

Press release

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Handelsbanken Liv:
Riksdag decision will not kill pension savings

The Swedish parliament's decision yesterday to limit the maximum tax deductible amount to 12,000 Swedish kronor next year has been assessed by many observers to be the death of private pension savings.

This is not true - as shown in a market survey by Handelsbanken Liv recently.

"Most people save for a securer retirement, not to achieve the maximum tax impact," says Jan Larsson, deputy chief executive of Handelsbanken Liv.

Until the end of this year, Swedish pension savers can deduct SEK 40,300 but most people do not make allocations of this amount. The market survey, which covered over 1,200 people, showed that over 70 percent of those asked were not affected at all by the reduced amount for tax deductions to be introduced next year.

"Most people have several types of savings with different targets. Often short-term savings - a holiday, for example, or a new kitchen or new car and other targets which are relatively near in time. They also have long-term savings for some extra security in their old age, but people don't have unlimited amounts of money to put aside," says Jan Larsson.

As many as 86 percent of the respondees say that they have long-term private savings, and almost 80 percent of them save regularly. The survey reveals that those with private savings often save less than SEK 12,000 a year. Private savings comprise bank accounts, shares, mutual funds, fixed income instruments, structured products, private pension savings and private endowment insurance.

Half of those with long-term savings have private pensions insurance and most of them will not be changing their savings when the reduced tax deduction is introduced. Our own customer portfolio confirms this. The majority of our customers save less than SEK 12,000 a year, which means that they will not be affected by the new law," says Jan Larsson.

The survey also revealed that customers want a personal relationship when choosing the type of savings.

"A clear majority of those we asked think it is difficult to select the type of savings and they prefer to talk to their bank for help and advice with their private savings. They give priority to traditional market players in this area," concludes Jan Larsson.

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