

Pension Information, Financial Literacy, and Retirement Saving Behavior in Germany

Marlene Haupt, Munich Center for the Economics of Aging (MEA)¹

Abstract

Detailed information regarding pension entitlements from the public pension scheme is essential for individuals to make an informed decision whether to engage in a supplementary pension plan. For this reason, the German pension authority implemented a pension information statement (*Renteninformation*) in 2004, which is sent annually to all insured members. The basis for my empirical analysis provides the SAVE data set, a German longitudinal household survey focused on saving behavior. The survey collects detailed quantitative information on both the financial structure and relevant socio-psychological aspects of a representative sample of German households. In addition, several measures of financial literacy have been collected over the years. The data of the 2011 survey were collected during spring 2012 including three questions on the annual pension information statement.

After ten years, the statement is well-known and widely read. However, it transpires that certain groups prove to be more difficult to inform as they don't read the information properly or sometimes not at all. In addition to that, receiving and reading the statement only relates to a change in savings behavior of a smaller group of individuals.

Acknowledgements

I thank Michela Coppola, Martin Gasche and Bettina Lamla (MEA, Munich), and Werner Sesselmeier (University of Koblenz-Landau) for their helpful comments and discussions. I am especially grateful to Doreén Tessorff of the German Pension Authority for her tireless commitment to answer all my detailed questions on the German pension information statement. All remaining errors are my own.

¹ Marlene Haupt, Munich Center for the Economics of Aging (MEA) at the Max Planck Institute for Social Law and Social Policy, Amalienstr. 33, 80799 Munich, Germany. Phone: +49-89-38602-352 Email: haupt@mea.mpsoc.mpg.de.