



## SOLVING THE DECUMULATION PUZZLE AND CLOSING THE PRODUCTIVITY GAP

The European Union is undergoing a profound demographic transformation. According to the European Commission's 2024 Ageing Report, the old-age dependency ratio is projected to rise from 36% in 2022 to around 59% by 2070, significantly reducing the number of workers relative to retirees. At the same time, total age-related public expenditure on pensions, healthcare, long-term care, and education amounted to 24.4% of GDP in 2022 and is expected to increase to 25.6% by 2070.

Universal life products and annuities with long-term care riders can help address these challenges and have proven successful in markets such as the United States. In Germany and most EU Member States, however, the institutional context is different. Public pension, health, and care systems already provide an essential foundation and a strong safety net for an ageing population.

The primary role of insurers in Europe is therefore to complement public systems by helping citizens close remaining protection gaps and ensure adequate income in old age. This requires holistic advice and tailored solutions from a broad range of life and pension products. In pensions in particular, insurance solutions play a key role. In Germany alone, insurers provide more than 46 million annuity and pension insurance contracts compared to 69.9 million citizens 18 or older. About one in four of these products include biometric risk cover in some form, mainly mortality- or morbidity-related.

The EU will need sufficient economic and productivity growth if its economies and public budgets are to absorb the rising costs of ageing. Modern insurance-based retirement savings products can make an important contribution. By transforming retirement savings into long-term investment, insurers support both reduced reliance on publicly financed pensions and growth in the wider



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