Germany's Pension Reforms: A New Route to Market for Private Markets Managers

Selma Coffey September 4, 2026

Private markets managers are under pressure to launch products faster, serve more specific investor needs and expand across European markets without losing focus on investment performance, portfolio construction, investor relationships and distribution.

From January 2027, Germany is introducing tax-supported private pension products that offer savers greater exposure to capital markets and wider investment choices. For managers with appropriately structured strategies, the reforms unlock access to a new pool of long-term retirement capital. S&P Global Ratings estimates that, following a transition period, the reforms could generate between €26 billion and €56 billion in additional annual net inflows[1].

A New Approach to German Retirement Capital

At the centre of the reforms is the Altersvorsorgedepot (AVD), a tax-supported retirement framework designed to give German savers broader access to market-based investments through a tiered structure. The framework accommodates different investor risk appetites, ranging from guaranteed products and lower-cost standard options, through to non-guarantee arrangements capable of investing in eligible products, including certain private markets funds.

For private markets managers, the non-guarantee AVD is the more interesting element. Certain Alternative Investment Funds (AIFs) and European Long-Term Investment Funds (ELTIFs) are permitted within AVD contracts, creating opportunities for private equity, private credit, and infrastructure strategies delivered through eligible structures.

However, this does not make the AVD an addressable market for every strategy. Managers must assess whether their existing fund structures, liquidity profiles, and dealing arrangements suit the new retirement market. Strategies only capable of being offered in a traditional closed-ended structure will not be able to access the new opportunity.

Germany is part of a wider European and, ultimately, global shift. In the UK, the Mansion House Accord promotes defined contribution exposure to private markets, while EU policymakers seek to strengthen supplementary pensions. Germany's approach stands out by creating a direct route to individual retirement savers.

The country already has an established appetite for ELTIFs: German investors held €2.8 billion in ELTIFs at the end of 2024, while infrastructure accounts for approximately 60% of German ELTIF volume and private equity close to 30%[2,3]. Still, success relies on more than market size alone; product fit, investor needs, and distribution strategy are equally important.

Three Questions for Private Markets Managers

For managers targeting Germany's evolving retirement market, an eligible investment strategy is only the starting point. The broader question is whether the product, proposition, and distribution model are ready for an ultimately retail audience.

1. Is the product right for the market?

Managers must consider whether their investment strategy fits a structure suitable for the AVD and a broader investor base. Liquidity terms, dealing arrangements, valuation, costs, and investor experience grow increasingly critical when moving beyond an institutional clientele. While retirement saving aligns well with private assets, products must still account for the liquidity expectations and protections appropriate for retail investors.

2. Is the proposition designed for the investor?

Products developed for institutions cannot simply be repackaged for individual savers, who need to understand liquidity, investment horizons, valuation, and risk.

Costs will face competition from low-cost ETFs, though comparisons are not always direct. The challenge is demonstrating why additional complexity is justified: what exposure the strategy provides, how it contributes to a portfolio, and what benefits it offers over simpler public alternatives. Standard AVD products may face cost caps, creating margin pressure for complex private structures which are not subject to those caps. That places greater emphasis on clear communication, investor education and robust reporting for both end investors and advisors.

3. How will the manager reach the investor?

Germany features an established network of private banks, insurers, pension funds, financial advisers, fund platforms, and digital investment providers acting as gatekeepers. Digital platforms and neo-brokers will likely move fast, raising expectations for user experience and ease of access. A number of such entities are expanding the range they offer from UCITS and ETFs to include private markets funds

Managers therefore need to think beyond regulatory eligibility. Distribution requires platform access, locally relevant marketing, operational connectivity, and ongoing servicing. For managers without an established German retail or wealth presence, distribution infrastructure is as critical as product design, making market entry a long-term strategy rather than a short-term fundraising push.

Turning Market Access into Long-Term Growth

Private-market products will compete alongside simple, liquid and inexpensive public-market investments.

The headline numbers surrounding Germany's pension reforms should therefore not be mistaken for the size of the private-markets opportunity. The true significance of the reforms lies in the emergence of a new gateway to long-term retirement capital.

Germany's reforms also highlight a broader European trend: the opening of long-term savings pools to alternative strategies. While details vary by market, managers who combine appropriate product structures, investor-focused design, and effective distribution will be best positioned to capture this opportunity over time.

Building a Private Markets Distribution Strategy for Germany

Waystone supports asset managers seeking to enter and grow in new markets by combining regulatory and fund infrastructure with specialist distribution capabilities and local market expertise.

For private markets managers considering Germany, this can include assessing routes to market, navigating local distribution requirements, supporting access to appropriate investor channels and building a distribution strategy designed for long-term growth.

As retirement and private wealth markets across Europe continue to evolve, that combination of local market knowledge and cross-border expertise can also support managers looking to build a scalable approach across multiple jurisdictions.

To discuss what Germany's pension reforms could mean for your distribution strategy, contact your Waystone Relationship Manager or Selma Coffey, Head of Distribution Solutions at Waystone.

If you have any questions regarding the themes raised in this article, please contact your usual Waystone representative or our team via the button below. You can also find more insights from Waystone's experts and join our mailing list on our News & Events page.

Contact Us →

[1] S&P Global: Germany's Pension Reform Offers Major Business Potential
[2] Scope Fund Analysis, Clarified Rules Provide Long-Awaited ELTIF Boost, March 2025
[3] BVAI.de: Newsletter