

## How are Spain's pension funds doing?

**While the average returns for Spain's government bonds and its benchmark IBEX-35 index were over 5 percent between 2001 and 2016, its pension funds didn't fare as well. Why?**



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From 2001 to 2016, Spanish pension funds' average return was just 2.03 percent. That was considerably lower than the average annual return for the country's benchmark IBEX-35 index (5.24 percent) or for its government bonds (5.27 percent). What's more, only three

pension funds (out of 335 in total) posted a higher return than the 15-year government bonds over the same period.

After crunching the numbers, professor [Pablo Fernandez](#) and his research team question the 2 percent annual commission charged by fund managers. They also question the current tax incentives meant to encourage fund investment, suggesting that individuals might do better on their own — especially if they could enjoy the same tax breaks that the pension funds now have.

How these pension funds are faring matters to many: As of December 31, 2016, 7.1 million investors had a combined 65.3 billion euros invested in Spanish pension funds.

## **Methodology, very briefly**

The [report](#) analyzes the average annual profitability of Spain's 335 pension funds for 15 years (between December 2001 and December 2016) based on data from INVERCO. Returns for the Ibex-35 index and government bonds are according to Datastream.

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