

IMPROVING LONG TERM SAVINGS

SUPPLEMENTARY SOCIAL PREVISION

OECD-SPAIN CONFERENCE ON FINANCIAL EDUCATION

Spanish Social Prevision System

First Pillar

Basic

State run

Universal

Financing: contributions of employers, workers or even the State

Social Security

Second Pillar

Voluntary

Private

Labor

Financing: contributions of employers and workers

Pension Funds and Insurance products

Third Pillar

Voluntary

Private

Personal

Financing: individually by each member

Pension Funds and Insurance products

❖ **Supplementary Social Prevision and Insurance products in Spain in 2011.**

(millions of €)		Patrimony	Members/insured
SSP products (illiquid to retirement)		126.313	12.874.154
	IORPs	31.689	2.210.377
	Individual pension Funds	51.869	8.481.802
	Insurance products of employment	28.316	920.399
	Personal Insurance products	8.522	911.782
	Mutuals	5.917	349.794
Saving Insurance products		94.624	7.324.529

Sources: DGSFP and ICEA

- ❖ **Volume of savings is stabilized because of illiquidity.**
- ❖ **Growth Stagnation.**
- ❖ **Fall down of Contribution.**
- ❖ **Small or negative returns in pension funds.**
- ❖ **High volatility in portfolios of pension funds and insurance companies.**
- ❖ **Citizens have a lack of knowledge about products.**

- ❖ **Effort to find solutions**
- ❖ **Key role of industry**
- ❖ **Promote Competition**
- ❖ **Enough supply of products.**
- ❖ **Improve Governance rules**
- ❖ **International financial regulation improvements.**



- ❖ **Enough precontractual information . Key elements:**
 - **Risk/profitability**
 - **Investor Profile**
 - **Illiquidity**

- ❖ **On going information disclosures. Key elements:**
 - **Good combination of volume of information and understanding.**
 - **Compare Performance with index, competence and other instruments.**
 - **Regulatory changes**
 - **Provide projected future pension benefits**

- ❖ **Efforts to broaden coverage to people:**
 - **With less income.**
 - **Without regular income.**
- ❖ **Developing second pillar (labor)**
- ❖ **Essential role of Social partners.**
- ❖ **Awareness of citizens.**
- ❖ **Financial education.**