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Factors determining the possession of voluntary retirement savings by households

Accumulating retirement savings is one of the key financial decisions for households in an ageing Europe. The projected replacement rates are quite low, so it is important for households to accumulate capital to secure old age.

According to data from Eurostat, between 2015 and 2020, the household saving rate in European Union countries increased from 11.47% to 18.36%. While the purposes for households to accumulate savings may vary, saving for retirement is becoming increasingly important. Voluntary savings to secure old age can take many forms. Funds can be accumulated systematically (ideally throughout the working life until retirement) or sporadically - depending on the financial situation of the household. Systematic accumulation of retirement savings can be done individually or in groups. Individual accumulation of additional funds for future retirement can take the form of self-managed schemes as well as schemes managed on behalf of the scheme member by financial institutions (e.g. insurance companies, investment funds) selected by the scheme member and authorised for this purpose.

The accumulation of voluntary pension savings depends on a number of factors, among which the following should be singled out: the level of economic development, the situation on the labour market, the level of interest rates, inflation, the level of development of the financial market, the development of the real estate market and the market for other tangible assets (e.g. markets for gold, silver, wine, whisky, works of art), the availability of financial products (in particular systematic saving products), the involvement of the state and enterprises in creating flexible and transparent forms of pension savings accumulation and the tax system (including appropriate tax incentives).

The aim of the article is to identify demographic-economic-financial factors influencing savings accumulation in Individual Private Pension Plans in selected European countries. In addition, the authors compared the impact of the identified factors on saving in Individual private pension plans in selected countries. The group of countries included in the analysis included: Poland, Bulgaria, the Czech Republic, Germany and Austria. The criterion for the selection of countries was the availability of data, the level of economic development and the level of gross household saving rates in 2020. Among the countries accepted for the study, the lowest value of gross household saving rates was recorded for Poland (8.8%) and the highest for Germany (23.35%).

The article attempts to answer two research questions:

1) which economic-demographic-financial factors most strongly influence pension capital accumulation decisions in Individual Private Pension Plans?

2) is the impact of the same factors comparable in countries with different levels of gross household saving rates?

Appropriate statistical methods including rank correlations and a logistic regression model were used to achieve the aim of the article. The study was based on data from the European Union Statistics on Income and Living Conditions. Firstly, countries were selected for which respondents answered the question on the accumulation of savings in individual private pension plans. Next, a group of countries

was formed on the basis of the criteria indicated above, which were analysed. The selection made it possible to answer the research questions.

The preliminary findings of the study indicate that the factors that shape the accumulation of pension capital in individual private pension plans include the country's level of economic development, household income level, age and gender.

Keywords: pension saving, determinants of saving, individual private pension plan