

PENSION EXPENDITURE

Pension systems vary across countries and no single model fits all. Generally, there is a mix of public and private provision. Public pensions are statutory, most often financed on a pay-as-you-go (PAYG) basis – where current contributions pay for current benefits – and managed by public institutions. Private pensions are in some cases mandatory but more usually voluntary, funded, employment-based (occupational) pension plans or individual retirement savings plans (personal pensions).

Definition

Old-age pension benefits are treated as public when relevant financial flows are controlled by general government (i.e. central and local governments or social security funds). Pension benefits provided by governments to their own employees and paid directly out of the government's current budget are also considered to be public. Public pensions are generally financed on a PAYG basis, but also include some funded arrangements. All pension benefits not provided by general government are within the private domain.

Private expenditures on pensions include payments made to private pension plan members (or dependants) after retirement. All types of plans are included (occupational and personal, mandatory and voluntary, funded and book

reserved), covering persons working in both the public and private sectors.

Comparability

Public pension expenditures come from the OECD Social Expenditure (SOCX) database while pension expenditures for private pension arrangements come from the OECD Global Pension Statistics (GPS) database. The GPS database provides information on funded pension arrangements, which includes both private and public pension plans that are funded.

Although the GPS database covers all types of private pension arrangements for most countries, private pension expenditure data for Austria, Canada, Germany, Greece, Hungary, Luxembourg, the Netherlands, Switzerland, the United Kingdom and the United States only relate to autonomous pension funds. A break in series for Mexico reflects the inclusion of occupational pension plans registered by CONSAR since 2005. The large increase in private pension expenditures between 2008 and 2009 for Iceland reflects the increase in the number of people retiring due to the unemployment peak after the bank crisis and the passing of a special temporary Act allowing people to withdraw limited amounts of money from personal pension plans.

Overview

Public spending on old-age benefits averaged 7.9% of GDP in 2011, compared with private pension benefits of an average of 1.6% of GDP in the same year (in the countries for which data are available that year). Public spending on old-age pensions is highest – greater than 10% of GDP – in Austria, Belgium, Finland, France, Germany, Greece, Italy, Japan, Poland, Portugal, Slovenia and Spain. By contrast, Australia, Chile, Iceland, Korea and Mexico spend 4% of GDP or less on public old-age pensions.

Private expenditure on old-age benefits is the highest in Australia, Denmark, Iceland, the Netherlands, Switzerland and the United States, where it exceeds 4% of GDP in 2013. However, private benefit spending remains negligible in around a third of OECD countries. The share of private pensions in total expenditures on old-age benefits exceeds 50% only in Australia and Iceland in 2011. The average share of private pensions in the total in 2011 is 19%.

Over time, public pension expenditures have grown a little faster than national income: from an average of 6.8% of GDP in 2000 to 7.9% in 2011.

Expenditure on private pensions has also grown over the last years, from an average of 1.4% of GDP in 2008 to 1.6% in 2013.

Sources

- OECD (2015), *OECD Pensions Statistics* (Database).
- OECD (2015), *OECD Social Expenditure Statistics* (Database).

Further information

Analytical publications

- OECD (2014), *OECD Pensions Outlook*, OECD Publishing.
- OECD (2009), *OECD Private Pensions Outlook 2008*, OECD Publishing.

Statistical publications

- OECD (2015), *OECD Pensions at a Glance*, OECD Publishing.
- OECD (2013), *Pensions at a Glance: Asia/Pacific*, OECD Publishing.

Methodological publications

- OECD (2005), *Private Pensions: OECD Classification and Glossary*, OECD Publishing.

Websites

- Pension Markets in Focus, www.oecd.org/pensions/private-pensions/pensionmarketsinfocus.htm.
- Social Expenditure Database (SOCX) (supplementary material), www.oecd.org/social/expenditure.htm.



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Public and private expenditure on pensions

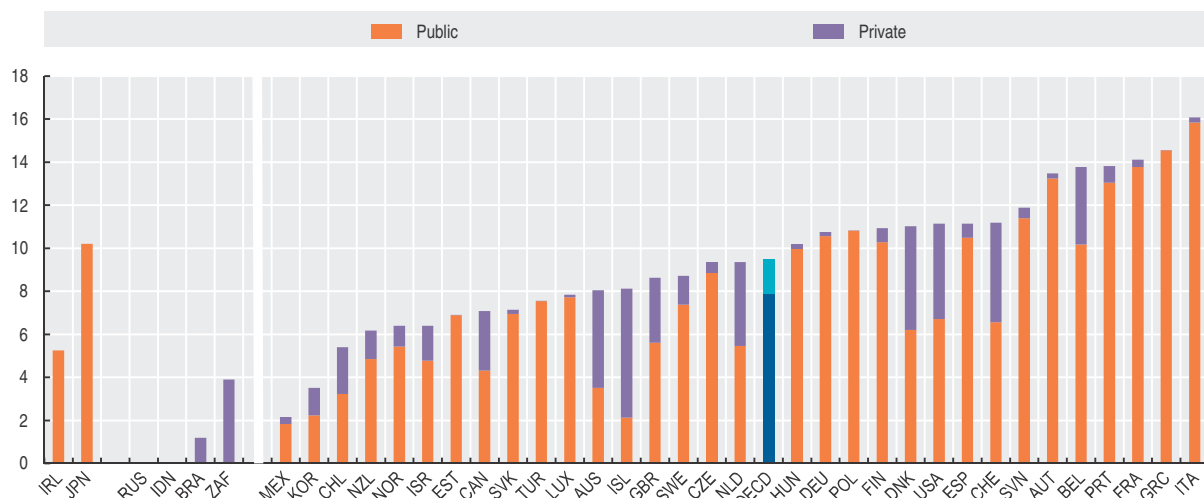
As a percentage of GDP

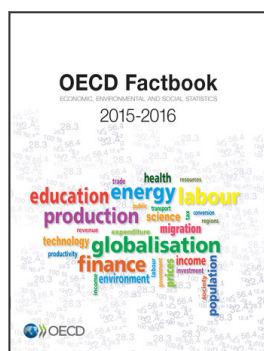
	Public expenditure						Private expenditure					
	2000	2005	2008	2009	2010	2011	2008	2009	2010	2011	2012	2013
Australia	3.8	3.3	3.6	3.5	3.4	3.5	5.5	4.6	4.5	4.5	4.8	5.1
Austria	12.2	12.4	12.4	13.4	13.5	13.2	0.2	0.2	0.2	..	..	0.3
Belgium	8.9	9.0	9.4	10.0	10.0	10.2	2.5	3.1	2.8	3.6	1.2	1.2
Canada	4.2	4.0	4.1	4.4	4.3	4.3	2.2	2.5	2.8	2.8	2.9	3.0
Chile	7.3	3.7	3.3	3.6	3.4	3.2	2.0	1.7	1.9	2.2	2.3	2.3
Czech Republic	7.2	7.0	7.4	8.3	8.5	8.9	0.3	0.4	0.4	0.5	0.6	0.3
Denmark	5.3	5.4	5.2	5.8	5.9	6.2	4.0	4.1	4.4	4.8	5.0	5.9
Estonia	6.0	5.3	6.2	7.9	7.8	6.9	..	0.0	0.0	0.0	0.0	0.1
Finland	7.6	8.4	8.4	10.0	10.3	10.3	0.5	0.6	0.6	0.6	0.7	0.6
France	11.8	12.4	12.6	13.5	13.6	13.8	..	0.3	0.4	0.3	0.3	0.4
Germany	11.2	11.5	10.6	11.3	11.0	10.6	0.1	0.3	0.2	0.2	0.2	0.2
Greece	10.8	11.8	12.4	13.1	13.6	14.5	0.0	0.0	0.0	0.0	0.0	0.0
Hungary	7.6	8.5	9.7	10.8	9.8	10.0	0.2	0.2	0.2	0.2	0.2	0.1
Iceland	2.2	2.0	1.8	1.7	1.7	2.1	3.6	6.0	5.2	6.0	5.4	5.2
Ireland	3.1	3.4	4.1	5.0	5.2	5.3	..	..	..	..	..	..
Israel	4.7	4.9	4.6	4.8	4.7	4.8	1.6	1.6	1.6	1.6	1.6	1.7
Italy	13.7	14.0	14.6	15.6	15.8	15.8	0.3	0.2	0.2	0.2	0.3	0.3
Japan	7.3	8.5	9.2	10.1	10.0	10.2	..	..	..	..	..	..
Korea	1.4	1.5	2.0	2.1	2.2	2.2	0.7	1.0	1.3	1.3	1.7	2.3
Luxembourg	7.5	7.2	7.0	8.0	7.6	7.7	0.0	0.1	0.1	0.1	0.1	0.1
Mexico	0.8	1.2	1.4	1.7	1.8	1.8	0.2	0.3	0.3	0.3	0.3	0.4
Netherlands	5.0	5.0	4.8	5.3	5.4	5.5	3.3	3.6	3.7	3.9	4.0	4.1
New Zealand	4.9	4.2	4.4	4.6	4.7	4.9	1.4	1.9	1.4	1.3	1.4	1.7
Norway	4.8	4.8	4.6	5.2	5.3	5.4	0.9	1.1	1.0	1.0	1.0	1.0
Poland	10.5	11.4	10.9	11.4	11.3	10.8	0.0	0.0	0.0	0.0	0.0	0.0
Portugal	7.9	10.3	11.3	12.3	12.5	13.0	1.3	1.0	0.7	0.8	0.4	0.4
Slovak Republic	6.3	6.2	5.7	7.0	7.0	7.0	..	..	0.2	0.2	0.2	0.2
Slovenia	10.5	9.9	9.5	10.8	11.2	11.4	0.0	0.0	0.0	0.5	0.9	0.5
Spain	8.6	8.1	8.6	9.5	10.1	10.5	0.6	0.6	0.6	0.7	0.7	0.6
Sweden	7.2	7.6	7.4	8.2	7.7	7.4	1.2	1.2	1.3	1.3	1.5	1.6
Switzerland	6.5	6.6	6.1	6.6	6.5	6.6	4.8	5.0	4.6	4.6	4.7	4.8
Turkey	4.9	5.9	6.7	7.8	7.7	7.5	0.1	0.1	0.1	0.0	..	..
United Kingdom	5.3	5.5	5.6	5.9	5.6	5.6	2.7	3.0	3.1	3.0	3.1	3.1
United States	5.6	5.7	5.9	6.5	6.6	6.7	4.1	4.1	4.4	4.4	4.8	5.2
EU 28	..	..	..	..	..	..	..	..	..	..	..	..
OECD	6.8	7.0	7.1	7.8	7.8	7.9	1.4	1.5	1.5	1.6	1.6	1.6
Brazil	..	..	..	..	..	..	0.9	0.9	0.9	1.2	..	0.6
China	..	..	..	..	..	..	..	..	..	..	..	..
India	..	..	..	..	..	..	..	..	..	..	..	..
Indonesia	..	..	..	..	..	..	..	..	..	0.1	..	..
Russian Federation	..	..	..	..	..	..	..	..	..	0.1	..	0.1
South Africa	..	..	..	..	..	..	6.2	5.7	5.3	3.9	3.9	4.3

1 2 <http://dx.doi.org/10.1787/888933336488>

Public and private expenditure on pensions

As a percentage of GDP, 2011

1 2 <http://dx.doi.org/10.1787/888933335347>



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