

Key results

Funding ratios of exchange-listed companies' defined-benefit plans were still significantly lower at the end of 2009 as compared to end 2007.

About 60% of OECD pension assets are in defined-benefit and other plans which offer return or benefit guarantees. While markets started to recover during 2009, funding levels of defined-benefit plans remain very low in some OECD countries. Major 2008 asset losses experienced by defined-benefit pension funds were partly offset in some countries by decreases in the level of defined-benefit obligations as a result of increases in the corporate bond yields used for valuation purposes. In 2009, countries experienced the opposite effect, with large investment gains that were offset to some extent in several countries by increased defined-benefit obligations due to decreased in corporate bond yields. Furthermore, some countries such as Australia experienced reduced investment returns due to adverse exchange rates movements.

The figure shows estimated median funding level of the aggregate defined-benefit obligations of 2 100 publicly traded companies as published in their annual financial statements as of their fiscal years ending 2009, 2008 and 2007. Therefore, it shows the estimated median per cent by which a company's pension fund assets exceed (or do not exceed) the company's defined-benefit obligation as defined by international accounting standards. Companies are grouped by country of domicile.

Of the companies included in the index used, those that are domiciled in South Africa and Brazil had, on median, the best funded status of the companies in the study. These were the only countries whose companies had, on median, pension plan assets that exceeded the associated pension obligations on an accounting basis. The rest of the countries are on median to some extent under-funded. Companies domiciled in Norway, Belgium, Sweden and Japan had on median the lowest funded status on an accounting basis.

The median funding level for the companies included in the index decreased from a 13% deficit as of the fiscal year ending 2007 to a 23% deficit as of fiscal year ending 2008. As of fiscal year ending 2009, the median funding level decreased slightly to a deficit of 26%. The funding level worsened in 2009 as compared to 2008 in companies that are domiciled in South Africa, Canada, Portugal, the United Kingdom, Australia, Ireland and Japan. It improved in companies that are domiciled in Switzerland, the Netherlands, Finland, the United States, Norway, Belgium and Sweden.

Definition and measurement

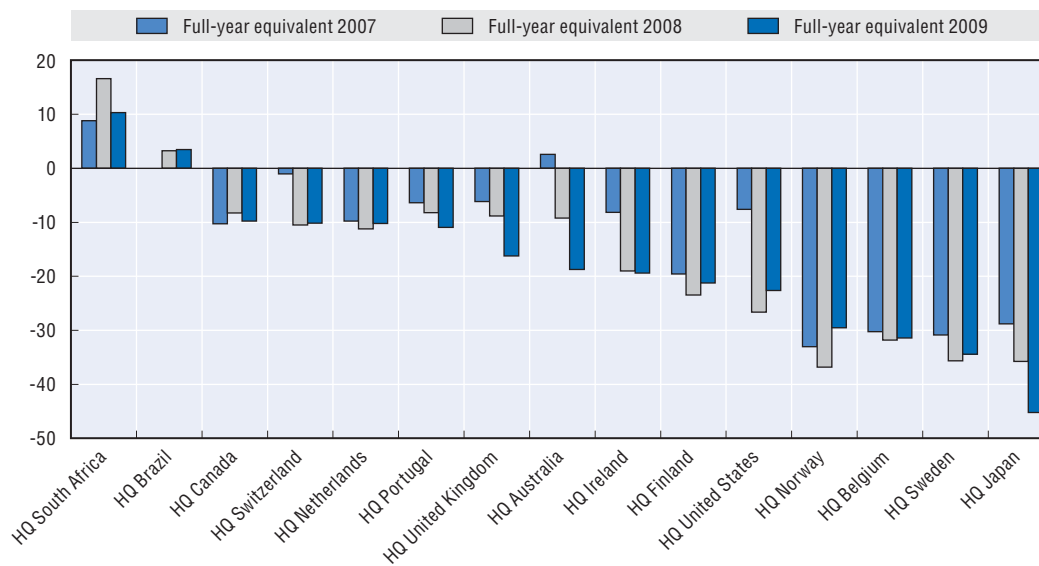
The level of funding, that is, the ratio of pension plan assets to liabilities, is estimated using accounting data from pension plans' sponsors. Comprehensive requirements for the reporting of pension obligations exist for exchange-listed companies that sponsor defined-benefit plans.

The funding level was calculated using a sample of companies and a global index, covering 2 100 companies that reported a defined-benefit obligation due to pensions as of their fiscal year ending in 2007, 2008 and 2009. This global index is a total market equity index created by Thomson Financial Limited that covers 50 countries and all sectors.

Companies are grouped by country of domicile. Therefore, data represent pension plans' administered by headquartered companies and not the pension plans of the country of domicile. It is important to note also that the funding levels found in corporate financial statements are most often reported on a global aggregate basis and can only serve as a very broad indication of what may have happened on a plan specific level or on a country regulatory funding basis.


Estimated median percentage surplus or deficit of 2100 exchange-listed companies' aggregate defined-benefit obligations

In percentage, by country of domicile¹



1. Only companies from the index that reported a defined-benefit obligation in 2009 were included. Fiscal year-end 2007 data is not available for Brazil.

Source: Thomson Reuters Datastream.

StatLink  <http://dx.doi.org/10.1787/888932371272>

PART III

Country Profiles

This part of Pensions at a Glance presents profiles of national pension systems. Each country profile summarises the architecture of national schemes and provides key indicators on demographics, public pension spending and average earnings. It then goes on to provide the detailed parameters and rules of the pension system in 2008, explains the calculation of pension entitlements and show the main results. First, there is a brief guide to the contents of the national profiles, which are then presented, first, for the 34 OECD countries and, second, for the eight other major economies that are members of the G20.



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