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Moneta: EU will need €1.9trn a year for adequate pension provision

EUROPE – The EU will need to set aside more than €1.9trn every year if its citizens hope to receive an adequate income in retirement, according to Andrea Moneta, chief executive at Aviva Europe.

Speaking at a recent European Parliament conference on quantifying the continent's pensions shortfall, Moneta – a former head of strategic planning at the European Central Bank – said the gap was currently equivalent to 19% of GDP and higher than the estimated cost of the recent economic crisis.

He said the pensions gap showed the difference between the pension provision people retiring between 2011 and 2051 would need for an adequate standard of living in retirement, and the pension amount they could expect to receive.

Assumptions were that people would need 70% of their pre-retirement income for an adequate standard in

retirement and a 5% return on investments in pension funds.

Moneta pointed out that the largest shortfalls in savings were in the western European economies, such as the UK, France, Germany and Spain, but added that these countries would have some of the higher levels of pre-retirement income across Europe.

He said consumer concerns over retirement were common, but that this had not led to lower expectations for income levels in retirement.

He also said European citizens still expected to rely heavily on state pensions and that the gap at the European level was likely to increase unless urgent action were taken.

Author: [Jeremy Woolfe](#)