

Positive start to 2024 for ATP

2024 has begun with both higher interest rates and higher equities. ATP generated a return in the investment portfolio of DKK 4.5bn in the first quarter and saw positive development of ATP's bonus capacity. Rising interest rates meant that the value of ATP's guaranteed pensions fell, while the hedging of interest rate risk fell correspondingly. Members' pensions are thus intact.

In the first quarter, ATP's investment portfolio generated a return of DKK 4.5bn before tax, corresponding to 4.1 per cent of the bonus potential. It was particularly ATP's investments in Danish and international equities that boosted the result.

In the Interest Hedging, the value of guaranteed pensions fell by DKK 3.9bn in the first quarter of the year, primarily due to rising interest rates. At the same time, the Interest Hedging portfolio generated negative returns (after tax) of DKK 4.3bn. The value of the Interest Hedging portfolio thus fell as the value of the pension guarantees fell, and the hedging worked as intended.

"We have seen a period marked by significant price gains on equities and by rising interest rates. The former boosts our result, but ATP is sensitive to the latter as we have many bonds in our portfolio. Interest rate movements will always affect the size of ATP's assets, but it is crucial for our members that their pensions remain unchanged. Regardless of the interest rate movements, we will pay a pension that is predictable, guaranteed and lasts for life, and safe investments in bonds play an important role in this regard," says Martin Præstegaard, CEO of ATP.

ATP has increased the size of the pensions five times in 10 years

ATP's bonus potential rose by DKK 3.6bn, amounting to DKK 108bn at the end of the first quarter of 2024. The bonus capacity expresses the relationship between the bonus potential and ATP's obligations and provides a good picture of ATP's state of health and thus the possibility of increasing pensions in the long term. The bonus capacity was 17.9 per cent at the end of the first quarter, compared with 17.1 per cent at the start of 2024.

"ATP's return on investment over the past 10 years is more than DKK 12bn every year on average. Thanks to these returns and a stable bonus capacity, we have managed to increase the pension five times since 2014, either for all our members or for pensioners. We are proud of this. At the same time, we have set aside an additional almost DKK 20bn for increased life expectancy due to continued increases in the overall life expectancy of Danes," says Martin Præstegaard.

Results for the period and assets

At ATP, all funds are owned by ATP's members. The return is attributed directly to the bonus potential, which means that ATP's income statement will always show a 0 result as ATP generates no profit from providing services.

Total pension liabilities amounted to DKK 564bn. The supplementary provisions amounted to DKK 39bn and ATP members' assets totalled DKK 710bn.

ATP turns 60

In April 1964, the Danish Parliament decided to establish ATP, the Labour Market Supplementary Pension. The purpose then, as it is now, was to ensure financial security for all Danish pensioners and supplement the tax-paid state pension.

Today, ATP is a group with almost 3,000 employees, which pays out DKK 17bn a year in ATP Livslang Pension (Lifelong Pension), manages assets of more than DKK 700bn and annually pays out more than DKK 320bn to people in Denmark in welfare and social security benefits such as state pensions, rent subsidies and holiday pay.

The ATP Group is Denmark's largest pension company and processing business. We solve tasks for almost all Danish citizens and companies. ATP Livslang Pension (Lifelong Pension) is a collective scheme with 5.6 million members and pension assets of DKK 712bn as of 12/31/2023. Our task is to ensure good and stable pensions and to provide a higher financial security for the Danes when they retire. This is done through investments in e.g. Danish workplaces and sustainable initiatives. Moreover, we ensure payment of welfare and social security benefits which amounts to a total of DKK 320 billion a year to more than 2 million citizens on behalf of the state, municipalities and the social partners. Two out of three Danish kroner (DKK) paid in welfare benefits in Denmark come from the ATP Group.