

**Organisation de Coopération et de Développement Economiques
Organisation for Economic Co-operation and Development**

**DIRECTION DES AFFAIRES FINANCIERES, FISCALES ET DES ENTREPRISES
DIRECTORATE FOR FINANCIAL, FISCAL AND ENTERPRISE AFFAIRS
INSURANCE COMMITTEE**

**Room Document 2
(English)**

OECD GLOBAL PENSION STATISTICS PROJECT

Jean-Marc Salou

Session : 3:30 – 4:00

**EIR / OECD 2nd Conference
“Pensions and Long-Run Investment”**

TABLE OF CONTENTS

1. Introduction and summary:	3
2. Context:	7
3. OECD Experience:	7
4. Goal and objectives:.....	7
5. Scope of the Project:.....	9
6. Research milestones:	11
7. Implementation:	16
8. Funding needs for the project:.....	18

1. Introduction and summary:

In 2002, the Organisation for Economic Co-operation and Development (OECD) initiated its Global Pension Statistics Project, the goal of which is to establish a comprehensive database of pension statistics. As its name suggests, the project is global in scope and when completed will include a broad array of pension data from both the thirty OECD countries and non-OECD countries with privately managed pension assets. Because of the ambitious scope of this multi-year project, the OECD is seeking the support of select firms and institutions in the public and private sectors, so that the project may be successfully completed.

Processing high quality statistical data requires also the involvement of organisations from both the public and private sector.

Substantial work on this project has been funded by the OECD Financial Markets Division on 2002-2003 and we have already got the technical support from the OECD Information Technology and Network services (ITN) to implement the appropriate information technology solution. Moreover, one major player in the pension industry has already committed to partially fund this unique project. However additional resources are still needed for most of the activities hereafter described.

We believe that that there is a significant need in the pension and broader financial communities – including governmental policy makers, regulators and supervisors, as well as pension asset managers and other financial institutions -- for the comprehensive database that we are building and invite you to participate in making the project a success.

The goal of the on-going OECD project is to improve the availability and comparability of core pension data, so as to provide an important device to effectively support decision making, performance assessment and business development. The Global Pension Statistics Project will develop a comprehensive system of international pension statistics, collected from primary sources, using coherent statistical concepts, definitions and methodologies. Data will be collected on an ongoing, thereby creating a valuable time series of pension data that can be used to identify and analyse trends on a country-specific and a comparative basis across OECD and non-OECD countries.

The Global Pension Statistics Project will specifically target and resolve the following deficiencies in currently available pension data:

-  ***Lack of comprehensive administrative data for many key indicators***

-  ***Lack of timely data to monitor the financial activity of the international pension industry***

-  ***Lack of definitional transparency of country-specific data***

-  ***Lack of international comparability of key pension statistics.***

The practical objectives of the Global Pension Statistics Project are to:

 ***Fully evaluate the state of currently available pension data on a country-by-country basis:***

- Identify potential data gaps and any divergence of methodologies used across and within OECD and other countries;
- Identify data availability.

 ***Improve the harmonisation of concepts and definitions used by countries in pension data collection:***

- Establish and apply common criteria to assure the quality and comparability of pension data using as a starting point the taxonomy of pension programmes developed by the OECD's Working Party on Private Pensions;
- Identify and employ the best methods to accommodate data deficiencies and variations in definitions and measurement methods.

 ***Improve the statistical comparability:***

- Across countries;
- But also within a given country between the different types of pension funds and pension plans.

 ***Collect and analyse the pension data:***

- Assure timely and accurate collection and compilation of pension data from all OECD countries and other countries with significant privately managed pension assets
- Provide country-by-country reviews of trends and developments
- Provide comparative reports and analysis.

Key Outputs of the Global Pension Statistics Project will include:

-  ***Creation of a unique Web Statistical Portal providing access to internationally comparable data on pensions and to detailed country-by-country methodological notes;***

-  ***User-friendly web access to data that will allow users to extract data and customise queries;***

-  ***Publication and dissemination of a regular Newsletter based on Project data analysis;***

-  ***Production of a CD-ROM gathering Project data and country methodological notes.***

For further details, please contact:

Mr. Jean-Marc Salou
Project-Manager
Tel. : +33 1 45 24 91 10
Fax: +33 1 45 24 78 52
E-mail: jean-marc.salou@oecd.org)

2. Context:

Recent years have witnessed substantial pension reform in countries around the globe and an increased use of funded pension programmes that often rely on private sector asset management. There is a growing need among policy makers and the regulatory community, as well as among private sector participants in these new and rapidly growing programmes, to accurately measure and understand the scope and dimensions of pension programme development – and to be able to compare programme developments and experiences to those of other countries. Because private pension systems are likely to play an increasingly important role in delivering retirement income security in many countries, and because the investment of pension assets will increasingly affect securities markets in future years, the availability of an accurate, comprehensive, comparable and up-to-date body of international statistics will be a necessary tool for policy-makers, regulators and market participants.

3. OECD Experience:

The OECD is an international organization comprised of thirty member countries. The organisation has worked on pensions-related issues for many years, most recently through its Working Party on Private Pensions, which was established in 1999.

The OECD pension programme has included the recent development and support of the International Network of Pension Regulators and Supervisors (INPRS)¹. INPRS is a world-wide network of pension regulators and supervisors. Cooperating with this Network, the Global Pension Statistics Project will be able to create a data base of pension statistics that is truly global in scope.

More generally, the OECD has been a leading institution in the production, harmonization and analysis of international governmental and economic statistics for many years. The Global Pension Statistics Project will build on this longstanding experience in international data collection.

4. Goal and objectives:

The Global Pension Statistics project will develop a comprehensive system of international pension statistics, collected from primary sources, under coherent statistical concepts, definitions and methodologies, on an ongoing basis.

Internet access to an analytical database will provide a valuable gateway for measuring and monitoring the pension industry, thereby permitting inter-country comparison with up-to-date statistics and indicators on key aspects of retirement systems across OECD and non-OECD countries.

¹ The members of the Network are the representatives from pensions regulatory and supervisory agencies around the world. Regional Networks have been developed within the International Network. A Central and Eastern European regional INPRS is in operation, alongside a regional INPRS in Latin America and an Asian Pacific regional INPRS.

The practical objectives are to:

 **Evaluate pension data currently available and its related metadata²:**

- Identify potential data gaps and the divergence of methodologies used across and within countries;
- Assess the requirements for further statistical information.

 **Improve the harmonisation of concepts, definitions, and compliance in line with the taxonomy developed through the OECD Working Party on Private Pensions:**

- Apply common criteria to establish the quality of pension data³;
- Identify the best methods to accommodate data deficiencies and variations in definitions and measurement methods.

 **Improve the statistical comparability:**

- Across countries;
- But also within a given country between the different types of pension funds and pension plans.

 **Collect and analyse the data**

- As a basis for policy decision making.

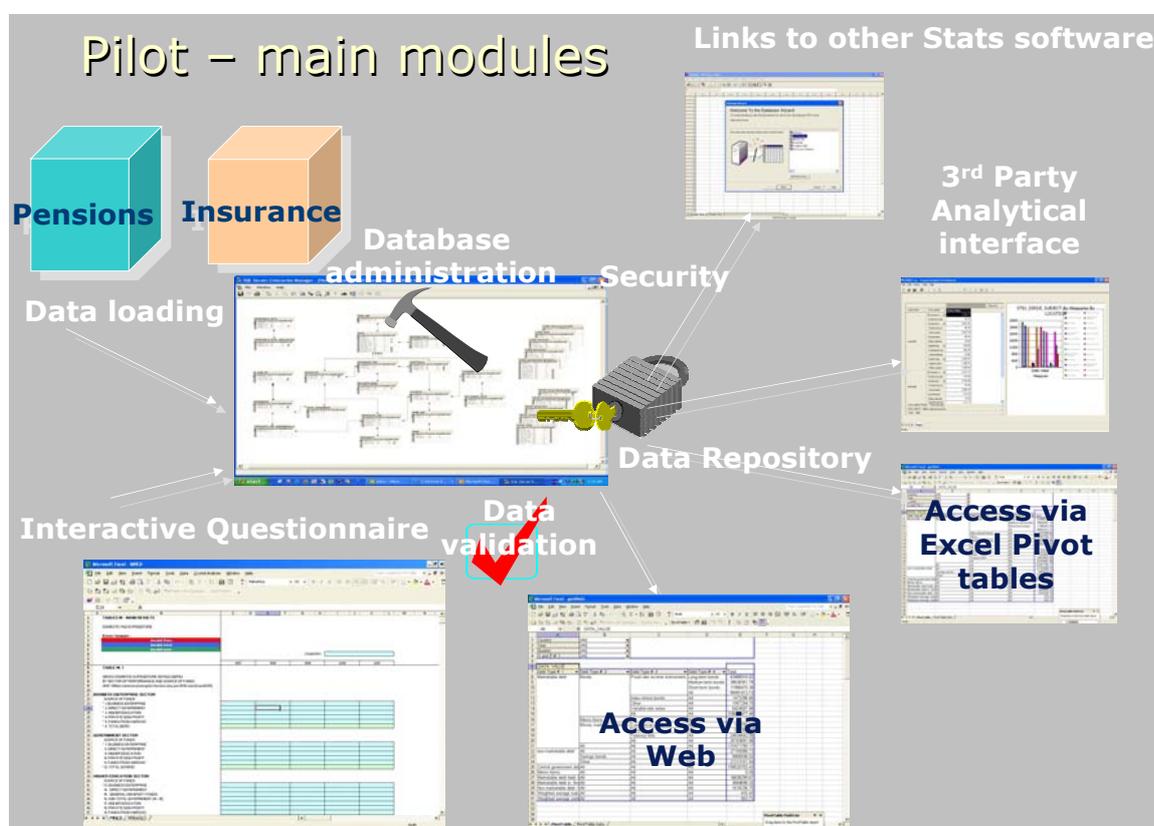
2. By providing information (e.g. Coverage, source, etc.) on data, metadata describes other data.

3. These criteria can also be linked to the overall data quality framework that the OECD is currently developing as part of its broader statistics strategy.

5. Scope of the Project:

Geographic scope. The Global Pensions Statistics Project will proceed in two stages. The first stage of the project will collect data from the thirty OECD countries. The second stage will expand this data collection to INPRS countries that agree to participate.

Database design The Project database will be designed with both data providers (generally governmental entities) and users in mind. Our design, which will be vetted by a group of both users and providers, will facilitate our ability to receive obtaining timely and accurate data inputs. We will also assure that the database will have the degree of functionality needed.



Nature of data to be collected. Data collection will proceed in several stages. The first stages of the project will focus solely on obtaining data for privately funded pensions. At a later stage, the database will be expanded to include funded public pension funds as well. (Consideration will be given to adding unfunded/Pay-as-you-go programmes at a later date.) The following section on "research milestones" provides additional detail on the project design and data that we anticipate will be collected in the first stages of the project. Generally, data collection will proceed in accordance with a comprehensive taxonomy of pension plans and funds developed by the OECD Working Party on Private Pensions.

Using this taxonomy make this project unique. In the OECD dataset, and following the approved taxonomy, private pension plans are considered to be those where benefits are paid by a private sector entity. Hence, private pension plans and pension funds that operate as part of Social Security regimes are included in OECD statistics. Other data sets has chosen to include only autonomous pension funds that operate in what the so-called second and third pillars, and these funds exclude private pension funds that operate as part of social security regimes. The OECD has recently abandoned the three pillar classification through its 'Taxonomy for pension plans, pension funds and pension entities', because it can hide more than it can reveal in cross-country, as well as in cross-household comparisons of retirement income.

6. Research milestones:

To facilitate the attainment of the overall project goals, the project has been divided in three modules as described below:

MODULE 1

Inventory of country metadata on pension statistics categories:

In the first module of the project, which is already most completed, OECD countries were surveyed, relevant information for data collection was identified and country metadata in each OECD country following the OECD Taxonomy classification (by type of pension plan, by type of pension fund and by type of pension entity) was described.

In the initial module, we:

- i) Identified the statistical primary sources currently available within OECD countries;
- ii) Presented the statistical information currently collected by different authorities in respect of scope and coverage;
- iii) Classified the data available:
 - By fund type
 - 'Collective pension funds', 'Group pension funds', 'Individual Pension Fund and related member'.
 - By type of funding vehicle
 - 'Autonomous' (Pension entity vs. Separate account), 'Insured pension plans', 'Non-autonomous'
 - And by type of pension plans
 - Occupational, Personal, Mandatory vs. Voluntary

Data availability assessment:

A questionnaire was prepared to assess the availability of pensions' statistics. In this questionnaire we focussed on data availability, time series length, frequency, and release time lag. This 'data availability questionnaire' was then used to refine the final, initial data questionnaire, which was sent to OECD member countries for completion at the end of June 2003. Initial responses will be received by end of September.

Development of a Glossary of pension terms:

In order to develop a common understanding and vocabulary, work is ongoing developing a glossary for pension related terms, which will complement the statistical project. At present, the 'OECD Pensions Glossary' of pension terms includes a list of terms, proposed definitions and related vocabulary.



Variables to be collected:

Built a preliminary set of measures, which will mainly be collected, via an electronic questionnaire, from pension regulators and supervisors, national statistical offices and central banks.

You will find below the list of variables (and their related description), that will be included in the voluntary data collection. The variables are broken down into five categories: 1) assets, 2) liabilities, 3) income, 4) expenditure and 5) membership.

In a future step we also envisage collecting micro-data, such as largest pension funds by countries.

Variables breakdown by categories

1) ASSETS	2) LIABILITIES	5) MEMBERSHIP
TOTAL INVESTMENTS	TOTAL LIABILITIES	TOTAL MEMBERS
Of which: total investments in the plan sponsor	Capital	Total active members
Of which assets overseas: Issued by entities located abroad	Net technical provisions	Total deferred members
Of which assets overseas: Issued in foreign currencies	Other liabilities	Total passive members
Cash and deposits	3) INCOME	OTHER BENEFICIARIES

Variables breakdown by categories

Bills and bonds issued by public administration	NET INVESTMENT INCOME	TOTAL NUMBER OF FUNDS / PLANS
Corporate bonds	TOTAL CONTRIBUTIONS	
Loans	Employers contributions	
Shares	Employees contributions	
Land and buildings	OTHER INCOME	
Mutual funds (Collective Investment Scheme, CIS)	4) EXPENDITURE	
Unallocated insurance contracts	BENEFITS	
Other investments products	Lump sum	
	Pension	
	Allocated insurance contracts	
	OPERATING EXPENSES	
	OTHER EXPENSES	

Box 1. Importance of metadata

In order to judge the usefulness of pension statistics for his/her purpose, users need to be able to know about the content (meaning) of the statistical data. Thus, they can judge the relevance of the data with regard to his/her question or problem.

With a view to improving international data comparisons, metadata is essential in assessing comparability between countries. In this respect, the inventory of country pension statistics metadata⁴ was identified as a prerequisite of the project. Furthermore, it may encourage countries to adopt 'best practices' in the reporting of pension statistics,

4. By providing information (e.g. Coverage, source, etc.) on data, metadata describes other data.

MODULE 2

Data check and evaluation of the data collection Pilot:

One basic, but nonetheless crucial task is data acquisition and entry for the maintenance of the statistical database on pension funds. Data received will be converted to conform to OECD standards and definitions. As data originates from various sources, their selection and processing is critical, and received data will be systematically checked for quality and consistency.

Then, we will report and assess the results of this pilot in order to adjust the project's framework.

Revisiting and adjust the Pilot to the light of the first round

- Initiate dissemination of preliminary data;
- New variables to be added depending on policy and users needs;

For instance, in a future step we also envisage collecting micro-data, such as largest pension funds by countries.

(Future variables that may be included as part of the dataset)

MICRO-DATA

(to be determined)

COSTS AND FEES

- Refining the methodology;
- Expanding the data collection to non-OECD countries.

MODULE 3

Analytical work:

The third component will be devoted to describing and to analysing this unique valuable time series of pension data that can be used to identify and analyse trends on a country-specific and a comparative basis across OECD and non-OECD countries along with the hereafter measures.

Measures (tentative list)

Stock	
Financial measures	<ul style="list-style-type: none"> • Net financial assets as % of financial market capitalisation, as % of GDP • Trends in assets, contributions and benefits by type of plan: DB-DC, Occupational Vs Personal (including growth in member-directed plans), insured vs. non-insured • Relative importance of special-purpose pension entities, banks, insurance companies, asset management companies and other institutional investors as managers of autonomous pension funds • Trends in assets by type of fund • Number and type of pension entities administering pension funds • Asset allocation of autonomous pension funds • Size distribution of pension plans and funds
Coverage measures	<ul style="list-style-type: none"> • Break-down of active members as % of the active population, deferred and retired members • Employee participation in DB/DC plans, occupational vs. personal plans
Flow	
Financial measures	<ul style="list-style-type: none"> • Amount of contributions by type of plan • Pension plan operational expenses • Investment income (Real asset return and volatility) • Benefits paid by type of plan
Coverage measures	<ul style="list-style-type: none"> • Membership flows

 **Metadata and statistics dissemination:**

Work is already underway to implement the appropriate information technologies solutions. You will find below the expected outcomes we anticipate.

Box. 3. Expected outcomes from our information dissemination strategy

Operational objectives	Expected outcomes
<p> relevant data</p> <p> about the data, to tabulate and visualise the data, and to download the appropriate subsets of data in one of a number of formats</p> <p></p> <p></p>	<p> pensions via a unique Web statistical Portal (possibly using the existing website, http://www.inprs.org)</p> <p> notes via the Web</p> <p> will allow users to extract data and customise query</p> <p></p> <p> country methodological notes</p>

7. Implementation:

 **How will the project be implemented?**

In order to support this project the OECD Task Force on Pension Statistics (TFPS), which gathers OECD Delegations, was established (Cf. preliminary list of participants below).

The Task Force, which first meet on the 15th November 2002 and gathered OECD Delegations, is anticipating meeting twice a year, with meetings, if possible, back to back with the Working Party on Private Pensions.

Co-operation with other OECD directorates and other international organisations:

➤ Within the OECD:

-  Cooperation with the Statistics Directorate will be sought for implementing the new data collection mechanism. This cooperation will facilitate our contacts with data providers, and the implementation of the pension taxonomy as an international standard (i.e. thanks to the OECD glossary of statistical terms);
-  Within the National Accounts Division of the Statistics Directorate, we will cooperate on the measurement and treatment of pension plans in the National Accounts;
-  Also with a view to assuring improved coherence between the various existing data sets, cooperation with the Directorate for Education, Employment, Labor and Social Affairs (DEELSA), which has already expressed its interest in the future outputs of our project, will be sought.
-  Last but not least, this unique project will be closely coordinated with other data collection hosted by the Financial Markets Division and in particular with the insurance statistics activity.

➤ Outside the OECD:

-  It is to be noted that the Secretariat is already cooperating with Eurostat in order to avoid duplication of data collection and also to strengthen the coherence between both datasets. A representative from Eurostat participates in the Task Force's programme of work.
-  Cooperation will also be developed with other international organisation such as ILO, ISSA, the IMF and the World Bank.

8. Funding needs for the project:

Preliminary statistical research was completed in 2002-2003. However, additional resources are needed for most of the activities mentioned above. In order to achieve this joint program of work, additional financial contributions are sought. In the meantime, the OECD is already dedicating some resources to the project, including a part time statistical assistant and inputs from several members of the pension and financial teams of the Financial Affairs Division. In order to achieve this broad joint program of work, additional financial contributions are sought in order to complete the second and third module of the project.

In order to secure the viability of this project for the next three years, we have estimated that an annual funding of 100,000€ will, on average, be needed. This amount includes staff and database related costs, limited consultant assistance and missions.

Voluntary contributions may come from both public (government, agencies) and private side. For the private side, this activity has, so far, been carried out with the financial support of the American Benefit Institute, ING Groep and Pioneer Investment.