



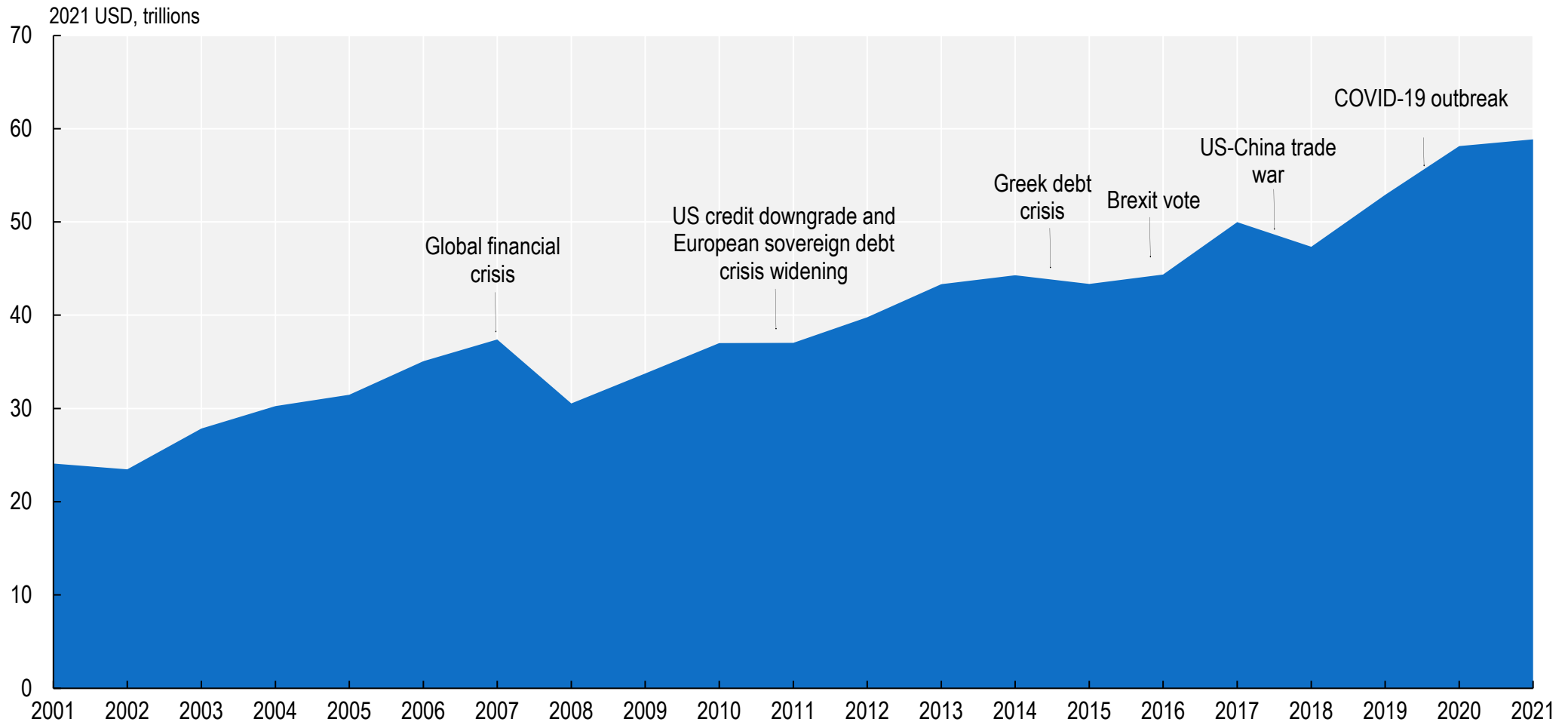
# OECD Pensions Outlook 2022





# Pension assets continue to grow in 2021, pursuing their long-term upward trend despite events and shocks in financial markets

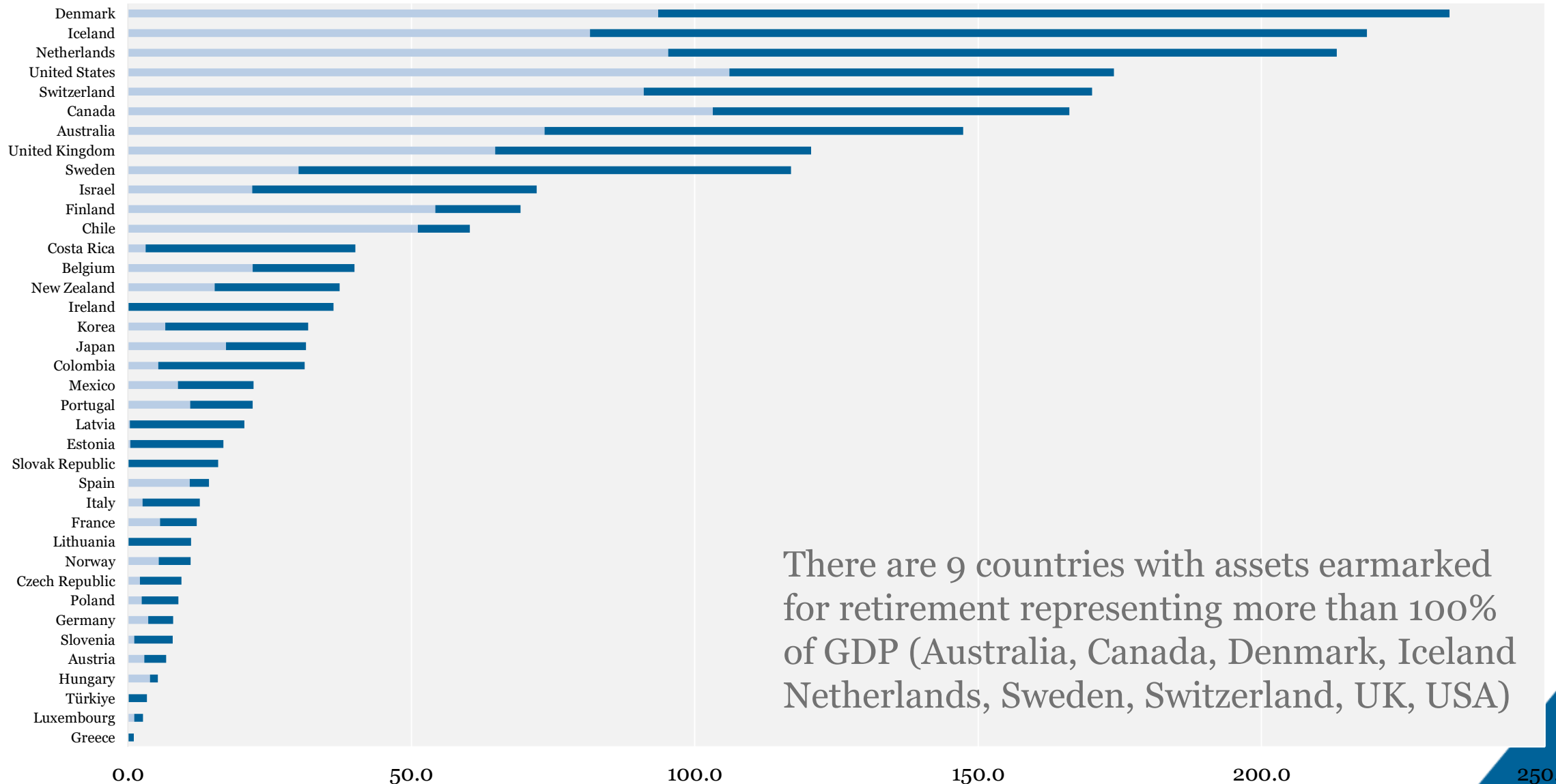
## Total investment of pension providers of funded and private pension plans, OECD countries





# Asset-backed pensions on the rise

Assets earmarked for retirement as % of GDP in 2001 and 2021



There are 9 countries with assets earmarked for retirement representing more than 100% of GDP (Australia, Canada, Denmark, Iceland Netherlands, Sweden, Switzerland, UK, USA)



## It is important to continue reforms to improve asset-backed pension arrangements

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- Growth of these pension arrangements
  - Has contributed to multi-pillar pension systems
  - Where they complement, rather than substitute, pay-as-you-go public pensions
  - Allowing for diversification of the financing sources for retirement
  - Making pension systems more resilient
- Further reforms would
  - improve retirement outcomes and sustainability of retirement incomes for pensioners
  - build more inclusive pension systems (consider all different types of workers)
  - Ensure pension funds can play their role as institutional investors in sustainable growth and development (sustainable investment and ESG)



This edition of the **OECD Pensions Outlook** provides research and policy guidelines on:

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- How to introduce, develop and strengthen asset-backed pension arrangements
- How best to involve employers in the provision of asset-backed pensions? The role of employers
- How to establish different ways of charging fees
- How to build mortality assumptions and mortality tables to ensure the sustainability of lifetime retirement income
- How to design non-guaranteed life-time retirement income arrangements (CDCs)



# OECD Pensions Outlook 2022



Chapter 1  
How to introduce, develop and strengthen asset-  
backed pension arrangements





## Guidelines to develop asset-backed pension arrangements

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1. What countries many need to consider ahead of introducing or reforming asset-backed pension arrangements – ***Planning***
2. Challenges and policy considerations that arise during the implementation phase of reforms – ***Implementation***
3. Considerations for policy makers in maintaining and strengthening asset-backed pension arrangements once in place - ***Monitoring***



# Guidelines to develop asset-backed pension arrangements

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- *Planning:*
  - Adequate institutional and legal structures in place
  - Governance regulation and supervision frameworks;
  - Communication: what the reform is for, gather support, trust
- *Implementing*
  - Regulators and supervisors right operations, powers and functions in place
  - Clear role for pension providers
  - Licensing requirements, contribution collection, record keeping, and data reporting (digitalisation)
  - Cost of reform, communication to individuals
- *Monitoring:*
  - Address shortcoming governance as they come along
  - Implement measures to improve investment performance: foster competition, align fees with services provided
  - Risk managing processes (sustainable and ESG investment)
  - Address loss of trust





# Challenges ahead

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- Using asset earmarked for retirement
- Incorporating ESG risk and factors in the investment strategies of pension funds: how to assess different investment strategies, choose ESG ones without jeopardising real returns net of fees (fiduciary: invest best interest members, higher retirement income)
- Mortality assumptions, mortality tables and the impact of COVID
- Emergency funds
- Digitalisation
- Impact of inflation



## OECD Pensions Outlook 2022



## Strengthening Asset-backed Pension Systems in a Post-COVID World

