

Key results

Substantial pension assets have been provisioned around the world. The weighted average of assets in funded and private pension plans in the OECD area was equal to 82.3% of gross domestic product (GDP) in 2018 (using GDP as weights). Seventeen OECD countries have also built up public pension reserves to help pay for state pensions. For these countries, assets in public pension reserve funds (PPRFs) represented 14% of GDP on average in 2018.

Assets in funded and private pension plans amounted to more than USD 42 trillion in 2018 in the OECD area. The United States had the largest pension market within the OECD member countries with assets worth USD 27.5 trillion, representing 64.8% of the OECD total. Other OECD countries with large pension systems include the United Kingdom with assets worth USD 2.8 trillion and a 6.6% share of OECD pension market in 2018; Canada, USD 2.5 trillion and 5.9%; Australia, USD 1.9 trillion and 4.5%; the Netherlands, USD 1.5 trillion, 3.6%; and Japan, USD 1.4 trillion and 3.3%.

The OECD average asset-to-GDP ratio, weighted according to the GDP of each country, was 82.3% in 2018. Eight OECD countries achieved asset-to-GDP ratios higher than 100% - Denmark (198.6%), the Netherlands (173.3%), Iceland (161.0%), Canada (155.2%), Switzerland (142.4%), Australia (140.7%), the United States (134.4%) and the United Kingdom (104.5%). These countries have private pensions from long ago, and with the exception of Canada, the United Kingdom and the United States, have mandatory or quasi-mandatory private pension systems.

Pension assets were of varying importance relative to GDP in the other countries. Eight OECD countries had asset-to-GDP ratios below 100% but above 20%. The ratios were below 20% in 20 OECD countries, including some with relatively recent mandatory funded and private pension plans such as Estonia. Greece recorded the lowest amount of assets relative to its GDP among OECD countries (below 1%).

Outside the OECD area, the size of pension assets also varied widely, from 95% in South Africa to 1% of GDP in India (for the National Pension System schemes and the contributory scheme Atal Pension Yojana).

Some prefunding also occurs in state pension systems, which are normally financed on a pay-as-you go basis. Public pension reserve funds (PPRFs) aim at playing a role in the future financing of some public pension systems, alleviating the impact of population ageing on the public purse. By the end of 2018, the total amount of assets in PPRFs were equivalent to USD 6.0 trillion for the 17 OECD countries for which data are available. The largest reserve was held by the US social security trust fund at USD 2.9 trillion, accounting for 48.7% of total OECD assets, 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 1.5 trillion – 24.5% of the OECD total. Of the remaining countries, Korea, Canada and Sweden had also accumulated large reserves, respectively accounting for 9.5%, 7.8% and 2.6% of the total.

In terms of total assets relative to the national economy, on average, PPRF assets accounted for 14.2% of GDP in the OECD area in 2018. The highest ratio was observed for the Korean National Pension Fund with 34.2% of GDP. Other countries where the ratio was of a significant size included Luxembourg with 30.8%, Sweden with 29.4% and Japan with 28.8%. PPRFs in Australia, Chile and Poland have been established relatively recently (between 2001 and 2006), probably explaining the low level of assets accumulated up to now. The expansion of this pool of assets may continue over the coming years, although some countries such as Spain have been withdrawing savings to cover social security deficits. Belgium closed its PPRF (Zilverfonds) in 2017. The Irish National Pension Reserve Fund, converted in 2014 into the Ireland Strategic Investment Fund, does not qualify anymore as a public pension reserve fund as its mandate now goes beyond financing pay-as-you-go pension plans.

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).

Private pension plans are pension plans administered by an institution other than general government. They may be administered directly by a private-sector employer acting as the plan sponsor, a private pension fund or a private sector provider. In some countries, these may include plans for public-sector workers.

Funded public arrangements are pension plans which are managed by a public institution.

PPRFs are reserves established by governments or social security institutions to support public pension systems, which are otherwise financed on a pay-as-you-go basis. The assets in such reserve funds form part of the government sector, broadly defined.


Table 9.2. **Assets in funded and private pension plans and public pension reserve funds in OECD countries and other major economies, in 2018 or latest year available**

As a percentage of GDP and in USD million

	Funded and private pension plans		Public pension reserve funds	
	as a % of GDP	USD million	as a % of GDP	USD million
Australia	140.7	1 921 756	7.7	103 771
Austria	5.5	24 533	x	x
Belgium	10.9	56 038	x	x
Canada	155.2	2 524 309	28.4	472 278
Chile	70.2	193 110	5.1	14 138
Czech Republic	9.2	21 754	x	x
Denmark	198.6	677 088	x	x
Estonia	16.9	4 978	x	x
Finland	57.2	151 947	28.4	75 551
France	10.4	280 678	2.5	67 899
Germany	6.9	267 557	1.0	40 096
Greece	0.7	1 584	x	x
Hungary	5.3	7 968	x	x
Iceland	161.0	38 796	x	x
Ireland	33.9	125 746	x	x
Israel	57.4	203 224	x	x
Italy	9.8	197 817	x	x
Japan	28.3	1 400 143	28.8	1 478 578
Korea	28.5	455 985	34.2	573 155
Latvia	13.8	4 660	x	x
Lithuania	7.2	3 739	x	x
Luxembourg	2.7	1 853	30.8	20 762
Mexico	16.2	194 031	0.1	1 552
Netherlands	173.3	1 536 269	x	x
New Zealand	27.4	54 481	13.2	26 196
Norway	9.8	40 013	7.3	29 258
Poland	8.5	47 987	2.0	11 145
Portugal	19.3	44 543	8.1	18 911
Slovak Republic	11.7	12 038	x	x
Slovenia	6.8	3 595	x	x
Spain	12.5	173 285	0.4	5 725
Sweden	88.0	470 566	29.4	157 359
Switzerland	142.4	997 422	x	x
Turkey	2.5	17 541	x	x
United Kingdom	104.5	2 809 112	x	x
United States	134.4	27 549 363	14.3	2 939 300
OECD	Simple: 49.7 Weighted: 82.3	Total: 42 515 512	Simple: 14.2 Weighted: 14.3	Total: 6 035 674
Argentina	..	..	11.3	43 834
Brazil	25.5	449 315	x	x
China	1.7	215 526	3.3	437 900
India	1.0	23 472	..	..
Indonesia	1.8	18 029	..	..
Russian Federation	5.5	81 456	x	x
Saudi Arabia	..	..	..	..
South Africa	95.1	302 975	x	x

Note: “..” means not available; “x” means not applicable; “Simple” means simple average; “Weighted” means weighted average. The line “OECD” shows the total assets in millions of USD, the simple and weighted averages of assets as a percentage of GDP (using GDP expressed in USD to build weights).

Source: OECD Global Pension Statistics, Annual Survey of Public Pension Reserve Funds and other sources.

StatLink  <https://doi.org/10.1787/888934042428>



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), “Assets in funded and private pension plans, and public pension reserve funds”, in *Pensions at a Glance 2019: OECD and G20 Indicators*, OECD Publishing, Paris.

DOI: <https://doi.org/10.1787/a70d6010-en>

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