

### Key results

Substantial assets have been accumulated in most OECD countries to help meet future pension liabilities. Total pension funds' assets were the equivalent to nearly 68% of gross domestic product (GDP) in 2009. Half of OECD countries have built up public pension reserves to help pay for state pensions. In these countries, public pension reserves were worth nearly 20% of GDP.

OECD pension fund assets reached USD 16.8 trillion in 2009. The United States had the largest pension fund market within the OECD member countries with assets worth USD 9.6 trillion, representing 57.1% of the total. Other OECD countries with large pension fund systems include the United Kingdom with assets worth USD 1.6 trillion and a 9.5% share of OECD pension fund market in 2009; Japan, USD 1.0 trillion, 6.2%; the Netherlands, USD 1.0 trillion and 6.1%; Australia, USD 0.8 trillion and 4.8%; and Canada, USD 0.8 trillion and 4.8%.

In 2009, only three countries achieved asset-to-GDP ratios higher than 100% – the Netherlands (129.8%), Iceland (118.3%) and Switzerland (101.2%). In addition to these countries, Australia (82.3%), the United Kingdom (73.0%) and the United States (67.6%) exceeded the OECD weighted average asset-to-GDP ratio of 67.6%. 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 close to the OECD average (65.1%). Growth prospects are also very positive in countries like Hungary, Mexico, Poland and the Slovak Republic, countries that introduced mandatory private pensions in the late 1990s and early 2000s. Assets have grown rapidly since that point, reaching around 13% of GDP in Hungary and Poland. 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.

Public pension reserve funds (PPFRs) are expected to play a major role in the future financing of

public pension systems, alleviating the impact of population ageing on the public purse. By the end of 2009, the total amounts of PPRFs assets were equivalent to USD 4.6 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 2.5 trillion, accounting for 54.7% 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 1.3 trillion – 28.2% of the OECD total. Of the remaining countries, Korea, Sweden and Canada had also accumulated large reserves, respectively accounting for 4.7%, 2.3% and 2.3% of the total.

In terms of total assets relative to the national economy, on average, PPRF assets accounted for 19.6% of GDP in the OECD area in 2009. The highest ratio was observed in the Swedish AP funds with 27.2% of GDP. Other countries where the ratio was of a significant size included Korea with 26.1% and Japan with 25.8%. PPRFs in Australia, New Zealand and Poland have been established relatively recently (between 2002 and 2006), explaining the low level of assets accumulated up to now. Assets should build up over the coming years.

### 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.

PPFRs are reserves established by governments or social security institutions to meet public pension expenditure. The assets in such reserve funds form part of the government sector, broadly defined.

## Assets in pension funds and public pension reserve funds in OECD countries, 2009

As a % of GDP and in millions of USD

	Pension funds		Public pension reserve funds			Pension funds		Public pension reserve funds	
	% of GDP	USD	% of GDP	USD		% of GDP	USD	% of GDP	USD
<b>OECD members</b>					<b>OECD members (cont.)</b>				
Australia	82.3	808 224	5.9	51 629	Norway <sup>7</sup>	7.3	27 852	5.0	18 963
Austria	4.9	18 987	n.a.	n.a.	Poland	13.5	58 143	0.5	2 343
Belgium <sup>1</sup>	3.3	16 677	5.0	23 480	Portugal	13.4	30 441	5.7	13 068
Canada	62.9	806 350	8.5	108 627	Slovak Republic <sup>1</sup>	4.7	4 640	n.a.	n.a.
Chile	65.1	106 596	2.1	3 420.8	Slovenia	2.6	1 266	n.a.	n.a.
Czech Republic	6.0	11 332	n.a.	n.a.	Spain	8.1	118 056	5.7	83 387
Denmark <sup>2</sup>	43.3	133 980	n.a.	n.a.	Sweden <sup>1, 8</sup>	7.4	35 307	27.2	108 785
Estonia	6.9	1 371	n.a.	n.a.	Switzerland <sup>1</sup>	101.2	496 957	n.a.	n.a.
Finland	76.8	182 286	n.a.	n.a.	Turkey	2.3	14 017	n.a.	n.a.
France <sup>1, 3</sup>	0.8	21 930	4.3	118 669	United Kingdom <sup>9</sup>	73.0	1 589 409	n.a.	n.a.
Germany <sup>4</sup>	5.2	173 810	n.a.	n.a.	United States	67.6	9 583 968	17.9	2 540 348
Greece	0.0	63	n.a.	n.a.	<b>OECD34</b>	<b>67.6</b>	<b>16 777 792</b>	<b>19.6</b>	<b>4 642 111</b>
Hungary	13.1	16 886	n.a.	n.a.	<b>Other major economies</b>				
Iceland	118.3	14 351	n.a.	n.a.	Argentina <sup>10</sup>	11.5	30 105	n.a.	n.a.
Ireland	44.1	100 278	13.7	31 049	Brazil <sup>10</sup>	17.1	224 218	n.a.	n.a.
Israel	46.9	95 257	n.a.	n.a.	EU27	..	..	n.a.	n.a.
Italy	4.1	86 818	n.a.	n.a.	China <sup>10</sup>	0.6	19 980	n.a.	n.a.
Japan <sup>5</sup>	25.2	1 042 770	25.8	1 308 704	India	5.4	61 971	n.a.	n.a.
Korea	2.2	29 632	26.1	217 768	Indonesia	2.2	9 614	n.a.	n.a.
Luxembourg	2.2	1 171	n.a.	n.a.	Russian Federation <sup>11</sup>	1.5	14 987	n.a.	n.a.
Mexico	7.5	107 135	0.3	3 605	Saudi Arabia	..	..	n.a.	n.a.
Netherlands	129.8	1 028 077	n.a.	n.a.	South Africa <sup>10</sup>	58.4	165 630	n.a.	n.a.
New Zealand <sup>6</sup>	11.8	13 755	7.1	8 265					

Note: "Total OECD" represents the weighted average of funds' assets as a % of GDP or total funds' assets in millions of USD for countries for which data are shown.

n.a.: Means not applicable.

1. Pension funds' data refer to 2008.

2. Pension funds' data refer to autonomous occupational pension funds only. In addition to these plans, total assets managed by occupational pension insurance contracts amounted to 99.3% of GDP.

3. Public pension reserve funds' data refer to 2008.

4. Pension funds' data refer to autonomous occupational pension funds only. In addition to these plans, total assets managed by occupational pension insurance contracts amounted to 13.3% of GDP in 2008.

5. Pension funds' data are Bank of Japan's data.

6. Public pension reserve funds' data refer to June 2009.

7. The Government Pension Fund – Global, which was previously a sovereign wealth fund called the Government Petroleum Fund, draws its funding from oil revenues and has a mandate that goes beyond financing pension expenditures; so it is not classified as a sovereign pension reserve fund. The figure in this table, therefore, only refers to the Government Pension Fund – Norway, formerly the National Insurance Scheme Fund (5.0%). By contrast the total assets of the larger Government Pension Fund – Global, would amount to 109.6% of GDP.


8. Pension funds' data refer to autonomous occupational pension funds only. In addition to these plans, total assets managed by the premium pension system amounted to 8.9% of GDP and assets managed by occupational pension insurance contracts to 38.9% of GDP in 2008.

9. Pension funds' data are an OECD estimate.

10. Data refer to 2007.

11. Data refer to 2006.

Source: OECD Global Pension Statistics.

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