



Pension Funds in Figures



June 2018

Pension fund assets in the OECD area grew over 11% in 2017, exceeding USD 28 trillion or 56% of OECD-area GDP

Preliminary data for 2017 show that assets in pension funds reached USD 28.4 trillion in the OECD area and 0.8 trillion in the 29 other reporting jurisdictions. Table 1 shows that the United States held the largest amount of assets (USD 16.2 trillion), followed by the United Kingdom (USD 2.9 trillion), Australia (USD 1.7 trillion), the Netherlands (USD 1.6 trillion) and Canada (USD 1.4 trillion). Pension fund assets also exceeded USD 1 trillion in Japan and Switzerland.

Table 1. Assets in pension funds and all retirement vehicles in 2017 (preliminary)

OECD countries	Pension funds			All retirement vehicles	Selected other jurisdictions	Pension funds			All retirement vehicles
	% change	in USD million	% of GDP	% of GDP		% change	in USD million	% of GDP	% of GDP
Australia	11.2	1,718,262	120.4	123.3	Albania	30.8	16	0.1	0.1
Austria	7.1	26,772	6.0	..	Armenia	67.1	219	1.9	1.9
Belgium	18.7	41,376	7.9	12.4	Brazil	5.2	240,102	12.1	..
Canada	2.6	1,423,039	82.8	153.6	Bulgaria	17.7	7,813	12.9	12.9
Chile	11.2	210,512	72.0	72.0	Colombia	16.9	76,202	24.8	24.8
Czech Republic	10.8	20,920	8.8	8.8	Costa Rica	11.5	10,805	18.8	18.8
Denmark	1.9	160,173	46.4	204.6	Croatia	9.3	15,532	26.8	26.8
Estonia	17.6	4,365	15.8	17.5	Dominican Republic	18.6	9,145	12.4	12.4
Finland	9.0	137,375	51.2	..	Egypt	11.2	3,432	1.7	1.7
France	9.3	17,460	0.7	9.7	El Salvador	4.6	9,674	34.5	..
Germany	3.8	268,420	6.9	..	FYR of Macedonia	18.7	1,136	9.4	9.4
Greece	6.5	1,605	0.8	..	Ghana	13.3	1,744	3.8	3.8
Hungary	9.8	6,363	4.3	5.9	Guernsey	147.2	33,502
Iceland	12.7	37,158	151.9	159.0	Guyana	12.8	257	7.0	7.0
Ireland	2.8	118,971	33.5	35.6	Hong Kong, China	21.4	148,120	43.5	43.5
Israel	9.4	215,030	59.0	..	Jamaica	13.5	4,127	27.8	27.8
Italy	7.0	158,667	7.7	9.7	Kenya	18.4	10,463	13.1	13.1
Japan	0.7	1,382,484	28.6	..	Kosovo	16.0	1,982	25.8	25.8
Korea	17.0	176,348	10.9	..	Lithuania	17.2	3,607	7.2	7.2
Latvia	13.7	521	1.6	13.8	Malawi	39.8	727	11.8	11.8
Luxembourg	2.6	1,940	2.9	..	Namibia	13.8	10,864	79.7	91.7
Mexico	14.4	159,273	14.5	..	Nigeria	22.0	24,560	6.5	6.5
Netherlands	3.7	1,604,741	182.5	..	Panama	4.8	501	0.8	..
New Zealand	15.3	52,986	25.8	25.8	Peru	14.6	48,202	22.3	22.3
Norway	8.4	41,989	10.5	..	Romania	26.0	10,677	4.9	4.9
Poland	16.9	51,842	9.1	..	Russia	5.2	96,907	6.1	6.1
Portugal	7.0	23,694	10.2	..	Serbia	10.5	366	0.8	0.8
Slovak Republic	10.4	11,965	11.7	11.7	Thailand	11.4	33,373	7.1	..
Slovenia	6.2	2,945	5.7	6.9	Uruguay	28.4	16,207	27.3	27.3
Spain	3.7	132,115	9.5	13.6	Total	16.3	820,260	12.3	80.0
Sweden	..	22,070	4.5	80.0					
Switzerland	8.1	1,012,808	147.8	..					
Turkey	26.5	17,854	2.2	..					
United Kingdom	1.4	2,903,324	105.5	..					
United States	9.7	16,223,735	83.7	141.1					
OECD Total	11.2	28,389,104	56.1	80.0					

Notes: ".." means not available. Investments are used as a proxy of assets. See the end of this factsheet for country-specific details.

Source: OECD Global Pension Statistics; French Asset Management Association (for PERCO plans); Bank of Japan; Bank of Korea; Swiss Occupational Pension Supervisory Commission; AIOS (for El Salvador and Panama).

Pension Funds in Figures provides a short preview of the characteristics of pension funds in a selection of OECD and non-OECD jurisdictions. This fourth issue shows indicators based on preliminary data and early estimates for 2017. An Excel file of the underlying data is available at www.oecd.org/daf/pensions/pensionmarkets. This factsheet was made possible by close co-operation between the OECD, the International Organisation of Pension Supervisors, the World Bank and the various national bodies that provided data and comments.

A more developed analysis of the whole private pension system (including vehicles other than pension funds used to save for retirement, such as book reserves, pension insurance contracts and funds managed by banks and investment companies) will be published in the 2018 edition of **Pension Markets in Focus** (forthcoming in October). This newsletter will be based on the final data collected for 2017.

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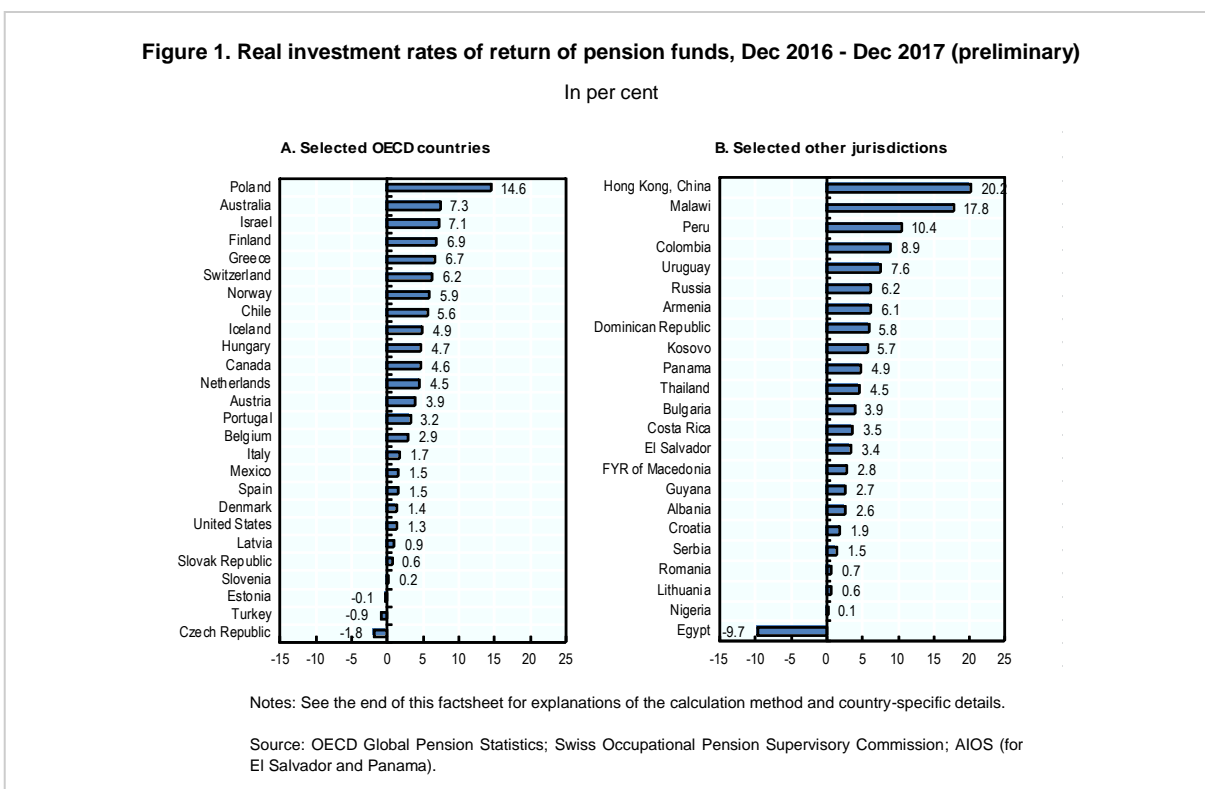
Pension fund assets rose in all reporting jurisdictions in nominal terms in 2017. The largest increases occurred in non-OECD jurisdictions (e.g. Armenia, Malawi, Albania) where private pension systems are still relatively recent. Total pension fund assets (expressed in US dollars) grew by 11.2% in the OECD area and by 16.3% in other reporting jurisdictions.

The size of pension funds compared to GDP varies widely across jurisdictions, ranging from 0.1% of GDP in Albania to 182.5% in the Netherlands. Assets earmarked for retirement in pension funds represented 56.1% of GDP of all OECD economies but just over 10% of the GDP of the non-OECD economies considered. Assets in pension funds exceeded the size of the domestic economy in five countries: Australia (120.4% of GDP), Iceland (151.9%), the Netherlands (182.5%), Switzerland (147.8%) and the United Kingdom (105.5%). By contrast, pension fund assets were below 20% of GDP in 40 out of 64 reporting jurisdictions.

In some countries, vehicles other than pension funds can be used to save for retirement. Examples include: assets saved in employers’ books (Austria, Germany, Sweden); pension insurance contracts (France, Denmark, Sweden); and, other vehicles offered and managed by banks, investment companies or other entities (Denmark, United States). More assets were accumulated in these other vehicles than in pension funds in Denmark, France, Latvia and Sweden in 2017. Denmark has the largest amount of pension assets relative to GDP when considering the whole private pension system (204.6% of GDP). The 2018 edition of *Pension Markets in Focus*, coming out in October, will cover these issues further.

Pension funds achieved positive real investment returns in 2017

Almost all reporting jurisdictions exhibited positive real investment rates of return in 2017 (Figure 1). The strongest real investment rates of return were observed in Hong Kong (China) (20.2%), Malawi (17.8%) and Poland (14.6%). Fourteen further jurisdictions showed real returns of pension funds above 5%, including, for example, Australia (7.3%). By contrast, pension funds in the Czech Republic, Egypt, Estonia and Turkey failed to achieve positive returns in real terms. Although returns in these four countries were positive in nominal terms, they were lower than inflation (2.4% for the Czech Republic, 3.4% for Estonia, 11.9% for Turkey and 21.9% for Egypt according to the OECD Main Economic Indicators and the IMF International Financial Statistics databases).



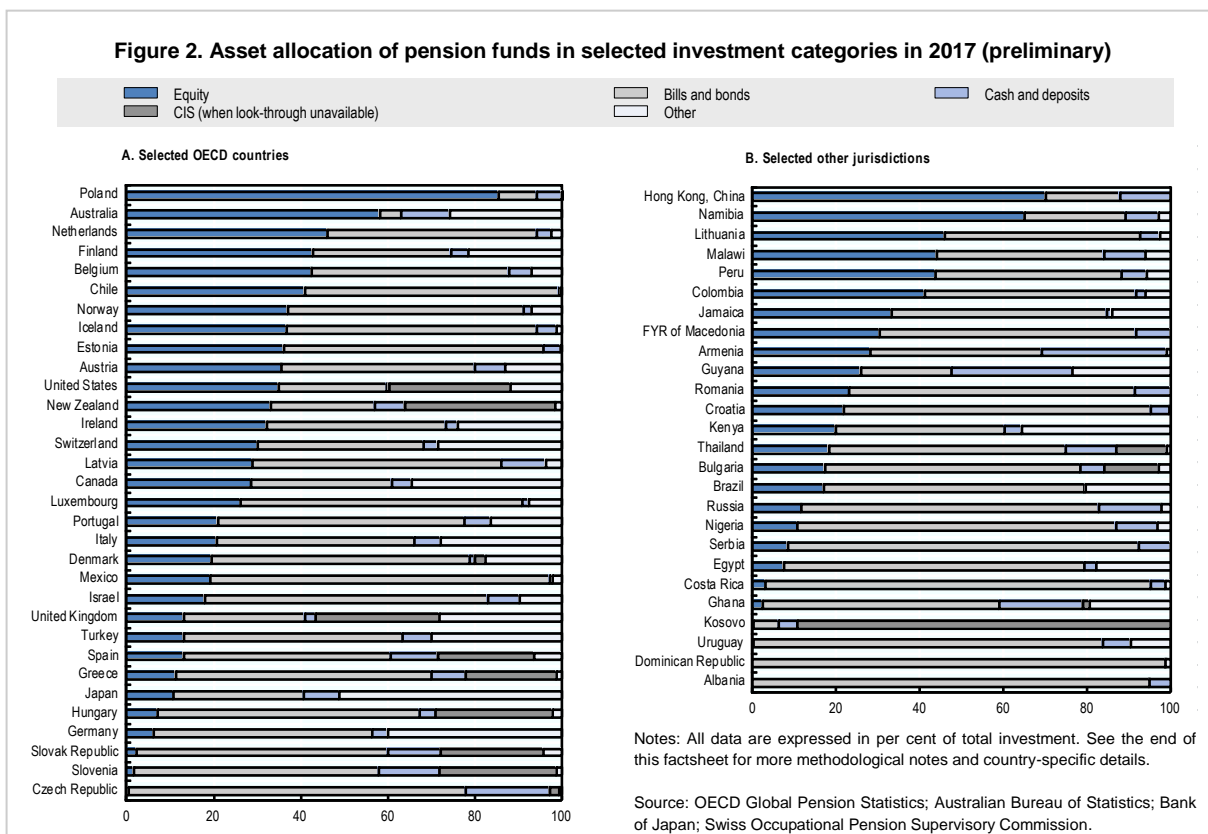
The positive performance of pension funds is likely to be the result of buoyant stock markets. Major indices recorded higher levels at the end of 2017 than at the end of 2016 (e.g. increase by 9.3% for CAC 40, 12.5% for DAX, 14.7% for FTSE 250, 19.4% for S&P 500 according to the Market Data Center of the Wall Street Journal).

The best performers in 2017 had the highest proportion of assets in equities

Assets of pension funds were mainly invested in bills, bonds and equities in most countries. Asset managers invest in these instruments directly or indirectly through collective investment schemes (CIS). Bills, bonds and equities accounted for more than 50% of the investments of assets in pension funds in all countries in 2017, except Guyana, Kosovo, Japan and the United Kingdom (Figure 2). However, pension funds in Kosovo and the United Kingdom invested a significant share of their portfolios in CIS (respectively 89.4% and 28.5% of total investment) and the look-through of CIS investments is not available for these two jurisdictions. The overall exposure to bills, bonds and equities for pension funds in these two jurisdictions is therefore likely to be higher.

Countries with the highest proportion of assets invested in equities were also those observing some of the highest real investment rates of return in 2017. Pension funds invested the most in equities in Poland (85.2%), followed by Hong Kong (China) (70.0%), Namibia (65.1%) and Australia (58.3%). Pension funds experienced a real investment rate of return above 7% in all these jurisdictions (although information on investment performance is not available for Namibia).

The Czech Republic was the OECD country with the lowest proportion of assets in equities. Most of the assets were invested directly in bills and bonds (77.4% of total investment) and cash and deposits (19.1%). Some pension funds in the Czech Republic - namely transformed funds - invest conservatively and look for assets offering a guaranteed return in order to meet the promise of a non-negative nominal return each year. These assets brought low returns in 2017.



METHODOLOGICAL NOTES TO BE TAKEN INTO CONSIDERATION WHEN INTERPRETING THE DATA

General: Data are collected from national pension authorities within the framework of the OECD Global Pension Statistics (GPS) project. All funded plans - irrespective of whether they are financed through a pension fund, a pension insurance contract or another financing vehicle, of whether they are publicly or privately administered, mandatory or voluntary, occupational or personal, for public or private-sector workers - fall in the scope of this exercise. Employers' book reserves are also in the scope. The classification of pension plans and the related definitions are available in the OECD *Private Pensions: OECD Classification and Glossary*, available at www.oecd.org/daf/pensions. For ease of reference, this note uses the term "private pensions" to refer to all the plans in the scope of the GPS exercise. Data in this note are preliminary and may be revised in the 2018 edition of the newsletter *Pension Markets in Focus* (forthcoming).

Data on pension funds in Estonia refer to mandatory plans only. Data on pension funds for France refer to PERCO plans (source: French Asset Management Association for 2017). Data for Germany only refer to Pensionskassen and Pensionsfonds supervised by BaFin and are estimates for 2017. Data on pension funds for Latvia refer to voluntary plans. Data for Mexico and Turkey only cover personal pension plans. Data for Portugal only cover pension funds supervised by the ASF. Data for Armenia only refer to mandatory pension funds. Data for Thailand only refer to defined contribution provident funds.

Data for 2017 refer to the end of 2017, except for Canada where data on vehicles other than pension funds refer to 2016; Australia, France (PERCO plans), El Salvador and Panama where data refer to June 2017; Canada (pension funds), United States (individual retirement accounts) and Russia (non-state pension funds) where data refer to end Q3-2017.

Table 1: The column "% change" shows the nominal change of pension fund assets in national currency compared to the level in December 2016, except for Australia (June 2016). The large increase in the value of assets between 2016 and 2017 in Guernsey is accounted for by the inclusion of a large end of service scheme in 2017, not included before. The total % change for the OECD and non-OECD areas is calculated as the change of total assets in the considered area (in US dollars) between end-2016 and end-2017. Total pension fund assets as a % of GDP in the OECD and non-OECD areas are calculated as the ratio between all pension fund assets and the GDPs (in US dollars) of all jurisdictions reporting in the area considered (excluding Guernsey as GDP is not available for 2017). The column "All retirement vehicles" gives the amount of assets in the whole private pension systems in 2017, except for: Belgium (where group life insurance schemes and other pension insurance contracts are missing), Iceland (where pension insurance contracts are missing), Ireland (where retirement annuity contracts are missing) and Italy (where pre-existing non-autonomous pension funds are missing). Data for Sweden refer to 2016.

Figure 1: Data have been calculated using a common formula for the average nominal net investment return (ratio between the net investment income at the end of the year and the average level of assets during the year) for all jurisdictions, except for Austria, Canada, Finland, Israel, Italy, the Netherlands, the Slovak Republic, Switzerland, the United States (among OECD countries), and for Croatia, El Salvador, Hong Kong (China), Lithuania, Panama, Russia and Uruguay (among non-OECD jurisdictions) where values come from the own calculations of national authorities or from international official publications. Average real net investment returns have been calculated using the nominal investment rate of return (as described above) and the variation of the end-of-period consumer price index for the same period over which the nominal return is calculated, i.e. between June 2016 and June 2017 for Australia, El Salvador and Panama, and between December 2016 and December 2017 for all the other jurisdictions. The investment rate of return of pension funds is calculated for: new pension funds in Israel; contractual pension funds in Italy (net of taxes); mutual pension funds in Slovenia; Mandatory Provident Fund (MPF) schemes in Hong Kong (China); and, the Pension Fund of the Russian Federation in Russia.

Figure 2: The "Other" category includes loans, land and buildings, unallocated insurance contracts, hedge funds, private equity funds, structured products, other mutual funds (i.e. not invested in equities, bills and bonds or cash and deposits) and other investments. The GPS database gathers information on investments in Collective Investment Schemes (CIS) and the look-through of these investments in equities, bills and bonds, cash and deposits and other. Data on asset allocation in these figures include both direct investment in equities, bills and bonds, cash and deposits and indirect investment through CIS when the look-through of CIS investments is available. When the look-through is not available, investments by pension funds in CIS are shown in a separate category and data only show the direct investments of pension funds in equities, bills and bonds and cash and deposits. Data for Germany are estimates; the breakdown of investments through CIS has not been approved by external auditors yet and is not available for Pensionsfonds. Data for Ireland only refer to DB plans. Claims of pension funds on pension managers are excluded from the calculations of the asset allocation of Japan's pension funds. The high value for the "Other" category in Japan is mainly driven by outward investments in securities. Data reported under "equity" for the Netherlands include shares, land and buildings and private equity. Data for Switzerland show pension funds' asset allocation strategy (and not the real asset allocation). The "Other" investment category for Ghana includes the assets of funds for which the asset allocation is not available yet. Data for Hong Kong (China) cover MPF schemes only.