

Key results

During 2009, pension funds experienced a positive real investment rate of return of 6.5% on average. Despite this recovery, by 31 December 2009 their asset values were still on average 9% below their December 2007 levels. In 2009, public pension reserve funds regained the ground lost during the 2008 crisis. By the end of 2009, the total amount of PPRF assets was on average 7.3% higher than at the end of 2008, and 13.9% higher than in December 2007.

In 2008, OECD pension funds experienced on average a negative return of 22.5% in real terms. During 2009, pension funds in the OECD recovered around USD 1.5 trillion of the USD 3.5 trillion in market value that they lost in 2008 (from USD 18.7 trillion in December 2007 to USD 15.3 trillion in December 2008).

Pension funds experienced on average a positive investment rate of return of 6.5% in real terms up to the end of 2009. Pension fund performance in 2009 is in the 10-15% range in most OECD countries. The best performing pension funds amongst OECD countries in 2009 were Chile (23%), Hungary (17%), the Netherlands (16%) and Luxembourg (14%). On the other hand, in countries like the Czech Republic and Korea, pension funds had, on average, low positive investment rate of returns (under 5%). Pension funds in Iceland even experienced a negative performance in 2009 (-10%).

Despite this recovery, pension fund assets in most OECD countries have not climbed back above the level managed at the end of 2007 and it will be some time before the 2008 losses are fully recovered. For the countries for which information is available, on average, pension fund assets were, as of 31 December 2009, 9% below their December 2007 level. Some countries however already recovered completely from the 2008 losses. This is the case of Austria (assets at the end of 2009 were 4.0% above the December 2007 level), Chile (8.4%), Estonia (34.4%), Hungary (23.3%), Iceland (3.5%), Israel (60.9%), New Zealand (11.3%), Norway (9.2%), Poland (28.3%) and Slovenia (45.2%).

The impact of the crisis on PPRFs' investment returns varies greatly across countries, as some funds

experienced strong negative returns in 2008, below -20% (Ireland, Norway, the French pension reserve fund and Sweden), while others had positive returns (Belgium, Spain, the United States and Mexico). At the end of 2009, all funds for which data are available experienced positive real net investment returns, ranking from 1.3% in Mexico to 30.7% in Norway. On average, investment returns were slightly negative in 2008 and positive in 2009 (when weighted by total assets), and increased from -2.0% in 2008 to 6.2% in 2009. By the end of 2009, the total amount of PPRF assets was on average 7.3% higher than at the end of 2008, and 13.9% higher than in December 2007.

The 2009 recovery represents a major step towards correcting the damage caused by the bursting of two major bubbles within the same decade. When measured over a longer investment period, performance looks healthier though still below long-term trends. The average yearly real rate of return over the last five years ranges from -0.6% in Ireland to 4.1% in Sweden (the 6th AP fund). For the countries that have longer data series, performance figures look somewhat brighter. For instance, over the last 10 years, the IMSS reserve in Mexico had an average real return of 3.4% annually; the Polish demographic reserve fund's return was 5.9% and the government pension fund - Norway's 4.6%.

Definition and measurement

Real (after inflation) returns are calculated using national valuation methodologies.

Pension funds' real net investment return in selected OECD countries, 2008-09 (%)

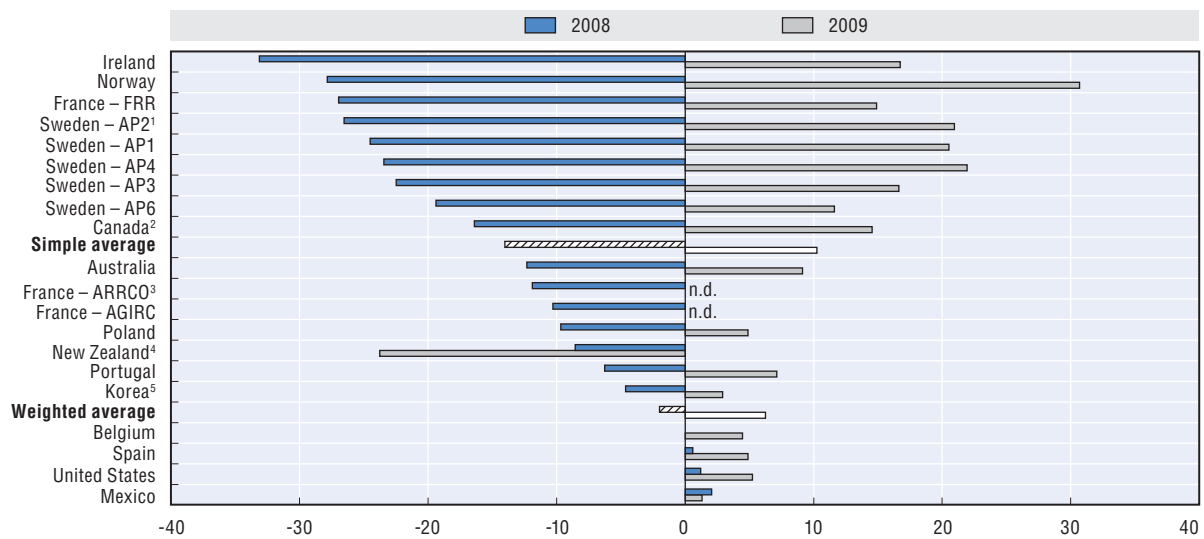


1. 2009 data refer to the period January-June 2009.

Source: OECD Global Pension Statistics.

StatLink <http://dx.doi.org/10.1787/888932371234>

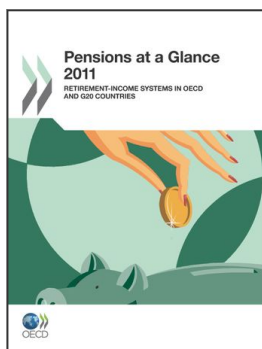
PPRFs' real net investment return in selected OECD countries, 2008-09 (%)



- There are five Swedish National Pension Funds (AP1-AP4 and AP6).
- 2009 data refer to fiscal year 2010 ending 31 March 2010.
- AGIRC and ARRCO are unfunded mandatory supplementary plans for white-collar and blue-collar workers respectively, with reserves. More information on these plans can be found in the OECD Private Pensions Outlook 2008.
- Data refer to June of each year.
- 2009 data refer to the period January-March 2010.

Source: OECD Global Pension Statistics.

StatLink <http://dx.doi.org/10.1787/888932371234>



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