

Participation in pension plans

Key results

In the OECD area, 19 countries had mandatory or quasi-mandatory pension plans in 2022, covering over 75% of the working-age population in 12 of them. In 9 OECD countries, voluntary pension plans (occupational and personal) covered more than 40% of the working-age population. Automatic-enrolment programmes now apply to 7 OECD countries at the country level.

In 2022, 19 of the 38 OECD countries had some form of mandatory or quasi-mandatory pension plans in place (Table 3.1). These plans 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 law. 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 pension plans 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 participation rate is close to the one in countries with mandatory occupational arrangements. 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) and Sweden (premium pension system)). While participation is over 80% in Chile, Costa Rica, Denmark, Mexico and Sweden, it is not the case in Colombia where people can choose to participate either in the public pay-as-you-go or in the private asset-backed pension systems. A high incidence of informal employment may also account for the relatively lower participation level in Colombia (55%) than in other similar systems.

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

Six OECD countries had implemented auto-enrolment programmes with an opt out option at the national level by the end of 2022: Italy (since 2007), Lithuania (since 2019), New Zealand (since 2007), Poland (since 2019), Türkiye (since 2017) and the United Kingdom (since 2012). The Slovak Republic introduced a similar programme in 2023. New Zealand has achieved a participation rate above 80% in the “KiwiSaver” scheme. In the United Kingdom, which initiated its auto-enrolment programme more recently than New Zealand, 50% of the working-age population was participating in an employer-sponsored pension plan in 2022. 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 13% of the working-age population

is now participating in an occupational pension plan. Poland and Türkiye also have a relatively low participation rate in plans with automatic enrolment (13% and 15% respectively), potentially due to the recent introduction of the programme and a potential lack of people’s trust in it. By contrast, Lithuania has already a relatively high participation in the second pension pillar (over 75%) despite the recent introduction of its auto-enrolment programme in 2019. The second pillar already existed prior to 2019 and employees joining the scheme voluntarily could not leave it afterwards. Automatic enrolment is also encouraged by regulation in Canada and the United States but at the firm level. In Germany, automatic enrolment can be implemented in occupational defined contribution pension plans for private-sector employees in the case of deferred compensation, and it needs to be specified in collective agreements.

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.

Several measures of participation in a pension plan 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 participation rate in voluntary pension plans cannot be obtained by summing the participation rates of occupational and personal plans.

Further reading

OECD (2019), *Financial Markets Insurance and Pensions: Inclusiveness and Finance*, OECD, Paris, <https://www.oecd.org/finance/Financial-markets-insurance-pensions-inclusiveness-and-finance.pdf>.

OECD (2012), *OECD Pensions Outlook 2012*, OECD Publishing, Paris, <https://doi.org/10.1787/9789264169401-en>.

Table 9.1. Participation rate in pension plans in the OECD and selected other jurisdictions, latest year available

	Mandatory / Quasi-mandatory	Auto-enrolment	Voluntary		Total
			Occupational	Personal	
Australia	78.5	x	x	..	..
Austria	x	x	15.3	15.3	..
Belgium	x	x	56.8	..	..
Canada	x	..	27.3	25.6	..
Chile	85.8	x	..	..	..
Colombia	55.2	x	..	..	..
Costa Rica	86.5	x	x	5.1	5.1
Czechia	x	x	x	64.3	64.3
Denmark	ATP: over 90 QMO: 67.7	x	..	18.4	18.4
Estonia	68.9	x	x	26.6	26.6
Finland	93.0	x	7.0	18.0	25.0
France	x	x	24.5	13.2	..
Germany	x	..	54.0	30.0	66.0
Greece	..	x	3.0	..	..
Hungary	x	x	..	18.5	..
Iceland	83.2	x	x	45.4	45.4
Ireland	x	x	59.4	17.8	66.0
Israel	85.7	x	..	..	..
Italy	x	..	12.6	15.0	24.8
Japan	..	x	52.7	17.6	57.1
Korea	17.0	x	x	..	..
Latvia	~100	x	0.9	25.4	..
Lithuania	x	76.7	x	5.2	5.2
Luxembourg	x	x	4.5	..	..
Mexico	83.2	x	2.0	..	..
Netherlands	94.5	x	..	..	..
New Zealand	x	83.7	..	..	..
Norway	70.5	x	..	24.6	..
Poland	x	13.1	..	65.2	..
Portugal	x	x	5.2	..	18.7
Slovak Republic	x	..	x	47.8	47.8
Slovenia	x	x	..	..	45.1
Spain	x	x	..	..	28.6
Sweden	PPS: 96.4	x	x	..	..
Switzerland	78.8	x	x	..	..
Türkiye	..	14.8	..	13.9	..
United Kingdom	x	50.0	..	5.0	5.0
United States	x	..	37.4	22.9	..
Argentina	..	..	..	..	..
Brazil	x	x	2.0	11.9	..
China (People's Republic of)	x	x	3.1	2.0	..
India	..	..	..	..	..
Indonesia	..	x	0.4	1.5	..
Saudi Arabia	..	..	..	..	..
South Africa	..	..	..	..	..

Note: "PPS"= Premium pension system. "QMO" = Quasi-mandatory. ".." = Not available; "x" = Not applicable; "~" = Approximately. Participation rates are provided with respect to the total working-age population (i.e. individuals aged 15 to 64 years old), except for Germany (employees aged 25 to 64 subject to social insurance contributions), Iceland (Icelandic citizens and foreign workers in Iceland aged between 16 and 64) and Ireland (workers aged between 20 and 69).

Data refer to 2022 or to the latest year available. Data refer to 2021 for Belgium, Canada, Denmark, Estonia (3rd pillar), France, Greece, Mexico (occupational plans), the Netherlands, Norway (voluntary personal plans), Sweden, Switzerland and the United States (occupational plans) among OECD countries and Indonesia among other economies. Data refer to 2020 for Australia, Portugal (total voluntary), Spain and the United States (IRAs) among OECD countries and Brazil among other economies. Data refer to 2019 for Germany, Iceland and Korea. Data refer to 2018 for Finland.

Data for Austria refer to Pensionskassen for occupational plans and PZV contracts for personal plans. Data on personal plans mainly refer to PER individuel, PERP and Madelin schemes while data on occupational plans refer to all the other schemes for France. Data for Israel refer to new and general pension funds. For Italy, the coverage rate that is shown under voluntary occupational plans also covers individuals automatically enrolled in a plan. 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 in Korea is to provide a severance payment system, but, by labour agreement, the company can set up an occupational pension plan instead. Data on occupational plans for Luxembourg refer to pension funds only. Data on occupational plans for Norway refer to private and municipal group pensions.

Source: OECD Global Pension Statistics; ABS Household Income and Wealth 2019-20 (Australia); FSMA Annual Report 2022 (Belgium); Statistics Canada; Danish Insurance and Pension 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); Statistics Netherlands; Finance Norway; 2020 edition of the survey "Inquérito à Situação Financeira das Famílias (ISFF)" (Portugal); Spanish Survey of Household Finances (EFF) 2020 of the Bank of Spain; Swedish Pension Agency; DWP's Family Resources Survey (United Kingdom); Current Population Survey (United States); Ministry of Human Resources and Social Security (China (People's Republic of)).

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