

Key results

A number of OECD countries achieved near-universal coverage of the working-age population through mandatory or quasi-mandatory plans in 2018. 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, with more countries having introduced them recently (e.g. Lithuania, Poland).

In 2018, 17 of the 36 OECD countries had some form of mandatory or quasi-mandatory funded and private pension system in place, ensuring a high coverage of the working-age population. In Finland and Switzerland, occupational pensions are mandatory and cover more than 70% of the working-age population: employers must operate a scheme and contribution rates are set by the government. Other occupational pension systems can be classified as quasi-mandatory: through industry-wide or nation-wide collective bargaining agreements, employers establish schemes that employees must join. As not all sectors may be covered by such agreements, these systems are not classified as mandatory (e.g. Denmark, the Netherlands, and Sweden). In these countries, the coverage is close to the one in countries with mandatory systems. By contrast, in Turkey, participation in a plan is mandatory only for certain employees (e.g. OYAK for military personnel in Turkey), accounting for the relatively low proportion of people in a mandatory plan.

Mandatory personal accounts systems are prevalent in Latin America where they have partly replaced social security benefits. Such plans can be found in Chile and Mexico for instance. Other OECD countries with such mandatory personal pensions include Denmark and Sweden (premium pension system). While coverage is nearly universal in Chile, Denmark, Estonia and Sweden, it is not the case in Mexico yet although the coverage rate has been increasing over the years as new workers joined personal pensions. A high incidence of informal employment may limit coverage levels.

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, Lithuania, Poland, Slovenia and the United States. By contrast, the coverage of voluntary pension plans is very low (below 5%) in countries such as Greece.

Four countries had introduced automatic-enrolment programmes in a funded pension plan, with an opt out option, at the national level by the end of 2018: Italy (2007), New Zealand (2007), Turkey (2017) and the United Kingdom (2012). New Zealand has achieved a coverage rate of 80% in the “KiwiSaver” scheme. In the United Kingdom that initiated its auto-enrolment programme more recently than New

Zealand, 46% of the working-age population was covered by an employer-sponsored plan in 2018. 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 10% of the working-age population is now covered by an occupational pension plan. Turkey is still in the early stages of automatic enrolment, probably accounting for the relatively low coverage in 2018. Automatic enrolment is also encouraged by regulation in Canada and the United States but at the firm level. Other countries have recently introduced automatic enrolment programmes such as Germany in 2018 (for occupational defined contribution pension plans for private-sector employees in the case of deferred compensation, if specified in collective agreements), Lithuania and Poland in 2019.

The proportion of individuals having a pension plan may be higher than the proportion of individuals actively saving for retirement and paying contributions to the plan. Individuals having a plan may simply hold rights in their former employers’ plan, or may have assets in their personal plans but may not contribute in a regular manner. The difference between individuals covered by a plan and individuals contributing to a plan can be large in some countries such as in Chile where only half of the members contributed the last month in 2018.

Definition and measurement

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

Several measures of coverage coexist as discussed in OECD (2012). 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.

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.

Further reading

OECD (2019), *Inclusiveness and Finance*.


OECD (2012), *OECD Pensions Outlook 2012*, OECD Publishing.

Table 9.1. **Coverage of funded and private pension 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	14.4	22.2	..
Belgium	x	x	50.6	..	..
Canada	x	..	26.4	24.9	..
Chile	86.7	x	..	..	..
Czech Republic	x	x	x	64.1	64.1
Denmark	ATP: 85.2 / QMO: 63.4	x	..	18.0	18.0
Estonia	85.8	x	x	11.2	11.2
Finland	93.0	x	7.0	18.0	25.0
France	x	x	25.2	7.8	..
Germany	x	..	57.0	33.8	70.4
Greece	..	x	<5	..	..
Hungary	x	x	..	18.7	..
Iceland	87.7	x	x	45.2	45.2
Ireland	x	x	38.3	12.6	46.7
Israel	78.2	x	..	..	..
Italy	x	..	10.1	12.3	20.6
Japan	..	x	50.5	14.7	54.3
Korea	16.9	x	x	..	..
Latvia	~100	x	1.0	19.0	..
Lithuania	x	x	x	75.5	75.5
Luxembourg	x	x	4.9	..	..
Mexico	65.4	x	1.9	..	..
Netherlands	88.0	x	x	28.3	28.3
New Zealand	x	80.2	6.8	..	..
Norway	57.9	x	..	23.1	..
Poland	x	x	1.8	66.4	..
Portugal	x	x	3.8	<=17.2	17.2
Slovak Republic	x	x	x	39.7	39.7
Slovenia	x	x	..	..	40.1
Spain	x	x	..	..	26.1
Sweden	PPS: ~100 / QMO: ~90	x	x	24.2	24.2
Switzerland	73.6	x	x	..	..
Turkey	1.5	6.4	..	12.5	..
United Kingdom	x	46.0	..	5.0	..
United States	x	..	43.6	19.3	..
Argentina	..	..	..	..	..
Brazil	x	x	1.9	10.7	..
China	..	..	..	..	..
India	..	..	..	..	..
Indonesia	..	x	0.4	1.6	..
Russian Federation	78.7	x	..	..	4.7
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 2018 (Belgium); Statistics Canada; ATP Annual Report 2018 and Danish Insurance Association (Denmark); DREES "Les retraités et les retraites - Edition 2019" (France); Survey on Pension Provision 2015 of the Federal Ministry of Labour and Social Affairs (Germany); Quarterly National Household Survey, Module on Pensions Q4 2015 (Ireland); Ministry of Health, Labour and Welfare (Japan); OECD Pensions Outlook 2012 (Netherlands); Finance Norway; 2013 edition of the survey "Inquérito à Situação Financeira das Famílias (ISFF)" (Portugal); Spanish Survey of Household Finances (EFF) 2014 of the Bank of Spain; Statistics Sweden for voluntary personal plans; DWP's Family Resources Survey 2017/18 (United Kingdom); National Compensation Survey, Statistics of Income Tax Stats (United States).

StatLink  <https://doi.org/10.1787/888934042371>



From:

Pensions at a Glance 2019

OECD and G20 Indicators

Access the complete publication at:

<https://doi.org/10.1787/b6d3dcfc-en>

Please cite this chapter as:

OECD (2019), "Coverage of funded and private pension plans", in *Pensions at a Glance 2019: OECD and G20 Indicators*, OECD Publishing, Paris.

DOI: <https://doi.org/10.1787/983bdeef-en>

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