PERSPECTIVES

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The German Pension Reform and the Shape of Things to Come

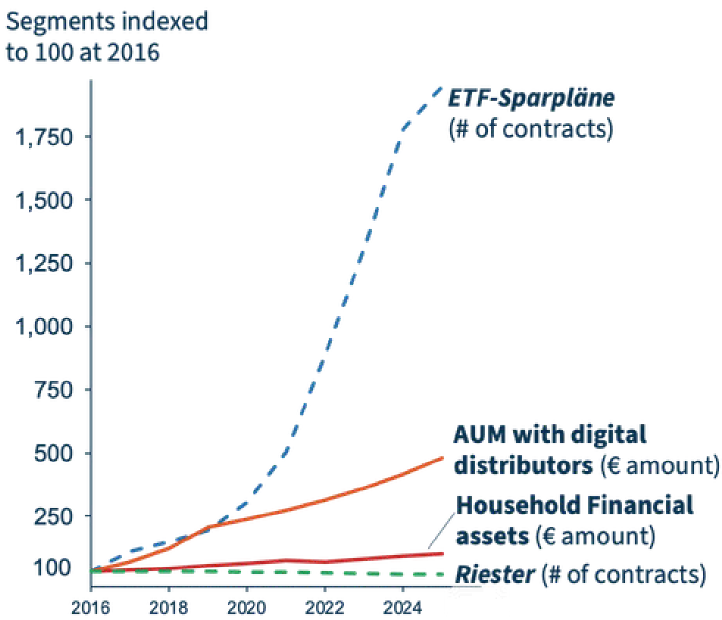
Germany's 2026 pension reform sets a blueprint for the future of European asset management. It crystallizes the forces reshaping the industry: access to a vast retail savings pool, competition across traditionally siloed segments (insurance, asset management, banking), digital-first distribution with simplified product access and onboarding, and pressure to operate at structurally lower costs. Get set!

Altersvorsorgedepot in a nutshell

From January 1, 2027, the proposed *Altersvorsorgedepot* (a pillar 3, private pension scheme) will come into force. It differs fundamentally from the previous *Riester* pension plan:

- **Remove contribution guarantees** that doomed *Riester* plans during low-interest rate periods;
- **Link benefits directly to the performance** of underlying investments, with capital gains accumulating tax-free, providing for flexible drawdown plans (vs mandatory annuitisation of *Riester* plans);
- **Simplify the subsidy structure**, -with proportional subsidies (up to €540/year, depending on final design);
- **Expand subsidy eligibility to *ETF-Sparpläne*** and extend the scheme to the self-employed;
- **Facilitate full digital onboarding;** enable distribution without mandatory advice;
- **Introduce mandatory cost caps** at 1% p.a. on the default option, with ETF-based depots expected to cost much lower.

The pension anomaly: the contrasting fates of Germany's investment schemes (2016-2025)



Sources: ECB, German Ministry of Finance, Indefi analysis.

Within the current proposed framework, providers are expected to offer a default product with pre-selected risk profiles and automatic glide-path de-risking. But savers may also choose individualized variants or manage the depot themselves via a broker or digital platform.

Indefi estimates that by 2030 *Altersvorsorgedepot* AuM could reach up to €150bn with inflows coming from both legacy contract transfers and new contributions in similar proportions. This expectation is consistent with trends observed in comparable European markets (e.g. French PERin).

The shape of things to come

The German pension reform introduces a new level playing field in European asset management that will determine key success factors for all players going forward.

1 - Fund management takes centre stage

While fund providers have been fighting for flows and competing among themselves to gain wallet share, more established saving products and/or distribution channels including banks and insurers have controlled the savings landscape. This will no longer be the case.

Alongside the wave of regulatory reforms pushing an ambitious European-wide retail investment agenda (e.g. Retail Investment Strategy, ELTIFs, Savings and Investments Union), the German pension reform offers asset managers a central place to operate in their foundational role as channelers of savings. With asset management products expected to take the lion's share of allocations, they have a unique opportunity to further strengthen their ties with individual investors.

2 - Digital distribution channels at the forefront of the "new age" pension frontier

German savers have been digital platform pioneers, riding the wave of *Sparpläne* and fueling the rise of ETFs. Over €450bn of assets are already held via digital platforms, accounting for >5% of German household financial assets, and nearly 30% of the total European digital distribution market [1].

While all traditional channels will be targeting this new growth opportunity, including Sparkassen and Volksbanken, commercial banks, insurance networks and financial advisors, we expect digital distributors to spearhead Altersvorsorgedepots adoption. It is a natural entry-point for investors given the push for full digital onboarding, self-directed investments, and other regulatory tailwinds including transparency and access to investment products.

3 - Building blocks and investment solutions

Price competitiveness is at the heart of the reform. This naturally brings an advantage to low-cost (read ETF) providers. But asset managers should embrace a wider set of opportunities overall.

While self-managed solutions are likely to win on cost, they may not work for the industry. Not unlike what we are observing in the broader digital distribution market, there is hardly a long-term sustainable business model for distributors merely brokering ETFs. The ability to bring suitable retirement solutions to market will pave the way for higher-margin products, including active ETFs and private asset funds, which naturally align with the long-term investment horizon of these schemes.

What this means for asset managers

Germany's reform is unlikely to remain uniquely German. The core principles (i.e. product-agnosticism, cost discipline, digital-first distribution) align with the broader EU policy direction on retail investment and pension adequacy.

For asset managers, it is urgent to (i) prioritize the retirement opportunity as their next main source of growth in Europe, (ii) adapt their product offering to the new rules of the game, and (iii) build digital capabilities to support an effective retail client engagement strategy.

[1] Indefi report, "New frontiers: how the rise of digital distribution is reshaping the European asset management industry", Feb. 2026.

Indefi is a strategy consulting firm that supports asset managers - from the top 10 largest global firms to boutiques and private market specialists - in achieving their growth objectives. Operating across Europe and the U.S., and bringing together more than 85 consultants of over 15 nationalities, Indefi combines a global perspective with deep local market insights. The firm's conviction-led advice spans organic growth strategy, sustainability, and M&A support.
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