

# DANMARKS NATIONALBANK

3 MARCH 2023

## INSURANCE AND PENSION, 4TH QUARTER 2022

# Pension wealth fell by kr. 558 billion in 2022

The total pension wealth in Danish pension companies fell by kr. 558 billion during 2022 and amounted to kr. 3.754 billion at the end of the year. The wealth has fallen to around early 2020 level, and the large drop in wealth occurs after several years of good returns and high pension contributions.

### A year of headwinds on the financial markets

The loss in value is due to large price falls on shares and even greater price falls on bonds. At the same time, the pension sector had losses on its derivative contracts which it uses to hedge risk. The majority of

the derivative contracts have been made to ensure that the sector can meet its future pension obligations when interest rates and exchange rates fall. When interest rates and exchange rates rise, the contracts fall in value and result in losses.

### The highest pension contributions to date

The contributions were kr. 155 billion in 2022, which is kr. 11 billion more than last year. Approximately 61 per cent of the contributions go to market rate products, while almost 78 per cent of the payouts go to average rate products. In market rate products, the return follows the underlying investments, and the risk lies to a greater extent with the individual saver compared to the traditional, guaranteed average rate products, where the return depends on deposit rates set by the individual pension companies.

### Pension wealth with an average rate fell the most

Pension wealth in average rate products fell 19 per cent – albeit with a dispersion across companies – and has fallen more than the pension wealth in market rate products, which fell 4 per cent. The difference is both related to the fact that the underlying investments in average rate products consists to a greater extent of bonds and derivatives than in market rate products, and that there are net payouts, which reduce the wealth.

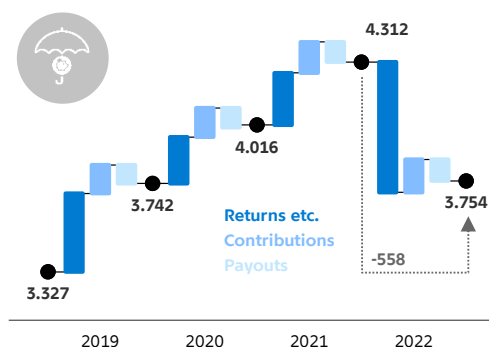
### Parts of the statistics will be published monthly

Going forward, Danmarks Nationalbank will publish the insurance and pensions sector's investments, returns and currency exposure and hedging on a monthly basis.

MORE INFORMATION ABOUT THE STATISTICS HERE

### Headwinds on the financial markets in 2022 dragged down pension wealth

Pension wealth in Danish pension companies, kr. billion



Note: The pension wealth is calculated as the pension companies' provisions for future pension obligations. The payments include current contributions and deposits. Payouts are before tax. Return etc. covers value adjustments, including returns on investments and accruals. Note that households also have pensions in their own bank deposits. Find chart data here ([link](#)).