

### Key results

Substantial assets have been accumulated in most OECD countries to help meet future pension liabilities. The weighted average of OECD pension funds' assets was equal to 83% of gross domestic product (GDP) in 2013. Sixteen OECD countries have also built up public pension reserves to help pay for state pensions. For these countries, public pension reserves were worth nearly 20% of GDP on average.

OECD pension fund assets reached USD 24.8 trillion in 2013. The United States had the largest pension fund market within the OECD member countries with assets worth USD 13.9 trillion, representing 56.2% of the OECD total. Other OECD countries with large pension fund systems include the United Kingdom with assets worth USD 2.8 trillion and a 11.3% share of OECD pension fund market in 2013; Australia, USD 1.4 trillion and 5.8%; the Netherlands, USD 1.3 trillion and 5.4%; Japan, USD 1.3 trillion, 5.4%; and Canada, USD 1.3 trillion and 5.1%.

In 2013, only four countries achieved asset-to-GDP ratios higher than 100% – the Netherlands (148.7%), Iceland (141.2%), Switzerland (113.4%) and Australia (102.2%). In addition to these countries, the United Kingdom (99.6%) and the United States (83.2%) exceeded the OECD weighted average asset-to-GDP ratio of 82.8%. In such countries, funded pensions have been in place for a long time, and with the exception of the United Kingdom and the United States, have mandatory or quasi-mandatory private pension systems. Pension fund assets were of varying importance relative to GDP in the other countries.

Only 13 out of 34 countries had asset-to-GDP ratios above 20%. Other countries have introduced mandatory funded pension systems in recent years. Of these, Chile has the longest history and has accumulated assets not much below the OECD average (62.3%). Growth prospects are also very positive in countries like Estonia and Mexico, countries that introduced mandatory private pensions in the late 1990s and early 2000s. Assets have grown rapidly since that point, reaching between 9% and 15% of GDP respectively. These figures will continue growing over coming years and decades as more people join the new retirement-income system and existing members make further contributions.

Some prefunding also occurs in state pension systems, which are normally financed on a pay-as-you go basis. Public pension reserve funds (PPRFs) are expected to play a major role in the future financing of some public pension systems, alleviating the impact of population ageing on the public purse. By the end of 2013, the total amounts of PPRFs assets were equivalent to USD 5.3 trillion for the 16 OECD

countries for which data are available. The largest reserve was held by the US social security trust fund at USD 2.8 trillion, accounting for 52.4% of total OECD assets, although the assets consist of non-tradable IOUs issued by the US Treasury to the social security trust. Japan's Government Pension Investment Fund was second at USD 1.2 trillion – 23.2% of the OECD total. Of the remaining countries, Korea, Canada and Sweden had also accumulated large reserves, respectively accounting for 7.7%, 5.8% and 3.1% of the total.

In terms of total assets relative to the national economy, on average, PPRF assets accounted for 19.7% of GDP in the OECD area in 2013. The highest ratio was observed in the Korean National Pension Fund with 29.9% of GDP. Other countries where the ratio was of a significant size included Sweden with 28.0% and Japan with 26.8%. PPRFs in Australia, Belgium, Chile, New Zealand and Poland have been established relatively recently (between 2002 and 2006), explaining the low level of assets accumulated up to now. The expansion of this pool of assets should continue over the coming years, although some countries such as France and Spain have already started withdrawing some of the savings to cover social security deficits. The French Pension Reserve Fund and the Irish National Pension Reserve Fund do not qualify anymore as public pension reserve funds as their mandate now goes beyond financing pay-as-you-go pension plans.

### Definition and measurement

A pension fund is a pool of assets forming an independent legal entity that are bought with the contributions to a pension plan for the exclusive purpose of financing pension plan benefits. The plan/fund members have a legal or beneficial right or some other contractual claim against the assets of the pension fund.

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.

### 10.4. Assets in pension funds and public pension reserve funds in OECD countries and other major economies, 2013

As a percentage of GDP and in millions of USD

	Pension funds		Public pension reserve funds	
	% of GDP	USD millions	% of GDP	USD millions
<b>OECD members</b>				
Australia	102.2	1 440 898	6.1	85 597
Austria	5.7	25 173	x	x
Belgium	5.0	27 213	5.1	27 531
Canada	70.8	1 260 157	17.2	307 370
Chile	62.3	162 988	2.8	7 335
Czech Republic	7.3	14 951	x	x
Denmark	42.1	146 700	x	x
Estonia	9.5	2 443	x	x
Finland	48.7	135 651	27.0	75 211
France	0.4	11 860	2.5	71 575
Germany	6.1	236 932	x	x
Greece	0.1	136	x	x
Hungary	4.0	5 506	x	x
Iceland	141.2	22 986	x	x
Ireland	52.3	126 188	x	x
Israel	50.5	152 679	x	x
Italy	6.0	132 168	x	x
Japan	29.2	1 331 231	26.8	1 223 863
Korea	6.0	81 555	29.9	404 543
Luxembourg	2.1	1 323	x	x
Mexico	14.7	181 255	0.1	1 716
Netherlands	148.7	1 335 092	x	x
New Zealand	18.8	33 831	10.4	20 629
Norway	8.1	40 908	5.7	28 862
Poland	18.2	100 563	1.1	5 856
Portugal	8.9	20 904	6.9	16 134
Slovak Republic	9.8	9 926	x	x
Slovenia	3.9	1 954	x	x
Spain	8.8	127 478	5.1	74 118
Sweden	9.1	53 767	28.0	164 650
Switzerland	113.4	807 893	x	x
Turkey	4.8	35 543	x	x
United Kingdom	99.6	2 810 564	x	x
United States	83.2	13 946 142	16.5	2 764 431
<b>OECD34</b>	<b>82.8</b>	<b>24 824 555</b>	<b>19.7</b>	<b>5 279 423</b>
<b>Other major economies</b>				
Argentina	0.0	0	9.9	50 680
Brazil	13.3	273 965	x	x
EU28	94.3	5 351 027	..	..
China	1.0	98 896	..	..
India	0.4	6 819	6.1	116 229
Indonesia	1.8	15 058	1.7	12 303
Russian Federation	5.7	117 180	x	x
Saudi Arabia	..	..	..	..
South Africa	94.8	306 107	x	x

Note: OECD34 and EU28 represent the weighted average of funds' assets as a % of GDP or total funds' assets in millions of USD for countries in the area for which data are available.

.. = Not available; x = Not applicable.

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

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