

## **Report on the consultation on the treatment of pension schemes in the 1993 SNA update (Issue 2). – prepared by UNSD**

### **Introduction**

During the second half of October 2006, UNSD and IMF on behalf of the ISWGNA undertook a written consultation on the pension proposal prepared by the Eurostat/ECB Taskforce on the statistical measurement of the assets and liabilities of pension schemes in general government that included the members of the AEG and the BEA-IMF Taskforce on Pensions. Overall, there was a limited response from the AEG and the BEA-IMF Task Force on Pensions to the request for comments during the written consultation. The low response rate reflects the fact that members of the two expert groups did express their favorable opinion on the compromise solution already in other international forums.

### **Specific comments made during the written consultation:**

1. All in all, I can also agree with the proposed compromise. However, I would like to note two points in relation to the proposed recording of unfunded pension schemes sponsored by government:

(i) The proposed flexibility may lead to problems regarding international comparability of (the definitions used for the compilation of) government data in the core system. Therefore, I do hope that the additional explanations on the rationale and criteria used for the actual recording inside or outside the core system will provide the way forward to arrive at a set of internationally recognised criteria. Here, I hope/assume that we will be able to arrive at solutions before the actual implementation of the updated SNA.

(ii) The proposal in para. (v) of the compromise proposal relates to schemes sponsored by government for all employees (whether private sector employees or government's own employees). It is unclear to me what this means for the recording of a government sponsored scheme that only relates to government's own employees. Should all pension-related flows and stocks, including pension entitlements, of such a scheme be recorded in the core system, just like the treatment of private schemes according to para. (i) of the compromise proposal?

2. As a follow-up the (supplementary) table should also be designed to be included into the new SNA.

3. However, with regard to point (v) in the proposal, my strong preference is to adopt the form of words used in Rob Edward's letter of 17 September 2006 to Werner Bier (see below), rather than the wording in the proposal.

“For unfunded government-sponsored pension schemes for all employees (whether private sector employees or government employees) and for specific government-sponsored pension schemes for government employees, the updated SNA would provide flexibility. Countries could record only some of the entitlements in the core accounts; if they chose to include only some, they would be expected to clearly state for which schemes entitlements are not shown in the core accounts, and to provide the set of criteria used to determine the distinction between schemes where entitlements are shown in the core accounts and schemes where entitlements are recorded only in the supplementary table”.

### **Conclusion**

Based on the responses recorded and expressions of support in other international forums, the ISWGNA concluded that an overwhelming support has been established for the Eurostat/ECB proposal by the members of the AEG and BEA-IMF Task Force on Pensions.