

Key results

Substantial assets have been accumulated in most OECD countries to help meet future pension liabilities. Total OECD pension funds' assets were the equivalent to 74% of gross domestic product (GDP) in 2011. Half of OECD countries have also built up public pension reserves to help pay for state pensions. For these countries, total public pension reserves were worth nearly 19% of GDP.

OECD pension fund assets reached USD 20.6 trillion in 2011. The United States had the largest pension fund market within the OECD member countries with assets worth USD 10.8 trillion, representing 52.6% of the OECD total. Other OECD countries with large pension fund systems include the United Kingdom with assets worth USD 2.3 trillion and a 11.2% share of OECD pension fund market in 2011; Japan, USD 1.5 trillion, 7.1%; Australia, USD 1.3 trillion and 6.5%; the Netherlands, USD 1.1 trillion and 5.5%; and Canada, USD 1.1 trillion and 5.4%.

In 2011, only three countries achieved asset-to-GDP ratios higher than 100% – the Netherlands (135.5%), Iceland (128.7%), and Switzerland (110.7%). In addition to these countries, Australia (93.2%), Finland (75.0%) and the United Kingdom (95.8%) exceeded the OECD weighted average asset-to-GDP ratio of 73.8%. In such countries, funded pensions have been in place for a long time, and with the exception of the United Kingdom, 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 (58.5%). Growth prospects are also very positive in countries like Estonia, 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 between 13% and 15% of GDP in Mexico 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.

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 2011, the total amounts of PPRFs assets were equivalent to USD 5.1 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 2.7 trillion, accounting for 52.8% 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 1.4 trillion – 26.8% of the OECD total. Of the remaining countries, Korea, Canada and Sweden had also accumulated large reserves, respectively accounting for 6.2%, 3.7% and 2.7% of the total.

In terms of total assets relative to the national economy, on average, PPRF assets accounted for 18.9% of GDP in the OECD area in 2011. The highest ratio was observed in the Korean National Pension Fund with 28.2% of GDP. Other countries where the ratio was of a significant size included Sweden with 25.0% and Japan with 23.2%. 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. Ireland used part of the funds for the banking rescue and bail-out.

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.

8.6. Assets in pension funds and public pension reserve funds in OECD countries, 2011

As a percentage of GDP and in millions of USD

	Pension funds		Public pension reserve funds	
	% of GDP	USD million	% of GDP	USD million
OECD members				
Australia	93.2	1 345 506	5.0	75 366
Austria	4.9	20 534	x	x
Belgium	4.2	21 740	5.0	25 574
Canada	63.7	1 106 091	10.9	189 755
Chile	58.5	145 512	1.9	4 750
Czech Republic	6.5	14 019	x	x
Denmark	49.7	165 741	x	x
Estonia	5.3	1 577	x	x
Finland	75.0	199 809	x	x
France	0.3	6 954	4.3	119 520
Germany	5.5	195 358	x	x
Greece	0.0	102	x	x
Hungary	3.8	5 287	x	x
Iceland	128.7	18 089	x	x
Ireland	46.2	100 556	8.6	18 658
Israel	49.4	120 101	x	x
Italy	4.9	106 889	x	x
Japan	25.1	1 470 350	23.2	1 360 686
Korea	4.5	49 721	28.2	314 917
Luxembourg	1.9	1 156	x	x
Mexico	12.9	149 010	0.1	1 539
Netherlands	135.5	1 134 726	x	x
New Zealand	15.8	24 734	8.8	14 046
Norway	7.4	35 977	5.0	24 410
Poland	15.0	77 433	0.8	4 325
Portugal	7.7	18 410	5.2	12 340
Slovak Republic	8.4	8 065	x	x
Slovenia	2.9	1 666	x	x
Spain	7.8	116 355	6.2	92 928
Sweden	9.2	49 635	25.0	134 620
Switzerland	110.7	703 448	x	x
Turkey	4.1	32 090	x	x
United Kingdom	95.8	2 313 484	x	x
United States	72.2	10 839 889	17.8	2 677 925
OECD34	73.8	20 600 013	18.9	5 071 358
Other major economies				
Argentina	0.0	0	10.8	46 566
Brazil	13.8	308 240	x	x
EU27	..	..	..	..
China	..	..	..	..
India	0.2	2 848	..	..
Indonesia	1.8	15 058	..	..
Russian Federation	3.2	54 740	x	x
Saudi Arabia	..	..	..	..
South Africa	82.5	300 276	x	x

Note: OECD34 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.

x = Means not applicable.

Source: OECD, Global Pension Statistics.

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