Assets earmarked for retirement

Key results

Substantial assets earmarked for retirement have been provisioned around the world. Assets in pension plans amount to 87% of the sum of the GDPs of all OECD countries at end-2022, which is less than 100% two years ago. Nearly two-thirds of OECD countries have also built-up public pension reserves to support the operation of their public pay-as-you-go pension arrangements. For these countries, assets in public pension reserve funds (PPRFs) represented 12% of the sum of their GDPs at end-2022 compared with 14% two years ago.

Assets in pension plans amounted to USD 51.5 trillion at end-2022 in the OECD area (Table 3.3). The United States had the largest pension market within the OECD area with assets worth USD 35 trillion, representing 67.9% of the OECD total. Other OECD countries with large pension systems include Canada, with assets worth USD 3.1 trillion and a 6.1% share of the OECD pension market in 2022; the United Kingdom, USD 2.6 trillion and 5.0%; Australia, USD 2.1 trillion and 4.1%; the Netherlands, USD 1.5 trillion and 3.0%; Switzerland, USD 1.3 trillion and 2.5%; and Japan, USD 1.3 trillion and 2.5%.

Pension assets in the OECD amount to 87% of the sum of the GDPs of all OECD countries at end-2022, but their prominence domestically varies across countries. In seven OECD countries, assets exceeded the size of the GDP: Denmark (192.3%), Iceland (186.1%), Canada (152.8%), Switzerland (152.4%), the Netherlands (150.7%), the United States (137.5%) and Australia (131.4%). These countries have pension plans from long ago, and with the exception of Canada and the United States, have mandatory or quasi-mandatory private pension systems. By contrast, the asset-to-GDP ratios were below 20% in 18 OECD countries, including some with relatively recent mandatory or auto-enrolment programmes (such as Latvia, Lithuania and Poland) or with relatively low participation of the working-age population (such as France, Greece, Italy). Greece recorded the lowest amount of assets relative to its GDP among OECD countries (below 1%).

In non-OECD G20 economies, the size of pension plan assets also varied widely, from 78.2% in South Africa to 1.7% of GDP in Indonesia (for employer pension funds and financial institution pension funds).

Many countries also decided to accumulate assets in order to support the operation of public pension arrangements, usually financed on a pay-as-you-go basis. Nearly two-thirds of OECD countries hold reserves that are separated and ring-fenced in public pension reserve funds (PPRFs). By the end of 2022, the total amounts of assets in PPRFs were equivalent to USD 6.4 trillion in the OECD area (Table 3.3). The largest reserve was held by the US social security trust fund at USD 2.7 trillion, accounting for 42.6% of total OECD assets in PPRFs, although the assets consist of non-tradable debt instruments issued by the US Treasury to the social security trust. Japan's Government Pension Investment Fund was second at USD 1.4 trillion – 22.7% of the OECD total. Of the remaining countries, Korea, Canada, Sweden and Australia had also accumulated large reserves, respectively accounting for 11.2%, 7.4%, 2.7% and 2.1% of the total.

In terms of total assets relative to the national economy, PPRF assets accounted for 11.7% of the sum of the GDPs of all OECD countries with reserves at end-2022. The highest ratio was observed for Korea's reserves in its National Pension Fund and Government Employees Pension Fund, at 41.9% of GDP. Other countries where the ratio was of a significant size include Japan with 34.4%, Finland with 31.2%, Sweden with 30.5% and Luxembourg with 30.1%. The expansion of these pools of assets is expected to continue over the coming years in some countries (such as Canada, New Zealand) but assets in some other PPRFs have already started to fall or will fall in the near future (such as in France (FRR)). Several countries (e.g. Germany and Spain) are considering setting up a reserve fund or boosting theirs. Germany is building a generational capital fund. Spain made new contributions to the existing reserve fund in 2022 and established a new reserve fund in 2023, the Intergenerational Equity Mechanism, financed by special contributions from employees and employers from 2023 to 2050, to ensure public pensions could continue to be indexed on price increases.

Definition and measurement

The term "pension plans" refers to plans that individuals access via their employer or a financial institution, and in which they accumulate rights or assets. Assets belong to plan members and finance their own future retirement. These assets may accumulate in pension funds, through pension insurance contracts or in other savings vehicles offered and managed by banks or investment funds. Employers may set up provisions or reserves in their books to finance the retirement benefits of occupational pension plans.

PPRFs are reserves established with the primary goal to support unfunded / pay-as-you-go public pension arrangements. These public reserves do not belong to any specific group of individuals. They could act as a short-term liquidity buffer, a temporary buffer against shocks (such as a demographic change) or as a permanent smoothing vehicle between the inflows and outflows of public pension arrangements.

Further reading

OECD (2021), *Pension Markets in Focus 2021*, OECD, Paris, https://www.oecd.org/daf/fin/private-pensions/Pension-Markets-in-Focus-2021.pdf.

Table 9.2. Assets earmarked for retirement in OECD countries and selected other major economies, at the end of 2022 or latest year available

	Pension plans		Public pension reserve funds	
	as a percentage of GDP	USD million	as a percentage of GDP	USD million
Australia	131.4	2 089 041	7.6	132 873
Austria	6.9	32 971	x	x
Belgium	39.6	223 702	x	x
Canada	152.8	3 126 435	23.1	472 376
Chile	57.7	174 792	2.1	6 475
Colombia	24.1	73 282	..	..
Costa Rica	36.1	26 684	7.9	5 873
Czechia	8.8	26 527	x	x
Denmark	192.3	780 913	x	x
Estonia	13.0	5 032	x	x
Finland	59.0	169 119	31.2	89 333
France	10.9	306 276	3.4	94 973
Germany	6.5	267 553	1.1	44 184
Greece	0.9	193 4	x	x
Hungary	4.2	7 468	x	x
Iceland	186.1	49 346	x	x
Ireland	26.7	144 433	x	x
Israel	61.3	307 330	16.6	73 253
Italy	11.3	230 365	6.0	122 218
Japan	30.2	1 266 230	34.4	1 443 503
Korea	32.1	547 214	41.9	714 577
Latvia	16.3	6 794	x	x
Lithuania	8.7	6 231	1.6	959
Luxembourg	2.0	1 688	30.1	25 054
Mexico	20.5	300 755	0.4	6 296
Netherlands	150.7	1 541 194	x	x
New Zealand	32.0	78 423	15.1	36 890
Norway	7.9	44 413	5.7	32 252
Poland	6.7	47 153	1.8	12 882
Portugal	17.1	43 557	9.6	24 523
Slovak Republic	13.7	16 077	x	x
Slovenia	7.0	4 232	..	..
Spain	11.8	166 496	0.2	2 283
Sweden	97.9	561 147	30.5	175 098
Switzerland	152.4	1 272 739	6.1	50 945
Türkiye	2.9	22 915	x	x
United Kingdom	85.2	2 561 509	2.9	90 220
United States	137.5	35 016 907	10.7	2 711 899
Total OECD	**86.7**	**51 548 877**	**11.7**	**6 368 940**
Argentina	..	..	12.7	41 649
Brazil	23.9	454 805	x	x
China (People's Republic of)	2.4	412 854	2.3	407 836
India	10.7	338 159	..	..
Indonesia	1.7	21 200	..	..
Saudi Arabia	..	..	..	..
South Africa	78.2	295 940	x	x

Note: ".." means not available. "x" means not applicable. The line "OECD" shows the total assets in millions of USD and the total assets over the total of the GDPs of all reporting OECD countries. The total amount of investments of pension plans is taken as a proxy of the total amount of assets in these plans. Additional country specific details are provided in the StatLink.
Source: OECD Global Pension Statistics, websites and annual reports of reserve funds or other national authorities.

StatLink https://stat.link/bx8g3r

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