

**Due to demographic change, pension provision is one of the greatest social challenges of our time. The 1995 pension reform in Italy established a contribution-based pension system. This means that future pensions will be lower than usual in the past, especially for young people. On behalf of Pensplan Centrum Inc., the IER – Institute for Economic Research of the Chamber of Commerce of Bolzano/Bozen has conducted a first-time survey on pension provision awareness and strategies among the population aged 20–49 in South Tyrol and Trentino: What are the pillars on which old age provision is based? Which groups run the risk of having insufficient pension? What factors influence the decision to join a supplementary pension fund?**

Two thirds of all respondents in South Tyrol have already thought about their financial security in old age, and this is a much higher percentage than in Trentino, which stands at around one-third. In the two autonomous provinces there is a clear correlation with age: young people between 20 and 29 years of age, most of whom are not yet employed, are often not aware of the need for pension provision.

On the other hand, most people over 30 expect to have sufficient financial security in their old age and often build up their pension provision on several pillars. Besides the state pension, home ownership and savings or other assets, e.g. additional real estate or securities, also play a major role in old age provision. Supplementary pension provision is also increasingly used as a pillar. In 2020, 27.1% of all 20–49-year-olds in South Tyrol and 18.2% of those in Trentino paid into a supplementary pension fund partnered with

Pensplan Centrum. With increasing age, both the number of members and the contributions paid in clearly increase.

Nevertheless, a higher risk of insufficient pension provision can be identified for certain groups in South Tyrol and Trentino. On the one hand, people who become unemployed, who have to interrupt their employment for a long time or who have an irregular employment history (e.g. precarious employment) cannot build up either a sufficient state pension or a supplementary pension. Women are more affected because they work part-time or run the household more often than men. This is also shown by the fact that men's contributions to supplementary pension funds affiliated with Pensplan are about 50% higher than women's contributions. Co-working family members, who are often not satisfied with their income, also find it difficult to build up a sufficient state pension or supplementary pension.

Due to the 1995 Italian pension reform, however, the complementary pension is increasingly important and should become more widespread in South Tyrol and Trentino. Whether a worker joins a supplementary pension fund depends on many factors. In fact, people strongly follow the example of relatives or friends when they choose how to act with regard to old age provision. If supplementary pension funds are used and talked about in one's social environment, this increases one's willingness to make one's own retirement provision. Experiences of financial difficulties of already retired family members also encourage such considerations. Sound financial knowledge leads to higher enrolment rates, but even more important is trust in public pension institutions, such as INPS or Pensplan Centrum.

In summary, the results of the study show two major challenges. The greatest challenge is certainly to support those population groups at risk of old age poverty (housewives/househusbands, co-working family members, long-term unemployed people, precariously employed people) who, due to their irregular employment history and/or insufficient income, only pay little into the state pension or who are not able to build up a supplementary pension. The second challenge is to make the other population groups even more aware of old age provision, and in particular to encourage them to build up a supplementary pension so that they can maintain their usual lifestyle during retirement. In response to these challenges, the following measures can be considered:

- > Young people need to be introduced to old age provision as early as possible, either at school or at the latest when entering the labour market. The earlier people pay into a supplementary pension fund, the more additional pension assets can be built up.
- > Building up a supplementary pension often requires an impulse "from outside". For young people, their parents are the most important contact people, whereas for older people it is their partner or close friends. It is important to take this role model effect into account when designing information campaigns.
- > If one's parents or grandparents are doing well financially, the probability of being enrolled in a supplementary pension fund is reduced. It should be even more emphasised in the communication that the parents' or grandparents' situation cannot be compared with one's own situation in old age since the transition to the contribution-based pension system has brought significant changes.

- > People who interrupt their employment due to family obligations, especially housewives/house husbands, need to be especially informed about their retirement risks. Reasonable measures could be legal approaches such as pension splitting, whereby the partner with higher pension entitlements gives part of his or her contributions to the partner with little income. Other possibilities include mandatory sharing of part-time or equal maternity and paternity leave.
- > Among the self-employed, it is mainly co-working family members those who have the lowest expectations of a state pension. The enrolment in a supplementary pension fund would be important precisely for this group of people. Therefore, trade associations should also address this issue with their members and raise awareness regarding the pension provision of co-working family members.