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**OECD GLOBAL PENSION STATISTICS PROJECT  
– PRELIMINARY DATA COLLECTION RESULTS**

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## OECD Global pension statistics project – preliminary data collection results

The OECD Financial Markets Division, within the Directorate for Financial and Enterprises Affairs, initiated in 2002 a statistical project, the aim of which is to set up an analytical database of global pension statistics and indicators. In order to support this project and to provide methodological support for the substantive organisation of this activity, the OECD Task Force on Pension Statistics (TFPS) was created in 2002.

This article draws on the results of a preliminary analysis of 2001 and 2002 data gathered at mid-2003 within the first round of the OECD data collection exercise. The topics presented below are limited to aggregate assets data, assets structure, membership. This article gives an insight into the expected outcomes of the project, its recent and anticipated development. Although the data come all from official governmental sources, they are still preliminary. Within the framework of this project, data collected pertains to assets, liabilities, income, expenditure and membership. This activity has, so far, been carried out with the financial support of ING Groep and the American Benefit Institute. The preliminary data was presented and discussed at the second meeting of the Task Force on Pension Statistics held on the 26 November 2003. This project will benefit from the analytical activities of the OECD's Working Party on Private Pensions (WPPP), in particular the approved OECD 'Revised taxonomy of pension plans, pension funds and pension entities'<sup>1</sup>.

For this first round, 26 countries<sup>2</sup> have participated and answered to the statistical questionnaire on pensions approved by the OECD Working Party on Private Pension (WPPP) in April 2003. The assistance and support of the Task Force's participants in this endeavour was critical and this exercise has provided the OECD with a substantial amount of comparative data, which will be phased into our analytical work. Concerning the remaining OECD countries<sup>3</sup> for which the information is still missing, good progress towards filling in the questionnaires has been achieved and the OECD anticipates to include these countries shortly in this unique exercise.

### Private Pension statistics: overview of pension activity

The statistical exercise covered an extensive range of indicators and related to a wide definition of private pension plans, themselves subdivided into detailed categories<sup>4</sup>. At this stage of the data collection, most of the relevant comments were made on autonomous pension funds, the fund type for which most of the detailed information was provided.

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<sup>1</sup> See: <http://www.oecd.org/dataoecd/34/23/2488707.pdf>.

<sup>2</sup> OECD and selected non-OECD Countries (statistical source): Austria (FMA Financial Market Authority), Belgium (Office de Contrôle des Assurances), Canada (Statistics Canada), Denmark (Danish Financial Supervisory Authority), Finland (Insurance Supervision Authority), Germany (Federal Financial Supervisory Authority), Hungary (Hungarian Financial Services Agency), Iceland (Financial Supervisory Authority), Italy (Commissione vigilanza fondi pensione (COVIP)), Japan (Ministry of Foreign Affairs), Korea (Korea Life Insurance Association), Mexico (CONSAR), Netherlands (Statistics Netherlands), Norway (Kredittilsynet), Poland (Insurance and Pension Funds Supervisory Commission of Poland), Portugal (Instituto de Seguros de Portugal), Slovak Republic (Ministry of Labor, Social Affairs and Family, Ministry of Finance of the Slovak Republic), Spain (Banco de Espana, Ministry of Economy), Switzerland (Office fédéral de la statistique), Sweden (Finansinspektionen (the Swedish Financial Supervisory Authority)), Turkey (Undersecretariat of Treasury, T.C. Basbakanlik Hazine Mustesarligi), United Kingdom (National Statistical Office (ONS)), United States (Department of Treasury, FED, Department of Labor). Non-OECD: Bulgaria (Financial Supervision Commission), Estonia (Financial Supervision Authority), Slovenia (Slovene Insurance Supervision Agency, Slovene Security Market Agency).

<sup>3</sup> Australia, Czech Republic, France, Greece, Ireland, Luxembourg.

<sup>4</sup> For more detail see 'Revised taxonomy of pension plans, pension funds and pension entities', <http://www.oecd.org/dataoecd/34/23/2488707.pdf>.

However, autonomous pension funds do not represent the totality of pension plans' activity. It would thus be important to obtain additional information on non-autonomous and pension funds with certain guarantees (called 'Insured pension' in the taxonomy). The autonomous pension funds category includes pension entities and the pool of assets in a separate account managed by a financial company on behalf of the plan/fund members (called 'Separate accounts' in the taxonomy).

## **Overview of pension activity**

### ***1. Membership***

In the countries that provided information on their membership (either for 2001 or 2002), active members (i.e. working or contributing individuals), represent, on average, close to 58% of the total number of pension funds members. Almost all members are active in countries that have created pension funds very recently, such as Spain and Italy, whereas in the Netherlands, active members represent only 39.1 % of the total.

The ratio of the number of active members -working or contributing to pension funds- to the total number of members, rose from 2001 to 2002 in all of the countries that provided such information for both years, Mexico excepted.

### ***2. Total assets***

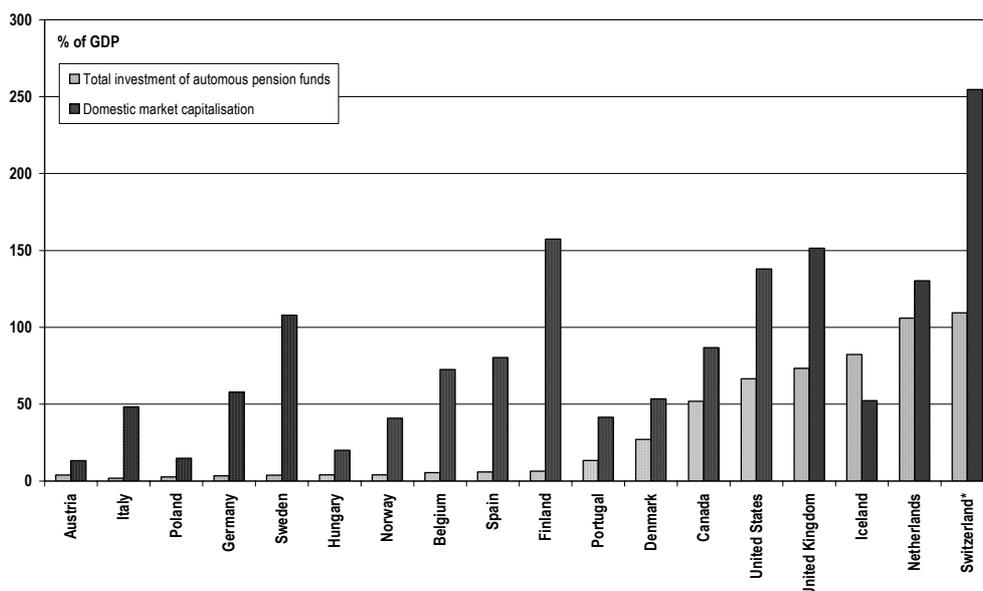
In 2001, the total outstanding investment of autonomous pension funds in OECD countries amounted to USD 8,973 bn. This represents an aggregate of 50.6% of the total GDP in those countries and 43.4 % of their domestic listed shares' market capitalisation.

In 2002, total investment of autonomous pension funds decreased by 24.4 % in the countries for which statistics are available. Accordingly, the ratio of total investment to GDP decreased to 36.2% in those countries. Conversely, and resulting from a dramatic year-on-year fall in domestic shares' market capitalisation, the ratio of total autonomous pension funds investment to domestic shares' market capitalisation, rose to 49.7%.

The economic weight of autonomous pension funds varies significantly across countries. In most countries, total investments amount to around 5 % or less of GDP. Conversely, it amounts to 50 % or more of GDP in Canada, the United States, the United Kingdom and in Iceland. It even exceeds GDP in the Netherlands and Switzerland. Denmark is in an intermediate position (27.1% of the GDP). For those last countries, Denmark included, autonomous pension funds amount to more than one half of the market capitalisation of domestic shares.

Countries showing high ratios of total pension funds investment to GDP tend also to exhibit high ratios of market capitalisation to GDP, as evidenced on the graph hereafter (2001 data). Countries in which big listed companies have developed an international shareholder basis, such as Sweden and Finland, have however witnessed strong growth in their local stock exchange as well.

**Fig. 1 - Weight of pension funds total investments in the economy compared with stock exchange size**



Source: OECD.

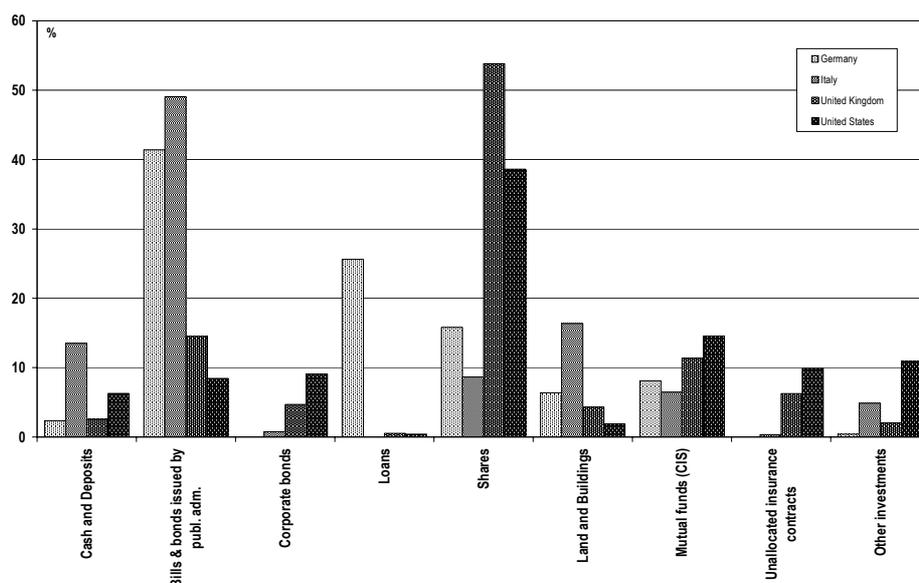
### 3. Structure of assets

The aggregate total investment of autonomous pension funds in OECD countries is predominantly invested in shares (39.7%). The second asset class consists of bills and bonds (21.8%), followed by Mutual funds (13.8%).

The breakdown of assets according to the type of investment product varies widely across countries:

- In the majority of countries, bills and bonds rank first in asset allocation. In Denmark, Hungary, Iceland, Mexico, Poland, Bulgaria, Estonia and Slovenia, it accounts for over a half of total investments.
- In four countries, equity shares account for 40% or more of assets: Denmark, the Netherlands, the United States and the United Kingdom (where they account for 53.8% despite the stock market's downturn).
- In Belgium and Canada, mutual funds shares are predominant in the asset structure.
- In most countries, Cash and deposits, Loans, Lands and Buildings only account for relatively small amounts.

**Fig. 2 - Asset structure of autonomous pension funds in selected countries (% of total assets)**



Source: OECD.

### Looking forward in 2004

Following the last meeting of the Task Force on Pension Statistics (TFPS), the OECD Task Force has decided to collect data for the base year 2003 at mid-year. Pension activity data in OECD and non-OECD countries is intended to be published and disseminated for 2003 in an OECD's pension statistics brief and in the form of a Cd-rom, regrouping pension indicators and country methodological notes.

In addition, further improvements are already in sight:

- The project's geographical coverage would be extended to cover Asian countries<sup>5</sup> and then Latin-American countries;
- With a view to improve and refine the calculation of return on investment rates, costs and fees would be investigated;
- Finally, to develop short-term (quarterly) indicators, and to progressively enlarge the project to all funded pension plans (ie. Including public plans), we would consider collecting micro-data;
- In order to further improve data availability and reporting, it is also important to identify and discuss any problems that countries may have experienced in collecting the requested information. Data gaps would have to be address within the Task Force. For instance, for some countries, where data for personal plans was notified as being available, such data was not provided. For other countries, which should be in a position to deliver such data, the data is missing.
- The size of the global multi-trillion U.S. dollar gap identified in several OECD countries is substantial and probably underestimated. Against this background, an accurate assessment of the actual situation of pensions, and more specifically of pension funding (assets/liabilities ratio) will be very much needed. With a view to examine further this issue, the Task Force would, in the first stage, review assets and liabilities valuations methods across countries.

OECD Global Pension Statistics collection will thus be both matched and oriented by practical needs. Work is however underway for improving even further -and extending- cooperation with private financial

<sup>5</sup> Bangladesh, China, Hong-Kong (China), India, Indonesia, Kazakhstan, Malaysia, Mongolia, Philippines, Singapore, Thailand.

actors, as to ensure that, within the scope of this project, needs for pension statistics and analytical data of all economic agents are met.