



From saving to investing—but doing it right!

Structured securities belong in private retirement plans

The German coalition agreement included a commitment to reform the private pension system. At first, it looked as though the coalition had shelved this project, as the differences between the CDU/CSU and SPD were too great. But then, at the coalition committee meeting on 8 October 2025, came the bombshell: The draft bill is to be presented before the end of this year.

A capital market-oriented, government-subsidised private pension scheme can mobilise the capital of private households to close the pension gap—provided that the structure is attractive to investors and providers. Legislation should therefore focus on formulating simple and understandable framework conditions that offer investors a range of options. An open-ended product design makes it possible to take individual life situations and phases into account in private pension planning, while at the same time promoting innovation and competition in the interests of investors.

Structured securities can make a valuable contribution to the formation, preservation, and protection of private pensions: They make it possible to reduce the risks associated with equity funds, equity ETFs, and equities.

Simple design

In order to reach the majority of the population, simple and understandable solutions for private pension planning that are also digitally available are absolutely essential. Successful private pension systems, such as those in Sweden and now also in Poland, are based on these requirements.

Setting standards, enabling flexibility

Pension products may be standardised for reasons of economic efficiency, but must remain adaptable to the individual stage of life and personal investment goals, return expectations, and risk tolerance of investors. Guarantees and annuities reduce returns and should therefore not be mandatory.

It's all in the mix

Balance and diversification are key principles of wealth accumulation and private retirement planning. In particular, a wide range of permissible financial instruments ensures that investors can adapt their private pensions to their life stages: Bonds offer investors fixed interest income, while equities, whether in the form of direct investments or via funds/ETFs, offer potential for value appreciation (in addition to any dividends or distributions).

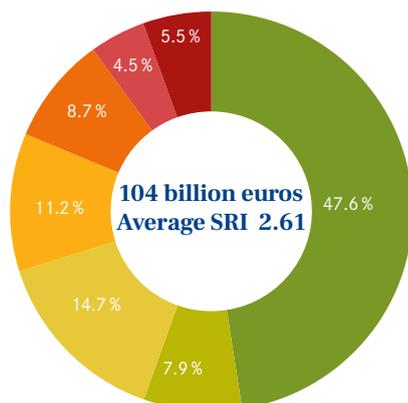
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If you want to retire with peace of mind, you need to have your risks under control. Structured securities are available for this purpose.

*Christian Vollmuth,
Chief Executive Officer of the BSW*

More than half of the market volume of structured securities is invested with low risk (risk classes 1 and 2)

Market volume €104 billion (as of 30 September 2025, by risk class)



Euro money market funds are usually assigned to risk class 1. European equities are mostly found in risk classes 5 and 6. Equity funds and ETFs tracking major stock indices such as MSCI World®, EURO STOXX 50®, or DAX® are predominantly assigned to risk classes 4 and 5.

- Risk class 1 (lowest risk)
- Risk class 2
- Risk class 3
- Risk class 4
- Risk class 5
- Risk class 6
- Risk class 7 (highest risk)

Although the success of equity investments regularly increases with the investment period, the payout or withdrawal phase may coincide with a market downturn. Structured securities can reduce these risks and ensure solid returns.

Structured securities – risk reducers

Structured securities are issued in the legal form of bonds and thus as bank bonds. As an addition to a portfolio, they make sense: For example, fixed-rate and step-up bonds offer





reliable interest income with 100 percent capital protection, while uncapped capital protection products guarantee the preservation of the capital invested and also allow participation in rising stock prices. The majority of other investment products (without capital protection) can cushion typical stock risks and generate continuous returns regardless of the direction of market movements.

SRI risk classification – the established European measure for investment products

The risk classification (Summary Risk Indicator – SRI) required for many financial instruments under the EU PRIIPs Regulation is an established method of deciding whether a financial instrument qualifies for retirement planning. The SRI risk classification allows investors to understand the overall risk of a financial instrument at a glance, as it is based on two main components: The volatility risks of the capital markets (market risk) and the creditworthiness of the issuer (issuer risk/credit risk). Financial instruments are classified on a scale from 1 (lowest risk) to 7 (highest risk). In our view, financial instruments in risk classes 1 to 5 are suitable for retirement planning: This covers all investment products from money market funds and structured securities to equity funds and ETFs. Leverage products are not included in our considerations for private retirement planning, even though they can also be useful for asset protection.

Our demand

We demand that the opportunities for investor-friendly reform of private pension planning be explored, focusing on five success factors:

1. Application of established EU risk classes (SRI 1 to 5) as a selection criterion for determining the eligibility of financial instruments for retirement planning
2. Open product design for flexible use of all securities within the eligible risk classes – from bonds and structured securities to equity funds/ETFs and equities
3. Private-sector organisation with low-cost individual custody accounts for retirement investors and an unbureaucratic approval process for providers
4. Waiver of mandatory capital guarantees and annuitisation
5. Attractive incentives through government support and tax exemptions during the contribution phase

Most product categories carry lower risks than direct investments

Market volume of investment products by product category as at 30 September 2025

Product category	Market volume in billion euros	Average risk class (SRI)
Investment products with 100% capital protection	51.4	1.21
Fixed-rate and step-up bonds	39.3	1.02
Capital protection products with coupon	4.5	1.21
Uncapped capital protection products	7.6	2.21
Investment products without capital protection	47.3	3.65
Credit Linked Notes	1.7	2.27
Other products without capital protection	1.8	2.73
Discount certificates	3.9	3.24
Reverse convertibles	5.8	3.43
Express certificates	29.4	3.73
Bonus certificates	1.2	4.14
Tracker certificates	3.5	4.73
Total investment products	98.7	2.38

1 **2** **3** **4** **5** **6** **7**

← **Lowest risk** **Highest risk** →

Manufacturers of packaged retail and insurance-based investment product (PRIIPs) such as structured securities, funds/ETFs, and insurance products are required by the EU PRIIPs Regulation to provide a Key Information Document describing how the instrument works, its opportunities, and its costs, as well as a risk assessment based on an overall risk indicator, the SRI. The calculation methodology and presentation using a prescribed scale from 1 (lowest risk) to 7 (highest risk) are specified by European legislators.

Who is the BSW?

Bundesverband für strukturierte Wertpapiere (BSW), the German Structured Securities Association, is the industry representative body for the leading issuers of structured securities in Germany. Its members are:



The following sponsoring members support the work of the BSW:



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