

Key results

In the OECD area, 19 countries had mandatory or quasi-mandatory plans in 2020, covering over 75% of the working-age population in 12 of them. In ten OECD countries, voluntary private pensions (occupational and personal) covered more than 40% of the working-age population. Automatic-enrolment programmes are increasingly popular.

In 2020, 19 of the 38 OECD countries had some form of mandatory or quasi-mandatory retirement savings arrangements in place. These arrangements cover over 75% of the working-age population in 12 of these countries, such as in Finland and Switzerland where employers must operate an occupational pension scheme and contribution rates are set by the government. In some countries, the obligation is not set out at the national level but the decision is rather left at the industry or branch level. Through industry-wide or collective bargaining agreements, employers establish schemes that employees must join. As not all sectors may be covered by such agreements, these arrangements are classified as quasi-mandatory (e.g. Denmark, the Netherlands and Sweden). In these countries, the coverage is close to the one in countries with mandatory occupational arrangements. By contrast, in Turkey, participation in a plan is mandatory only for certain employees (e.g. OYAK for military personnel), accounting for the relatively low proportion of the working-age population in a mandatory plan.

Mandatory personal accounts are prevalent in Latin America (e.g. Chile, Colombia, Costa Rica and Mexico) and some other OECD countries [e.g. Denmark (ATP), Estonia (until end-2020) and Sweden (premium pension system)]. While coverage is over 70% in Mexico and over 80% in Chile, Costa Rica, Denmark, Estonia and Sweden, it is not the case in Colombia where people can choose to participate either in the public pay-as-you-go or private funded pension system. A high incidence of informal employment may also account for the relatively lower coverage level in Colombia (52%) than in other similar systems.

Coverage of voluntary occupational pension plans varies across countries. These plans are voluntary because employers, in some countries jointly with employees, are free to set up an occupational plan. Personal pension plans are voluntary when individuals can freely decide whether to join them or not. The coverage of voluntary pension plans (occupational or personal) is above 40% in Belgium, the Czech Republic, Germany, Iceland, Ireland, Japan, Poland, the Slovak Republic, Slovenia and the United States. By contrast, the coverage of voluntary pension plans is very low (below 5%) in countries such as Greece.

Six countries have introduced automatic-enrolment programmes in a retirement savings plan, with an opt-out option, at the national level: Italy (2007), Lithuania (2019),

New Zealand (2007), Poland (2019), Turkey (2017) and the United Kingdom (2012). New Zealand has achieved a coverage rate close to 80% in the “KiwiSaver” scheme. In the United Kingdom that initiated its auto-enrolment programme more recently than New Zealand, 49% of the working-age population was covered by an employer-sponsored plan in 2020. In Italy, since 2007 the severance pay provision (so-called *Trattamento di Fine Rapporto* – TFR) of private-sector employees is automatically paid into an occupational pension plan unless the employee makes an explicit choice to remain in the TFR regime. However, a vast majority of workers has chosen to do so, and only 11% of the working-age population is now covered by an occupational pension plan. Poland and Turkey are still in the early stages of automatic enrolment, probably accounting for the relatively low coverage in 2020. By contrast, Lithuania has already a relatively high coverage in the second pension pillar (over 75%) despite the recent introduction of its automatic enrolment programme in 2019. Before 2019, employees in Lithuania could choose to opt in the second pension pillar voluntarily but could not leave if they did so. Automatic enrolment is also encouraged by regulation in Canada and the United States but at the firm level. Germany also recently introduced an automatic enrolment programme in 2018 for occupational defined contribution pension plans for private-sector employees in the case of deferred compensation. Automatic enrolment needs to be specified in collective agreements.

Definition and measurement

The term “retirement savings plans” refers to private pension arrangements (funded and book reserves) and funded public pension arrangements (e.g. ATP in Denmark).

Several measures of coverage coexist. To be a member of a pension plan from the perspective proposed here, an individual must have assets or have accrued rights in a plan. The proportion of individuals having a plan may be higher than the proportion of individuals actively saving for retirement and paying contributions to the plan.

Counting individuals more than once may arise when using administrative data as individuals can be members of both occupational and personal voluntary pension plans. Therefore, the overall coverage of voluntary pension plans cannot be obtained by summing the coverage rates of occupational and personal plans.

Table 9.1. Coverage of retirement savings plans in selected OECD and other jurisdictions, latest year available

As a percentage of the working-age population (15-64 years)

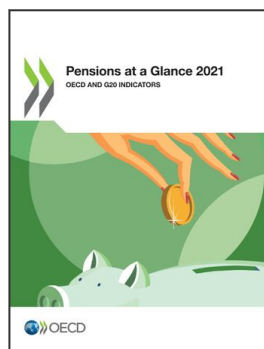
	Mandatory / Quasi-mandatory	Auto-enrolment	Voluntary		
			Occupational	Personal	Total
Australia	75.2	x	x	..	..
Austria	x	x	15.0	17.9	..
Belgium	x	x	54.0	..	..
Canada	x	..	26.8	24.2	..
Chile	83.0	x	..	..	..
Colombia	52.4	x	x	..	..
Costa Rica	82.9	x	..	4.8	..
Czech Republic	x	x	x	63.6	63.6
Denmark	ATP: 91.9/QMO: 65.3	x	..	17.0	17.0
Estonia	90.6	x	x	19.8	19.8
Finland	93.0	x	7.0	18.0	25.0
France	x	x	22.1	10.5	..
Germany	x	..	54.0	30.0	66.0
Greece	..	x	<5	..	..
Hungary	x	x	..	18.4	..
Iceland	83.2	x	x	45.4	45.4
Ireland	x	x	56.7	19.6	64.7
Israel	85.4	x	..	..	..
Italy	x	..	10.7	13.8	23.2
Japan	..	x	52.5	16.8	56.5
Korea	17.0	x	x	..	..
Latvia	~100	x	1.1	22.1	..
Lithuania	x	75.7	x	4.2	4.2
Luxembourg	x	x	5.2	..	..
Mexico	70.3	x	2.0	..	..
Netherlands	88.0	x	x	28.3	28.3
New Zealand	x	78.5	..	..	..
Norway	61.2	x	..	24.7	..
Poland	x	6.3	2.7	66.3	..
Portugal	x	x	4.5	<=13.2	13.2
Slovak Republic	x	x	x	44.1	44.1
Slovenia	x	x	..	..	41.5
Spain	x	x	..	..	26.8
Sweden	PPS: ~100 QMO: ~90	x	x	24.2	24.2
Switzerland	77.2	x	x	..	..
Turkey	1.5	12.1	..	12.6	..
United Kingdom	x	49.0	..	5.0	..
United States	x	..	48.1	19.8	..
Argentina	..	..	..	..	..
Brazil	x	x	2.0	12.0	..
China (People's Republic of)	..	..	..	..	..
India	..	..	..	..	..
Indonesia	..	x	0.4	1.6	..
Russian Federation	79.3	x	..	..	..
Saudi Arabia	..	..	..	..	..
South Africa	..	..	..	..	..

Note: QMO = Quasi-mandatory occupational; PPS = Premium Pension System; ".." = Not available; "x" = Not applicable; "~" = Approximately.

Coverage rates are provided with respect to the total working-age population (i.e. individuals aged 15 to 64 years old), unless specified otherwise in the detailed notes of this table. In Korea, the retirement benefit system is mandatory and can take two forms: a severance payment system and an occupational pension plan. The obligation of the employer is to provide a severance payment system, but, by labour agreement, the company can set up an occupational pension plan instead.

Source: OECD Global Pension Statistics; ABS Household Income and Wealth 2017-18 (Australia); FSMA Annual Report 2020 (Belgium); Statistics Canada; ATP Annual Report 2020 and Danish Insurance Association (Denmark); DREES (France); Survey on Pension Provision 2019 of the Federal Ministry of Labour and Social Affairs (Germany); Central Statistical Office (Ireland); Ministry of Health, Labour and Welfare (Japan); OECD Pensions Outlook 2012 (Netherlands); Finance Norway; Polish Financial Supervision Authority (Poland); 2017 edition of the survey "Inquérito à Situação Financeira das Famílias (ISFF)" (Portugal); Spanish Survey of Household Finances (EFF) 2017 of the Bank of Spain; Statistics Sweden for voluntary personal plans; DWP's Family Resources Survey 2019/20 (United Kingdom); 2019 National Compensation Survey (United States).

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