

DANMARKS NATIONALBANK

3 DECEMBER 2020

INSURANCE AND PENSION, 3RD QUARTER 2020

Stable pension contributions despite corona

During the first three quarters of 2020, the pension sector received pension contributions totalling kr. 99 billion, equivalent to an increase of kr. 1 billion, or 1 per cent, on the prior-year period. Pension contributions generally rose by an average of 2.5 per cent per year during the period from 2015 to 2019.

Wide disparity across pension providers

Pension contributions have continued to increase, although some pension providers have given their customers the opportunity to temporarily reduce their contributions due to covid-19. For instance, customers contributing a fixed portion of their wages to pension schemes have been given the oppor-

tunity to pause contributions. During the pause, related insurance schemes such as insurance against loss of earning capacity are still paid through the customer's existing pension savings. As a result, some pension providers have seen total pension contributions decrease. Other pension providers have seen customers make additional pension contributions to voluntary pension schemes.

General trend towards higher pension contributions

Despite the contribution pause, total pension contributions continue to rise. One reason for the upward trend in pension contributions over recent years is that a larger portion of wages is paid into pension schemes based on collective agreements. Higher wages also tend to lead to higher pension savings.

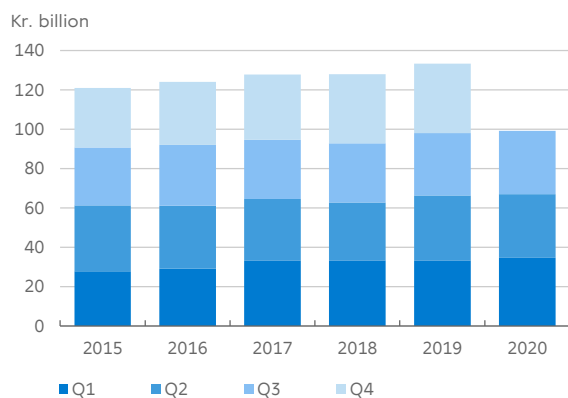
Additions centred in the market rate segment

Growth is centred on market rate products, i.e. pension schemes whose return depends directly on the investments of the savings plan. In Q1-Q3, contributions to market rate products increased by kr. 1.6 billion compared with the prior-year period.

Q4 typically means higher pension contributions

Higher contributions are typically paid into pension schemes in Q4 than in the first three quarters. Towards the end of the year, customers have an overview of their income for the year as a whole and are able to assess the tax benefits of actively contributing additional funds to their pension schemes.

Pension contributions in Q1-Q3 in line with 2019 levels



Note: Pension contributions include payments and lump sum contributions to pension funds and life insurance companies. Figures are gross figures, i.e. benefit payouts have not been deducted. Transfers of accounts to and from companies are not included in the statement.

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