



Southern Public Administration Education Foundation



PAQ



GVER



IJED



JHSA



PAM



GPS



PFM



Search



RSS

Riester Pensions in Germany: Do they substitute or supplement public pensions? Positions in the debate on the new public policy on private pensions

Author: FRANK BERNER

Published in GPS, Vol. 3 No. 3

'Privatizing' pension reforms do not imply a simple retreat of the state. Instead, they normally enhance the regulatory function of the state, and regulatory pension policy becomes more important. The overall purpose of this paper is to bring the public policy on private pensions to the attention of social scientists. The obvious question to be asked is: what factors determine the public policy on private pensions in the larger context of a strategy of privatization in old-age security? The literature suggests that in social insurance countries where old-age security is dominated by a mature public pay-as-you-go scheme, the public policy on private pensions depends on the function that private pensions are given in relation to public pensions. In Germany, the pension reform of 2001 has introduced subsidies to a particular form of personal pensions (the Riester pensions). On the basis of expert interviews and document analysis, the paper shows that the policy community is divided about the status of the Riester pensions: Some policy makers see it as a substitute for public pensions; others see it as a supplement to public pensions. The regulation of the Riester pensions depends on which of the two approaches prevails. Ultimately, the divide between supplementing and substituting, and the dispute within the policy community, reveal that the Riester pension is located precisely at the intersection between public and private.

[Download PDF](#)