



# PensionsInfo – the Danish Pension Tracker System

## **Experience and background**

9 March 2022,  
Kristoffer Bork, Denmark

# The agenda

1. Background
2. How did it all get started?
3. PensionsInfo – the association
4. What does it look like?
5. Who uses it?
6. Actuarial issues, sum up

# The Danish pension system – 3 pillar system

Pillar I

## **Old age pension ATP**

1. Means-tested
2. Mandatory (small) contributions
3. No freedom of Choice

Pillar II

## **Occupational Pension Schemes**

1. Collective bargaining mandatory
2. DC and fully funded
3. Offered by pension funds and life insurance companies

Pillar III

## **Individual pension Schemes**

1. Individual needs, Self-financed
2. DC and fully funded
3. Offered by banks and insurance companies

# Danish pension products and tax rules

- All life insurance and pension savings products are fully funded DC schemes
- All regulated under Solvency II (apart from ATP and insignificant and closed corporate pension funds)
- Clear segregation between “pension savings” under Danish pension tax regulation and other savings
- “Pension savings” are offered by banks, life insurance companies and pension funds
- Approximately 95% of all employees are covered by pillar II corporate pension schemes
  - Blue collar and employees in the public sector : Labour market driven pension funds
  - White collar in private sector: Commercial life insurance companies

## Danish pension tax regulation (main rules):

- Savings agreement with tax exempt contributions, and taxable benefits
- Reduced yield tax on assets
- 60% flat rate penalty tax if surrendered before retirement age
- Benefit payment profiles are regulated by tax regime:
  - Lump sum (limited annual contribution)
  - Term insurance 10-25 years (limited annual contribution)
  - Lifelong life annuities (unlimited annual contribution)
- Banks cannot produce life annuities

# First challenge

- Before even starting, you need to consider which savings- and risk covers to be included
  - The solution may depend on local traditions and products (and tax rules?)

- Potential criteria

## Savings

- By product types?
- By providers?
- By tax treatment?
- Other?

## Risk covers

- Death covers?
- Disability covers?
- Critical illness?
- Accident insurance?
- Health covers?
- By providers?
- Other?

# PensionsInfo.dk - how did it all get started?

## Version 1.0

- In 1999 – ATP took the lead
- The industry said – “This is not possible”
- A few large providers joined (no banks)
- Launched within a year – december 1999

## Information available

### Benefit payments only

- Forecast on retirement benefit
- Disability cover
- Death cover



## Common set of calculation assumptions

- Forecasts are calculated from well established common assumptions used by pension providers offering savings agreements under Danish pension tax regulation (pension funds, life insurance companies and banks).
- Forecast assumptions are defined by the industry.
- Future values are inflation indexed.

# Not good enough

- New providers joined at a slow pace
- Political demand: Help all Danes to get a full pension overview across all products
- Hesitation from the industry – no alignment on scope and purpose
- The industry looked into to options:
  - Legislation defining the demands
  - Voluntary initiative solving the matters

## Overview

Different perspectives among providers, and different opinions on what “overview” means

- Banks focus on current asset values and investment advise
- Most savings product in pension funds and life insurance companies at the time were with-profit schemes with financial guarantees, and insurance providers focus on benefit cash flows
- Are disability and death covers primary or secondary information?
- Different opinions regarding advisors’/sales personnel’s access to information

- The three leading banking groups (two had significant life insurance operations) started alternative initiative with information on current values as well as expected pay-out cash flow
- Addressing primarily the segment of providers in open competition with each other
- Improvements important to the new initiative in addition to information available in the existing one:
  - Show current values
  - Facilitate access to send information to financial advisers (in the institutions being part of the portal cooperation)
  - The purpose with the site is:
    - A full overview of future pension
    - Send your data to a pension provider prior to counseling

## Purpose

- A full overview of future pension
- Send your data to a pension provider prior to counseling

## One solution

- Before launch, the two competing portal initiatives joined forces to create one united nationwide pension tracker system for all life insurance, savings agreements and pension schemes under Danish pension tax regulation.
- Other savings schemes not included.



# Second challenge

- How to present different product in a simple, comparable way?
  - The users will add and compare apples and pears
- Potential questions

## Savings

- Asset value or surrender value today?
  - Some products do not have a meaningful asset value
- Future expected benefits?
  - Rules and assumptions for forecast calculations?
  - Different risk profiles?
  - Purchasing power: Current vs. future values?
- Lump sum vs. term insurance vs. annuities?
- Assumed retirement age?
- Other?

## Risk covers

- Coverage period?
- Lump sum vs. term insurance vs. annuities?
- Disability criteria?
- Health covers?
  - Coverage sum, coverage scope
- Other?

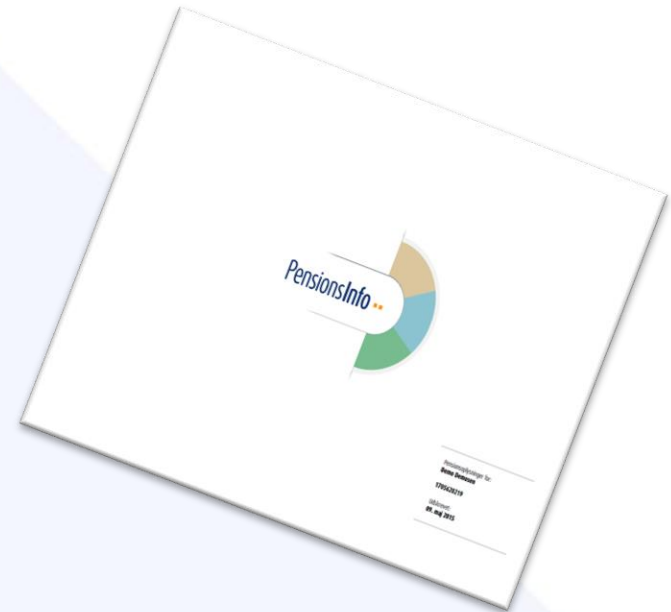
# About PensionsInfo

- A private association – all life insurance companies, all Pension funds, all banks and ATP are members
- 85 pension providers
- No public funding. Financed by pension providers – annual budget 1.8 m €
- 100.000 votes – follows payment
- The board of directors has 11 elected members and 3 observers from relevant ministries
- No employees – all activities are outsourced

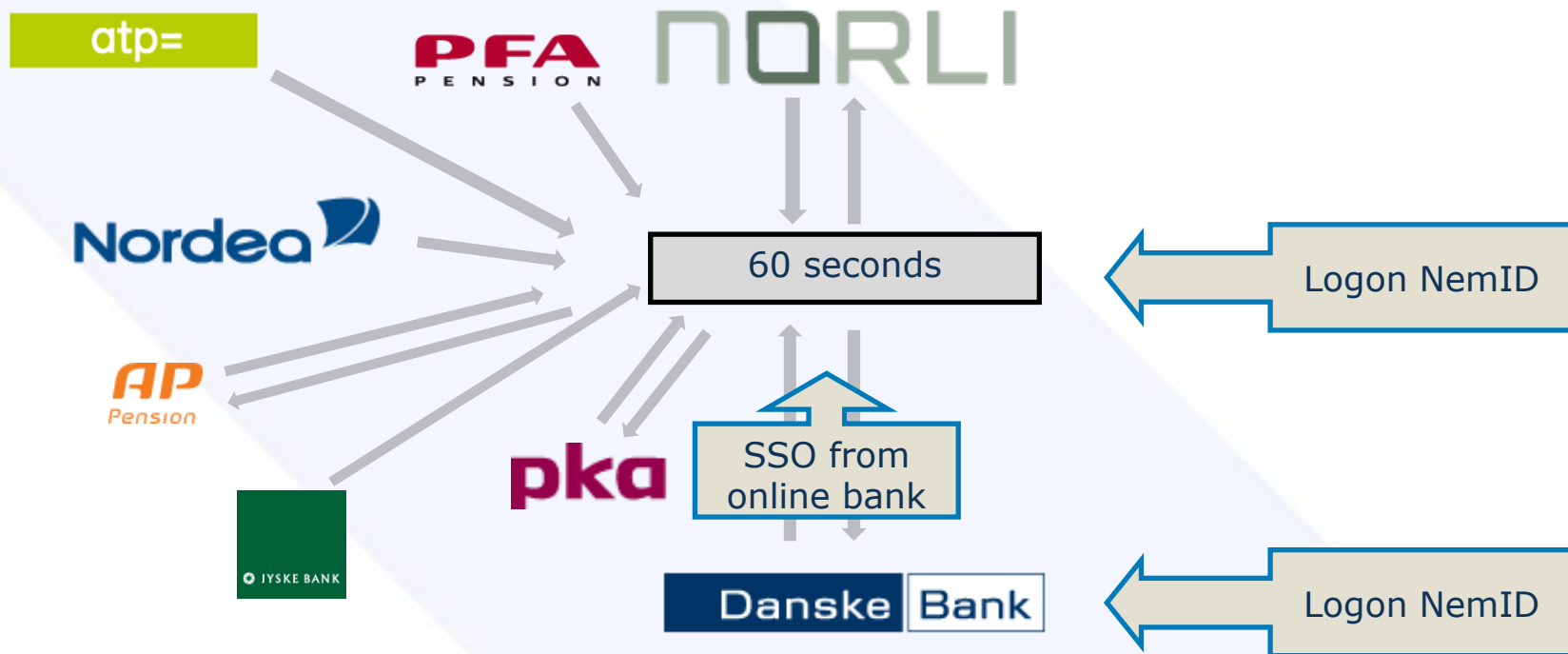
# Key elements on PensionsInfo

- Own access only – data is not kept. Solves GDPR issues
- Keep it simple - Layered information
- Standardised information (Common understanding of data fields in the data feed)
- Easy to get and send a PDF report with all information to advisors
- Report can be sent digitally to advisors
- No on-site recommendations/advise - neutral
- User platforms
  - PC (desktop)
  - Tablets
  - Smartphones

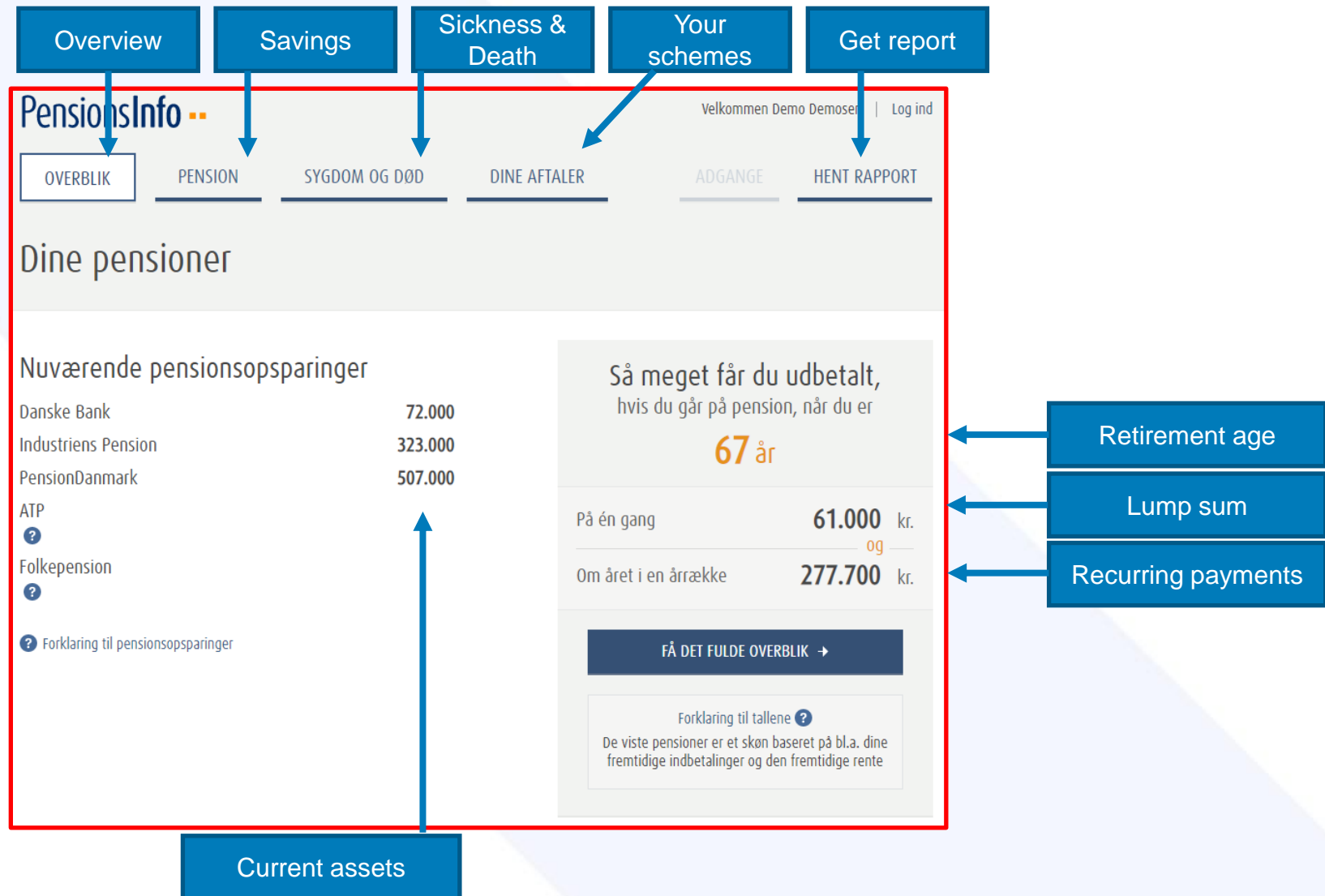
Generate a report



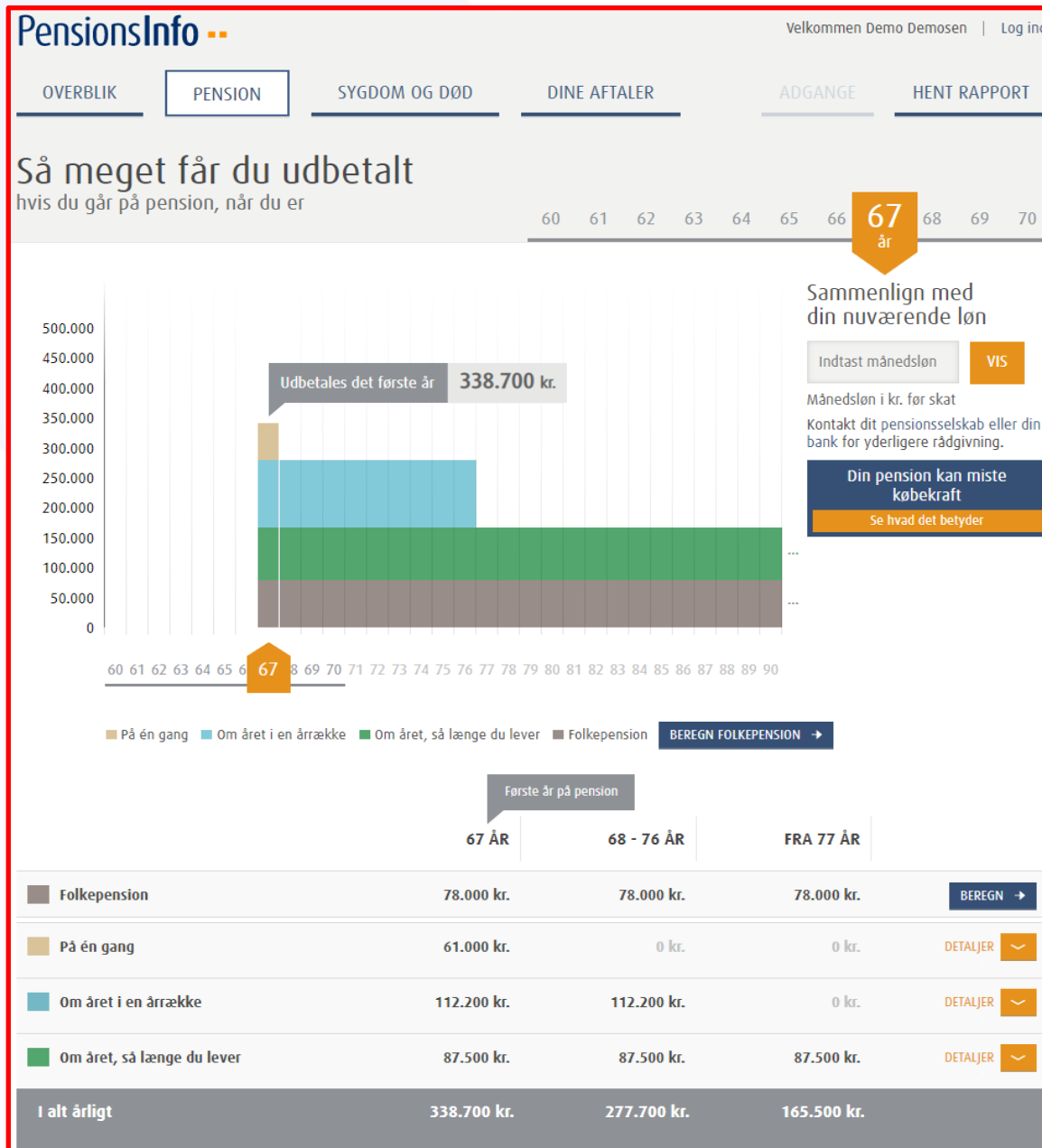
# How does PensionsInfo work?



# What does PensionsInfo look like - overview



# What does PensionsInfo look like - savings



Retirement age ruler

Graphical illustration

The figures


# What does PensionsInfo look like - Risk

**PensionsInfo**
Velkommen Demo Demosen | Log ind

OVERBLIK
 PENSION
 **SYGDOM OG DØD**
 DINE AFTALER
 ADGANGE
 HENT RAPPORT


## Sygdom og død

**Ved død**  
 Se hvor meget dine efterladte får udbetalt. De viste beløb vil blive udbetalt, hvis du døde nu.
 



**Død**  
 Se udbetalinger

På én gang	<b>684.000</b> kr.
	og
Om året i en årrække	<b>32.000</b> kr.


**Ved sygdom**  
 Se de forsikringer du har, som relaterer til dit helbred.
 


**Tabt arbejdsevne**  
 Se udbetalinger

Om året i en årrække	<b>48.000</b> kr.
----------------------	-------------------


**Visse kritiske sygdomme**  
 Se udbetalinger

På én gang	<b>125.000</b> kr.
------------	--------------------


**Sundhed**  
 Se aftaler

Death  
Lump sum / annual

Disability  
Lump sum / annual

Critical illness  
Benefit per illness

Health  
No figures

# New functionality coming up

- An English version of the site and pension report
- An administration system with technical information, provider contacts, statistics, legal agreements etc.
- Make the website easier to use for people with a diasability
- Easier access to anonymous production data – for testing



# What's next?

Increasing interest from state organisations on future developments of the site:

- Additional information: Individual costs, return of interest and risk
- Initiate transactions: Transfer of dormant accounts
- Individual calculations on postponing state old age pension

Our back log of general improvements

- Implement additional information targeting professional advisors
- Show the purchasing power of the pensions during the payout period
- Better information about state old age pension

Improving data quality

- Helping providers deliver correct data to the site

# My advice to you!

- It's not easy – but get started
- Be flexible and pragmatic
- Keep it simple: Less is more - in the first version
- Start with a small operational set-up
- Have a set-up where industry decisions can be made
- Industry support is essential

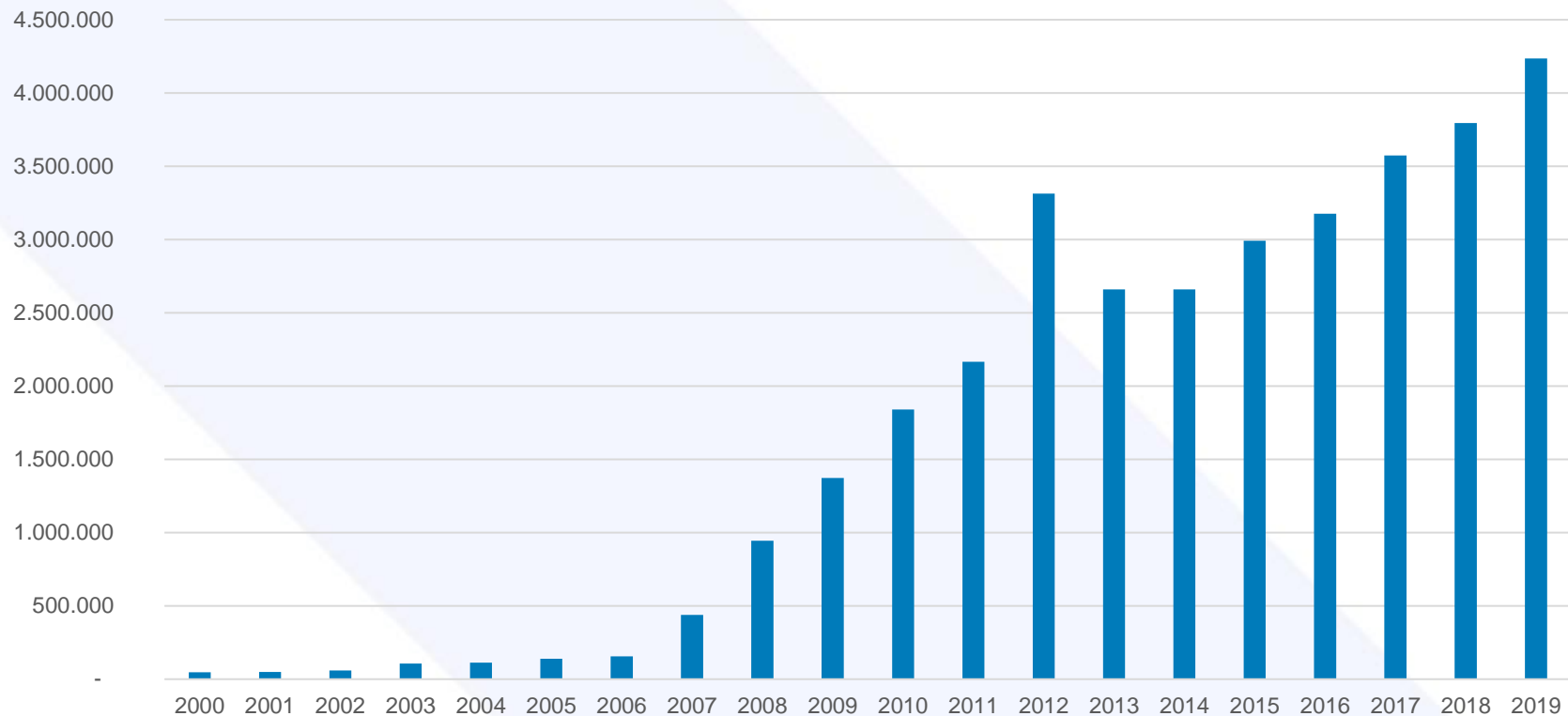
# Actuarial support helps in the process

Actuaries can play a significant role

- Define scope of products
- Define guidelines for producing figures to be shown
  - Define common set of assumptions for forecasts
  - Define data feed required
- Be flexible and pragmatic
  - Overview does not have to be 100% academically correct
  - Overview should be "true and fair"

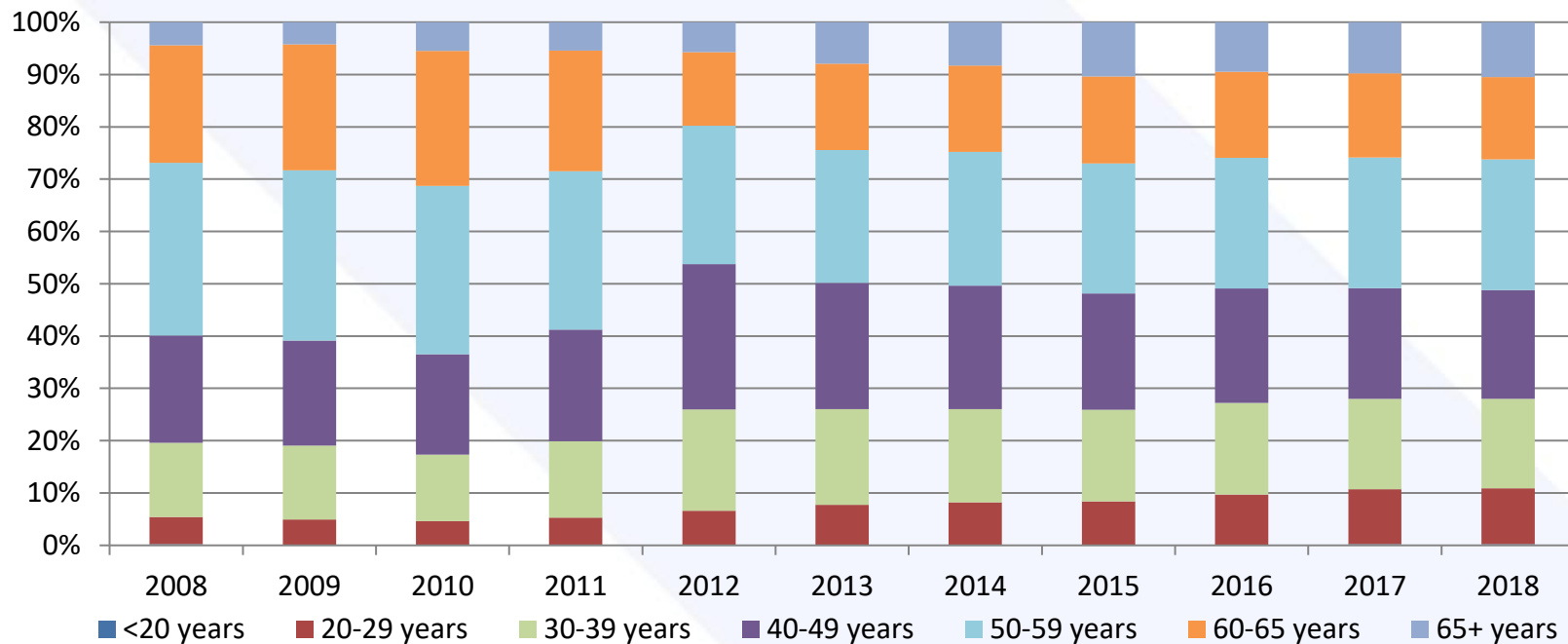
# Usage (population of 5.8 million)

## Users – number of logons

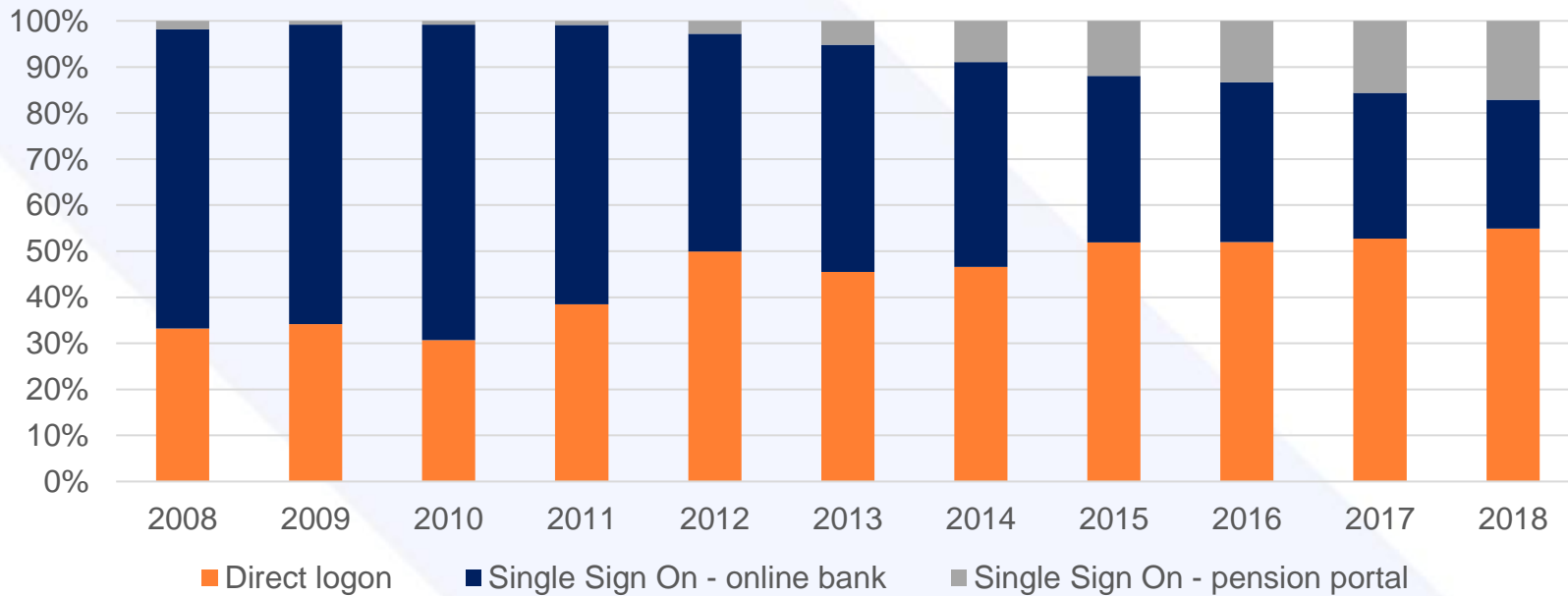


# The users – key figures

- No. of unique users in 2019 – 1,5 mio.
- Generated pension reports (PDF) – over 1,2 m
- Send pension reports to a provider (xml or PFD) – 680.000
- Gender balance - 46,2% female - 53,8% male



# Users – access to PensionsInfo





Q & A



