

ATP's guaranteed pensions remain stable after period of rising interest rates

ATP achieved a return on investment in the first nine months of the year of 1.5 per cent. Seen in isolation, the third quarter produced a negative result, particularly as a result of rising interest rates. ATP's bonus capacity increased during the year and amounted to 21.8 per cent at the end of the third quarter. This is good news for all members and means that ATP will raise pensions from 2027.

In the first three quarters of the year, global interest rates were characterized by fluctuations, with an upward trend towards the end of the period. Despite significant fluctuations, the leading equity indices in both the US and Europe rose over the period as a whole.

The investment portfolio, which accounts for approximately 20 per cent of total assets, has realized a positive return corresponding to 1.5 per cent in relation to the bonus potential during the period, primarily driven by listed equities. The return reflects the significant movements in the global financial markets, most recently in September, which resulted in negative returns on interest-rate-related instruments. Conversely, the return on investments in inflation- and commodity-related instruments made a positive contribution in the latter part of the period.

After the third quarter, ATP's long-term return on the investment portfolio is still above 10 per cent annually on average.

The interest rate hedging portfolio is ATP's portfolio for securing guaranteed pensions. That portfolio developed at the same rate as the present value of the guaranteed pensions, which fell due to interest rate increases. The fluctuations do not affect the pension payments that members can look forward to. The result of the interest rate hedging was -0.4 per cent of the guaranteed pensions, and the hedging thus worked as intended.

Large fluctuations from quarter to quarter – but the year is in positive territory

"We have had a challenging third quarter, where rising interest rates have had a negative impact on earnings. This comes after a first half of the year in which ATP delivered a good return, so overall we have delivered a positive return for the first nine months of 2026. The interest rate fluctuations do not change the fact that pensioners can count on receiving the pension they are guaranteed, and a robust bonus capacity allows us to increase the pensions of all members," says Martin Præstegaard, CEO of ATP.

Interest rate developments have an impact on ATP in several areas. The rising interest rates affect ATP's balance sheet and investment results, but not the size of the pensions that members have already earned. The interest rate hedge protects ATP's ability to deliver the guaranteed pensions when interest rates change. In addition, rising interest rates mean that members earn a higher pension on the year's contributions.

ATP's guaranteed and lifelong pension has a built-in return that currently amounts to an average of around 3 per cent annually for all ATP's 5.8 million members. This return is a significant source of value creation in ATP's pension product – and it is very little affected by short-term developments in the financial markets.

The bonus ability is growing – and the pension paid out will increase from 2027

ATP manages the funds collectively on behalf of 5.8 million members. ATP's bonus potential at the end of the third quarter was DKK 119 billion. ATP's other pension provisions consist of total pension liabilities of DKK 514 billion and the long-term supplementary provision of DKK 39 billion. After the third quarter, total pension provisions (assets) totalled DKK 672 billion.

ATP continues to have solid financial coverage. At the end of the third quarter, the bonus capacity amounted to 21.8 per cent, measured as the ratio between the bonus potential and ATP's liabilities. The bonus capacity has therefore increased by 1.6 percentage points in 2026, even though the investment return in the investment portfolio has been limited. The investment strategy's ability to reduce fluctuations in the bonus capacity when interest rates also fluctuate is precisely a characteristic of the chosen investment strategy.

The bonus ability is a key element in the assessment of whether ATP can increase pensions and pay out more, as has just been decided. From 2027, ATP will increase all members' earned pensions by 2 per cent:

"We aim to increase pensions when ATP's financial robustness allows for this. This is what the bonus ability is an expression of. The fact that ATP can increase payments to Danes is something we are continuously aiming for, and which we have been able to do five times in the past 10 years. And this is regardless of the fact that during that period there have been fluctuating financial results from quarter to quarter," says Martin Præstegaard.

ATP is still financially sound after the increase in pensions. The increase has a total value of DKK 10.8 billion.