pensions landscape this year**

Last year saw the continuation of geopolitical tensions, political fragmentation, and stagnant growth across Europe, causing persistent challenges for the pensions industry. However, there is cause for optimism, as pension funds navigated difficult waters with resilience and emerged with improved funding levels and new market opportunities. *European Pensions* looks ahead to potential developments in 2025 on a country-by-country basis.

Belgium

The newly formed Belgian government, led by Prime Minister, Bart De Wever, has outlined key priorities including pension reforms and tax adjustments, following months of political deadlock and coalition negotiations.

WTW Belgium director pension brokerage, Olivier de Vooght, says the new administration aims to be a 'reform' government, focused on reducing the budget deficit, with some structural reforms in the labour market, pensions and taxation.

"They believe in getting more people into work, keeping them there for longer and are targeting a sustainable and harmonised statutory pension system for employees, civil servants and self-employed persons to keep statutory pensions affordable."

In addition, significant changes to Belgium's pension system, which were passed by parliament in April last year, have now come into effect. This includes a new bonus-malus system, which will penalise those who opt for early retirement and a mandatory supplementary pension with a minimum employer contribution.

Under the new laws, early retirement will face stricter conditions, with pensions reduced by 2 per cent (2026–2030), 4 per cent (2030–2040), and 5 per cent (from 2040) per year of early retirement if new work requirements aren't met.

By 2035, a mandatory supplementary pension with a minimum employer contribution of 3 per cent of gross wages will also be implemented.

This year, companies will continue to search for the ideal solution for their supplementary pensions and adapt them further to the changing dynamics of the labour market, according to De Vooght.

France

In January, French Prime Minister, François Bayrou, announced his intention to renegotiate pension reforms, after a law raising the retirement age from 62 to 64 in 2023 sparked widespread strikes and protests.

A 'conclave' has already begun discussions to shape a reform acceptable to all stakeholders, according to Mercer France retirement consulting director, Vincent Lebailly.

However, he claims immediate implementation is unlikely, as any changes are expected to impact retirees born in 1964, who will start retiring in 2027.

"Reforms will need to ensure the financial equilibrium of the system, which presents significant challenges.

"Adjustments to funding mechanisms, such as increasing contributions or modifying retirement age, could provoke political and social resistance. The taxation of retirees has already emerged as a contentious issue.

"Potential reforms may affect businesses by changing employer contributions and incentives for retaining older employees. Pension funds would also need to update management software and processes to comply with new regulations, which could lead to technical and administrative delays."

The current pension system operates on a pay-as-you-go model, meaning active workers' contributions finance retirees' pensions.

While these issues remain unresolved, 2025 is expected to be a year of political debate and financial reassessment for pension schemes.

"The system's financial sustainability remains a central concern," continues Lebailly, highlighting France's declining birth rate, which will make the system "increasingly challenging".

The UK

This year will see the UK's pension industry continue its shift toward consolidation, with a growing number of master trusts dominating the DC landscape. The government's push for pension funds to support infrastructure and business growth also remains a central theme, with reforms aimed at unlocking capital for productive finance investments.

"In 2025, we can expect to see the government's reforms to workplace pension provision come into full effect," PMI director of policy and external affairs, Tim Middleton, says.

"In the private sector, we have commenced the transition towards a more Australian style of pensions culture, with consolidation of existing master trusts leading to a small number of very large schemes."

TPT DC director, Philip Smith, suggests that the most significant changes will likely come from the government's Pensions Investment Review.

"While the second phase of the review is on hold, the first phase could force consolidation in the industry to drive investment in UK productive assets. The economies of scale from consolidation could improve investment opportunities and governance, but concentration risk, reduced innovation, and systemic risks must be carefully considered," he says.

"The new Pensions Bill could include simple policy adjustments that encourage DB schemes to run-on for the longer term," adds Insight Investment head of solution design, Jos Vermeulen.

"This would not only provide a short-term boost to the economy but also make a meaningful contribution to preserving the financial strength of the UK for generations to come. It would also mean DB schemes could continue to support the gilt market, which underpins the taxes we pay, the cost of doing business in the UK and the cost of mortgages."

Meanwhile, the initial cohort of pension providers and schemes is expected to connect to the new pensions dashboard ecosystem in April.

The Netherlands

The deadline for all schemes to transition to the new Dutch pension system is 1 January 2028, but with many setting 1 January 2026 deadlines, this year will see schemes ramp up their preparations for the transition. The reform introduces three defined contribution schemes: A solidary contribution scheme, a flexible contribution scheme, and the contribution-payment scheme.

Mercer pensions consultant, Marc Heemskerk, says that, in practice, the transition will not represent a significant change for pensioners.

"Our current DB system is collective DC, with a fixed premium and no 100 per cent benefit guarantee. And the new DC system that we are moving to, in general, has buffers to prevent pension cuts for pensioners. For participants, there will be more risk at a young age and lower risk at a high age; not one size fits all."

Heemskerk believes it will be challenging for pension schemes, boards, and social partners to prepare systems, update regulations, and communicate the changes to participants. Nonetheless, he remains optimistic that the outcome will be positive for pensions in the Netherlands.

"It will be a lot of work, and the devil is in the detail, but when it's over, we will still have the best pension system in the world. The high premium will be unchanged, the two pillars will stay, and the DC changes will help savers to understand the system better."

Meanwhile, after six postponements, the introduction of the lump-sum is due to arrive in July, which means a participant can withdraw a maximum of 10 per cent of their pension for themselves in one go.

"That is serious money," says Aon Netherlands CEO, Frank Driessen. "Not all participants can always properly foresee the consequences. This calls for good communication and choice guidance. Every participant should therefore have a personal interview before retirement to be able to prepare themselves properly and to be able to make the right choices."

Ireland

The year ahead is expected to be busy for Ireland, with the launch date of auto-enrolment (AE) set for September 2025, following numerous delays.

While its introduction could have a "transformative effect" on pensions coverage, WTW head of corporate consulting, Brian Mulcair, notes that the government has amended the typical AE blueprint.

"It proposes two very different pension savings systems operating alongside one another – the existing retirement savings regime and the new central government AE scheme. It also does not facilitate employers auto-enrolling existing employees in their occupational pension schemes. The introduction of a 'dual pensions system' will introduce a lot of complexity for both employers and employees."

Mercer partner, DC and private wealth market leader, Caitriona MacGuinness, adds that many employers, having invested a lot of time, effort and cost into their pension plans are understandably keen to avoid having to deal with two pension arrangements operating in parallel.

"There are several fundamental differences between the two systems and limited ways in which they can interact, creating potential administrative complications, and possible confusion for staff."

Despite concerns with the AE system, Mulcair still expects its impact to be positive for the industry.

"The government has estimated that approximately 800,000 workers will be automatically enrolled in the scheme, ensuring more funds are set aside for retirement and pension coverage, which will increase significantly for private sector workers."

MacGuinness agrees, describing it as "the most significant change for Irish pensions in a generation".

"This is expected to impact most employers, not least in terms of the short-term financial implications, but also operationally for employers who already provide occupational pensions and/or where there are material numbers of workers not already saving in a plan," she says.

Finland

Finnish Prime Minister, Petteri Orpo, set out a plan for pension reform in his June 2023 *Government Programme*, tasking the social partners with making reforms equating to 0.4 percentage points of GDP, around €1 billion, with a deadline of 25 January 2025.

The outcome of the negotiations was agreed upon by the employees' confederations, employers' organisations, and the government, one day before the deadline.

Key outcomes include reforming the investment regulation of occupational pension insurers to allow more equity exposure and introducing a third automatic stabiliser – the inflation stabiliser.

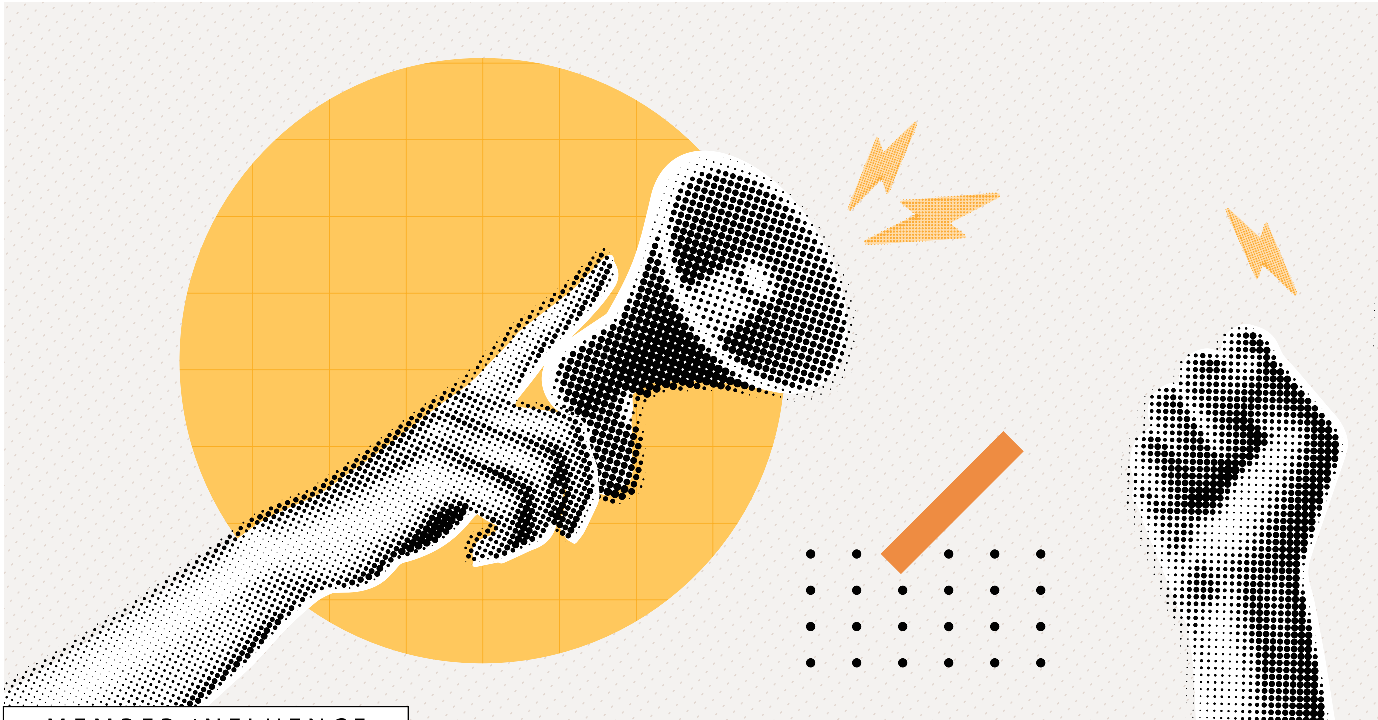
Veritas CEO, Carl Haglund, says the reforms will allow pension insurance companies to increase their share of equity investments by about 10 percentage points.

"The planned changes also enable pension investors to hold the increased risk level in more adverse market conditions and avoid forced sales in bad times. In the long term, the increase should bring about higher returns, but the flip side means more volatility," he says.

However, Keva chief economist, Joonas Rahkola, says the changes agreed upon will take place "later," as the government proceeds with drafting the legislation, which will take "some time." Haglund agrees, suggesting that changes to the pension system will be enforced from 2027.

In the meantime, the government has also initiated an assessment of the 'YEL' system development needs. The report is scheduled to be completed by 30 November 2025, and the findings are likely to form the basis for further pension reforms.

Furthermore, Keva, Finland's public sector pension administrator, will see the transfer of its supervision from the Ministry of Finance to the Financial Supervisory Authority (FIN-FSA) this year. The shift aligns Keva with private sector pension funds, already under FIN-FSA's supervision. Previously, FIN-FSA only oversaw Keva's investment activities.



MEMBER INFLUENCE

Raised voices

Although many different forms of occupational pension schemes are used across Europe, all face one common issue – the need to decide how much influence scheme members can, or should, have over scheme or fund governance and operations. David Adams **reports**

Every form of pension is based on compromises, but this is particularly true for the different approaches used to run second pillar pensions in countries across Europe. While members may have some say in the decisions that affect their pension rights or savings, any hint of autonomy is always trumped by the potential benefits offered by the scale of second pillar schemes: Primarily greater cost efficiency and access to expert stewardship.

In both DB and DC second pillar schemes, the voice of the individual member – whether active, deferred or a pensioner – is often heard indirectly. They may be represented by trade unions or other representative bodies involved in the governance of the scheme, by paternalistic employers, or by member representatives in the governance body, such as trustees.

This issue is becoming more pertinent in countries where the use of DC is growing in the second pillar, at the expense of DB, because in DC arrangements individuals bear more risks. The voice of the individual member needs to be heard: The European Insurance and Occupational Pensions Authority's (EIOPA) 2023 *Technical Advice* compiled for the review of the IORP II Directive sought to increase engagement with individual members.

The European Association of Paritarian Institutions (AEIP) is a membership organisation for

paritarian social protection institutions, including pension schemes and funds established and managed jointly by employers' representatives and trade unions. In its response to EIOPA's *Technical Advice* on the directive, AEIP noted that paritarian pension funds should ensure representation of "diverse perspectives and interests" within management boards to help promote good governance.

The AEIP sees this form of governance as being in members' interests, although individuals effectively delegate governance to the social partners that helped to create these schemes. "When you have a strong social partners model like this, they are accountable to members," says AEIP policy adviser, Panayiotis Elia.

In the Netherlands, historically, occupational pensions were usually collectively-negotiated, often industry-wide DB schemes. While members had a role in governance through representation on trustee or supervisory boards and the unions, with which the schemes might be linked to also represented members' interests, this was always "diluted", says PensionsEurope secretary general and CEO, Matti Leppälä.

"Trade unions represent current members; and when they negotiate sectoral agreements, which include pensions it's as part of a larger package discussed with employers," he explains.

Following reforms introduced in 2023, most second pillar pensions in the Netherlands will now be either 'solidarity' or 'flexibility' DC schemes. Solidarity schemes use collective investments and risk sharing, but members have no direct say on how their pension savings are invested. Flexible schemes offer individual investment choices, but individuals bear the risks alone.

It seems likely that a majority of the new schemes will follow the solidarity model. This means members will again have a less direct role in governance or choosing investments, but the trade unions and other social partners supporting the scheme will be working in the members' interests within governance bodies. Leppälä says the situation in the Netherlands exemplifies the need for compromise between individual members being able to make their voices heard and the advantages offered by the collective approach.

"WHEN YOU HAVE A STRONG SOCIAL PARTNERS MODEL LIKE THIS, THEY ARE ACCOUNTABLE TO MEMBERS"

Collective power

Of course, there are other ways to be heard. In a number of countries members have joined campaigning activity to influence schemes' investment strategies, particularly in relation to ESG issues. In the UK, the Make My Money Matter campaign has sought to force pension schemes to commit to more environmentally sustainable and ethically defensible investment strategies.

Elsewhere, employee campaigns linked to pensions may have different goals. One such example is Vereniging Onze Opbouwe Rechten op Pensioen (VOOROP), founded in 2024, which represents former employees of Shell Netherlands when dealing with the Shell Pension Fund Foundation (SSPF), as they seek to force SSPF to continue to honour previous commitments to pensioners.

In Germany, December 2024 saw current Volkswagen employees begin industrial action in protest against the company's plans to reduce their occupational pensions. One reason why this form of action may have seemed necessary – and may have been relatively straightforward to organise – is that many German second pillar pensions are created through agreements with trade unions. Again, this shows the advantages of using collective strength.

However, members of some occupational schemes in Austria seem to have the worst of both worlds.

"In Austria, we have a very unbalanced situation," says Federation of Occupational Pension Fund Participants (PEKABE) vice-chair, Gertrude Pils. "All rights and no risks are with the pension funds; and no rights and all risks are with the pension fund participants."

The underlying problem is that many of these funds have struggled to grow since being established during the 1990s, meaning members have lost significant proportions of their pensions. This situation led to the formation of PEKABE in 2005. Today its membership consists of about 6,000 associations and groups, which in turn represent the more than 1 million second pillar pension fund members – about 25 per cent of the country's workforce.

In many cases, member representation within governance bodies for these schemes is minimal. Trade unions may have some nominal representation, "but… have no say in important decisions like appointments of the managers," says Pils. "Those who bear the risk should have their say."

PEKABE exists to lobby for members to have more influence over their pensions. "We are completely independent of the pension fund industry and our goal is to change the pension fund law, to improve the rights of the pension fund members and strengthen duties for pension funds," says Pils.

The association's work includes public campaigns, and lobbying political parties and trade unions. Pils admits that both tend to focus more efforts on the ongoing effort to reform the first pillar of the Austrian pension system, but she believes one of PEKABE's most important achievements has been to bring reform of the second pillar onto the political agenda.

Trust issues

Even in countries where member representation within governance bodies is a fundamental feature of the pension system, the situation may not be satisfactory. In the UK, a shift to the use of DC in the second pillar has accelerated following the introduction of auto-enrolment for most workers. Many are now automatically enrolled into large multi-employer master trust schemes.

Trust-based occupational schemes are required to include some member representation on trustee boards. But trusteeship is becoming more complex and time-consuming as regulators add to trustees' responsibilities and duties. It may be difficult for some schemes to find current employees willing to become

"HAVING MEMBER-NOMINATED TRUSTEES MAKES A HUGE DIFFERENCE"

member-nominated trustees (MNTs), partly for this reason, but also because some schemes no longer have any active members among current employees of the employer that supports the scheme.

The Association of Member-Nominated Trustees (AMNT) offers support and training to trustees. "Having member-nominated trustees makes a huge difference," says AMNT co-chair Maggie Rodger. "These are people who are outside the pensions industry, who come up with different questions and break up groupthink."

However, where DB schemes have very few active members left, sponsoring employers may seek to replace the trustee board with a sole, corporate trustee. This may mean the scheme benefits from the capabilities of a well-resourced professional trustee firm, but inevitably the member's voice is much less prominent, whether by accident, or, in some cases, design.

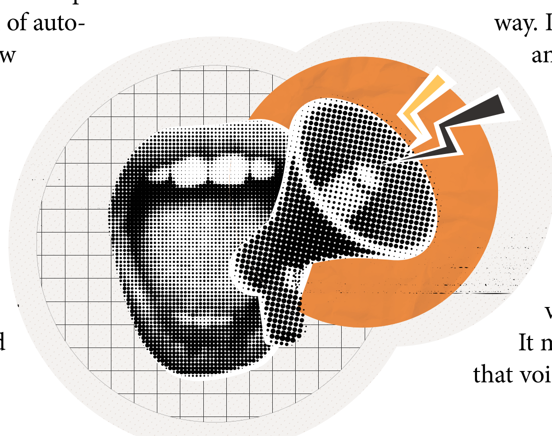
"Some employers may think they have more control [*over the scheme*] if they put a corporate sole trustee in," says Rodger. "I have also heard stories from sole trustees about employers asking them not to listen to members."

But members themselves may not be very interested in engaging with the scheme or fund. Low levels of engagement with pensions and of financial literacy in general are common across Europe.

"If people are given an opportunity to engage, most people don't," says Leppälä bluntly. "Even in the Netherlands, where pension reform is discussed all the time in the media, surveys show that the majority of people are not aware of the system as it is, or of the reforms. That means it's really important that there are good defaults and that you provide information to members or beneficiaries in an understandable way. If you offer that, there is an opportunity for people to act."

One way or another, harnessing that collective will is essential, says Rodger.

"If members get together then they have a very loud voice," she says. It may well be worth using that voice.



NORDIC PUSH FOR PROPERTY

Building wealth in property

Amid a string of announcements from Nordic pension funds on their recent property investments, Sandra Haurant **investigates whether this is a growing trend across Europe and the outlook for the asset class**

Property investment – whether direct, through credit, or through collective funds – has long played a major role in pensions, and the sector's strong points are clear – if not always constant.

"The advantages of real estate for a pension fund are potentially higher returns versus gilts, a relatively stable, long-term income and capital growth, depending on lease arrangements, and diversification within a portfolio," says JTC Group's director, fund and corporate dervices, Will Turner.

However, says Turner, the sector has been looking lacklustre in recent times for many European institutional investors, particularly when compared to other asset classes that promise similar benefits.

"We are not seeing any significant increase in interest from European or UK pension funds in real estate.… This is largely because the risk-free return is still

relatively high for government bonds," he says.

Nonetheless, it seems that Scandinavian schemes see potential in property – and, as well as stable returns and diversification, an ESG perspective is a clear element in the choices made.

Property push

As an example, PenSam announced on 8 January 2025 that it was acquiring two new properties in Greater Copenhagen, including a total of 376 apartments and nine commercial units.

Commenting on the acquisitions, PenSam head of private capital and real assets, Jeppe Starup, said at the time: "Both properties complement PenSam's property portfolio and are in line with our goal to strengthen our portfolio with high-quality properties in strategic locations with sustainable solutions, both within residential and commercial properties."

He added: "The long-term potential of the properties contributes to our goal of delivering stable and attractive returns to our 500,000 members while supporting the green transition."

Meanwhile, Denmark's Sampension also announced investment in a property company in December 2024. This, too, was billed as a sustainability-led decision. Sampension has invested in Home. Earth, a firm that specialises in the development and renting of homes with a strong emphasis on sustainability, social responsibility and a lower carbon footprint.

Commenting at the time, Sampension community head of property and infrastructure, Torbjørn Lange, said: "We look forward to contributing to and being part of Home.Earth, which, with a very strong and experienced team, demonstrates how the ESG agenda can be integrated throughout the company's DNA while generating market-consistent returns on investments."

And in December 2024, Swedish schemes AP7 and AMF strengthened an existing partnership through which they jointly own the property company, Urban Escape, a central Stockholm neighbourhood that includes the Gallerian shopping centre.

Then there is PensionDanmark, which has long been a keen investor in property-related projects, with a huge variety of projects encompassing many different forms of real estate and a portfolio worth a reported €4 billion in 2023.

Its developments have included private-public partnerships such as hospitals, courthouses, care centres, educational institutions and budget-friendly student housing.

And more recently, PensionDanmark and another Danish pension fund, AP Pension, announced a partnership with the Planetary Responsibility Foundation, which aims to integrate the consideration of biodiversity in construction projects. The initiative, announced in December 2024, is part of a wider push by the firms to create a common reference point for the construction sector, encouraging it to accelerate efforts to reduce the negative effects of building on biodiversity.

Solid foundations

It's a well-worn cliché, of course, that property as an investment is 'as safe as houses'. But these pension funds' enthusiasm for property certainly aligns with the idea that it can bring about the level of stability required to meet obligations to members.

Indeed, SKAGEN M2 portfolio manager, Michael Gobitschek, says: "As the world's largest asset class, real estate should be in all well-diversified portfolios with multiple studies recommending allocations of between 5-15 per cent. It offers capital appreciation, income, and inflation protection with a risk/return profile typically between equities and bonds."

There are, of course, some potential drawbacks to owning property directly – the most obvious being illiquidity. However, it is often argued that the longer horizons of many pension schemes allow room for such commitments. As AP7 senior portfolio manager private

“REAL ESTATE FUND MANAGERS TENDS TO CHARGE RELATIVELY HIGH FEES COMPARED TO, SAY, ETFS”

equity, Per Olofsson, said in December: “With our long-term perspective as a pension fund, illiquid investments suit us well and enable better risk spreading.”

Nonetheless, accessing the property sector through indirect means can be appealing, says Gobitschek. Collective funds such as real estate investment trusts (REITs), for example, offer an entry to property that allows for more movement and more reactivity, and indeed an exit when one is required.

“Direct property investment can be illiquid and require large capital commitments, but listed real estate provides daily liquidity and easy access to different geographies, sub-sectors and economic drivers that can help diversify risk,” Gobitschek says.

Up and coming

And this does not necessarily mean taking a hit on returns, argues Gobitschek: “A recent study of US DB pension funds between 1998-2022 found that REITs had the second highest average annual return of the 12 asset classes covered, relatively low correlation with equities and outperformed most styles of private real estate,” he says.

According to Gobitschek, listed real estate valuations are looking attractive at the moment. “In Europe – and specifically Scandinavia – listed real estate valuations currently offer a good entry point for investors with prices ‘cheap’ on all metrics relative to historic averages and most sub-sectors trading at NAV discounts ranging from 20-40 per cent.”

He adds: “Our portfolio is diversified globally and we are strategically overweight in high-growth segments such as digital real estate, housing and warehouses which we expect to benefit from structural demand trends and a shifting yield curve as interest rates decline.”

Building a future?

In the Nordic region, then, 2025 started strong for real estate, with a wide range of different assets and developments, and a unified push for greener approaches taking centre stage.

But how will the year pan out for property? Not everyone is upbeat. Turner, speaking generally here about the market, points to access constraints for pension funds when it comes to investing in this sector.

“They have restrictions on funds they can invest into based on the level of management fees. Real estate fund managers tend to charge relatively high fees compared to, say, exchange traded funds (ETFs),” he says. However, he adds: “We are seeing a few long-term assets funds (LTAFs) in the market, which are designed to attract DC pension money, but so far there are only a couple of very large managers that have launched them.”

But for Gobitschek, there is scope for more development in this area. “Performance in 2025 is likely to remain driven by macro themes,” he says. “The real estate cycle has finally turned the corner and we have already seen a rebound in valuations and an increase in transactions in many places. Another strong trend is the focus of real estate companies in general shifting from refinancing to growth; another sign that we are in a positive phase of the cycle.”

Finally, Gobitschek cites easing inflation and lower interest rates – the ECB lowered its three key interest rates by 25 basis points on 30 January 2025 – as factors which could further strengthen balance sheets.

ESG INVESTING

Ask the industry

Research from Pensions for Purpose has revealed that nearly all (93 per cent) UK and European institutional investors, including pension funds, have expressed significant unease over the future of sustainability practices under a Trump presidency.

The inaugural *Impact Lens Survey Shorts* found that while no respondents indicated that US sustainability practices "critically" shape their strategies, 83 per cent reported some level of influence, 22 per cent cited a significant impact and 39 per cent noted a moderate impact.

This impact has already been seen, as the Net Zero Asset Managers Initiative (NZAM) recently announced that it was suspending activities to track signatory implementation and reporting. NZAM also removed the commitment statement and list of NZAM signatories from its website, as well as their targets and related case studies, pending the outcome of the review of the initiative.

Recent developments in the US and different regulatory and client expectations in investors' respective jurisdictions led to NZAM launching a review of the initiative to ensure NZAM remains fit for purpose.

NZAM noted that it "has successfully supported investors globally as they have sought to navigate their own individual paths in the energy transition in line with their fiduciary duties and clients' long-term financial objectives".

"NZAM looks forward to continuing to play this constructive role with investors around the world," it added.

However, the survey from Pensions for Purpose found that, despite these concerns arising from across the Atlantic, there is a growing commitment among UK and European institutional investors and asset managers to sustainable investing.

Indeed, 58 per cent of respondents plan to increase their impact allocations over the next 12 months reflecting a positive commitment and optimism for the returns of these assets. Forty-two per cent expect to maintain current levels, while notably, no respondents intend to decrease allocations.

With many European pension schemes also facing growing ESG requirements, *European Pensions* asks whether the industry actually expects to see any changes in how pension schemes are considering climate considerations as a result of changing international priorities, and if so, how?

Climate change remains a financially material risk for pension schemes and collaborating with companies and policymakers on their behalf remains key to mitigating this risk and improving the sustainable investing landscape. While Trump's re-election is a potential setback for climate change mitigation policy, which may see the US pull back from its commitments in the short-term, global warming will continue to pose a threat for investors far beyond the next four years. The same research revealed that no respondents indicated US sustainability practices critically shaped their strategies and there remain powerful long-term trends towards decarbonisation by countries and companies all over the world, for example in emerging markets, due to the economic forces at play.

The UK Financial Markets Law Commission (FMLC) highlighted the need for longer-term thinking in its paper to help pension fund trustees integrate climate and sustainability issues into their investment decision making processes from the perspective of fiduciary duty, published last year. This view is shared among the many UK and European pension schemes invested in climate aware equity strategies that seek to align financial exposures with the goals of the Paris agreement, regardless of shorter-term market moves or sentiment.

LAUREN JULIFF
Storebrand Asset Management head of UK institutional, climate and sustainability product lead

Sustainability in investments is a just and reasonable cause. However, the EU's reporting framework has become overly complex, costly, and unclear for institutional investors like pension funds. CBBA-Europe has repeatedly raised this issue, calling for greater simplification and clarity in EU consultations and in its public events. Encouragingly, the new European Commission appears to be addressing the problem, and the Omnibus initiative might serve as potential proof of this intent, even though its impact on Sustainable Finance Disclosure Regulation (SFDR) legislation remains uncertain.

Even if the new US administration may partially foster a "free-for-all" mentality, we believe that European pension funds, along with their trustees and members, remain genuinely committed to sustainability. Rather than reversing course, we at CBBA-Europe hope that the Trump administration will instead serve as an additional impetus for the EU to accelerate efforts in simplifying ESG reporting requirements, ensuring that sustainability remains a practical and achievable investment goal.

FRANCESCO BRIGANTI
Cross Border Benefits Alliance-Europe secretary general

Recent collaborative engagement exits are admittedly disappointing outcomes – asset owners should monitor these developments closely. There is an opportunity to learn lessons from them as a responsible investment industry, more broadly. However, it is important that asset owners maintain their course throughout this difficult period and support their fund managers in delivering a robust climate stewardship strategy that will deliver value for its members. Ultimately, as long-term investors, the financial materiality arguments for climate change rise above short term political challenges.

LEANNE CLEMENTS
People's Partnership, provider of The People's Pension, head of responsible investment

Climate change is progressing faster than expected, making adaptation more crucial than mitigation alone. The Omnibus initiative aims to integrate sustainability regulations like the Corporate Sustainability Reporting Directive (CSRD) and taxonomy while supporting competitiveness. If sustainability becomes a reputational risk in the EU, focusing on risk management rather than proactive sustainability communications may be the best approach.

European pension funds may adopt a more pragmatic approach, shifting from explicit net-zero commitments to broader risk management, where climate risks are integrated into overall investment strategies without strong political or public commitments. ESG requirements may also be prioritised based on financial performance rather than competitiveness concerns.

HANNA KASKELA
Finnish Centre for Pensions liaison manager

We believe the impacts of climate change are wide-ranging and pose material long-term financial risks for investors. Therefore as we continue to deliver on our fiduciary duty to our members, we will continue to engage across the investment chain and with policymakers to pursue the meaningful action that is needed to drive real-world change.

SANDRA CARLISLE
USS Investment Management head of responsible investment

In their own words...

Industry personalities' comments on the hot topics affecting the European pensions space

On the pension reforms in Finland

"It is something that we have been following. Obviously, we weren't part of the negotiations but it is information that is important for us, so we can start planning for the upcoming changes, but also that moves quite slowly. In practice we know what direction we are going in but until the regulatory changes come into effect, expected in January 2027, there isn't that much we can do but plan."

LAURA WICKSTRÖM Veritas CIO

On the impact of auto-enrolment being implemented in Ireland in 2025

"The government has estimated that approximately 800,000 workers will be automatically enrolled in the scheme, ensuring more funds are set aside for retirement and pension coverage, which will increase significantly for private sector workers."

BRIAN MULCAIR
WTW head of corporate consulting

On the low participation rate in private pension schemes and the lack of progress in expanding private pension coverage in Italy

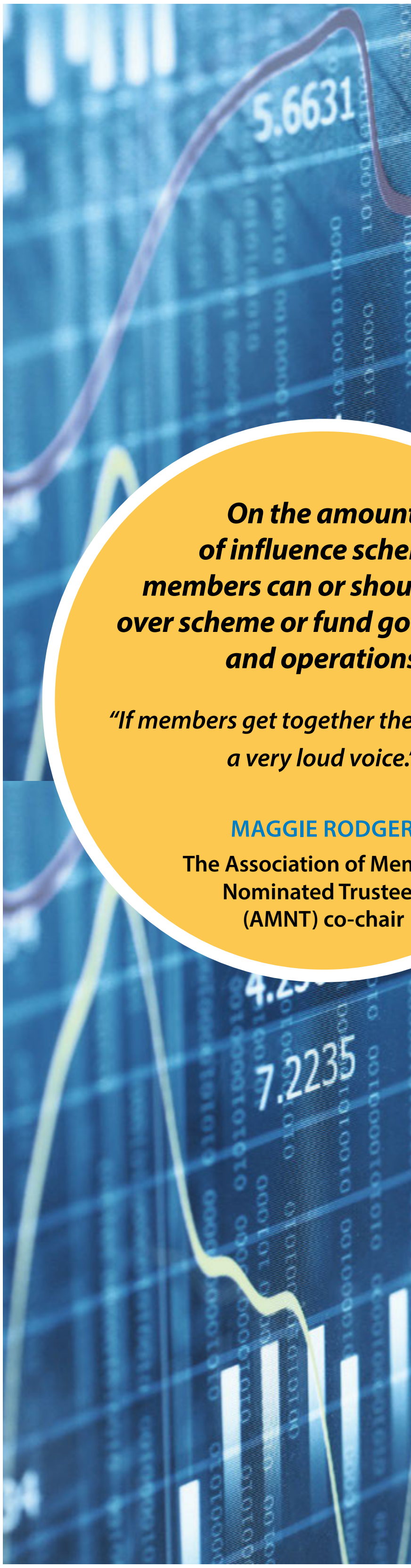
"Let's be very frank. In Italy, we are still in the Stone Age. When only one in four workers is an active member of pension funds, we can conclude that this represents only a very marginal experience for them."

CLAUDIO PINNA
Aon Italy partner and head of wealth

On the recent and upcoming changes to the Czech pension system amid record returns

"I believe that 2025 will be a year of consolidation in pension savings after the large number of changes, as well as a year of increasing monthly contributions by investors, rejuvenating the entire industry. Above all, it will be another year that will bring great value for clients."

ALES POKLOP
Association of Pension Companies of the Czech Republic president



On the challenges in the Dutch pension system

"The biggest challenge is that we are in this transition phase in the Dutch pension fund world – moving primarily from a DB to a DC system. It is a difficult subject because not everyone understands the changes, including the plan members, and this is not good for the reputation of the pension system. The other challenge is that even some of the well-known IT systems don't really know how to deliver under the new system."

HEDWIG PETERS
Member of several Dutch pension fund boards

On the amount of influence scheme members can or should have over scheme or fund governance and operations

"If members get together then they have a very loud voice."

MAGGIE RODGER
The Association of Member-Nominated Trustees (AMNT) co-chair

On European pension funds placing significant emphasis on building resilience and achieving sustainable, long-term returns

"European pension funds will also continue to pursue opportunities across the risk spectrum in fixed income – especially in investment grade and private credit."

CÉLINE VAN ASSELT
Goldman Sachs Asset Management co-head of the Continental Europe Fiduciary Management team

On the growing trend of Nordic pension funds investing in property

"In Europe – and specifically Scandinavia – listed real estate valuations currently offer a good entry point for investors with prices 'cheap' on all metrics relative to historic averages and most sub-sectors trading at NAV discounts ranging from 20-40 per cent."

MICHAEL GOBITSCHEK SKAGEN M2 portfolio manager