



## German pensions "suffer advice gap" - 7 April 2008 13:00

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GERMANY – The German funded pension system is suffering from a lack of quality advice provision for individuals, Prof Bert Rürup told today's Handelsblatt occupational pensions conference in Berlin.

“The quality of pensions saving advice is not in the interest of savers,” said Rürup, noting the role played by the private sector in German second pillar pension provision.



In particular, providers should ensure they explain the concept of deferred taxation, which was not widely understood, he suggested.

Germany's pension system has traditionally favoured taxing pension contributions and freeing retirement income from tax but the government introduced an element of deferred taxation in the Riester reforms of 2001-02.

“Further reforms to the pensions system are not only required on the part of government but also on the part of private sector product providers,” added Rürup, who is also chairman of the German government's council of economic experts.

“The transparency of some products also hinders their effectiveness. Improvements are clearly necessary in some cases,” he continued.

Rürup also pointed out there have been several cases of ‘mis-advice’ documented by the German media.

“These are errors that the best politics cannot remove,” he said.

Repeating a call he has made many times in recent years, Rürup also said the German pensions system was too segmented. He argued the so-called Riester-Rente, which provides lump sum top-ups for pension contributions, should be opened for all, including the self employed and sole traders.

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