Pension Satellite Account, 2016

Released at 8:30 a.m. Eastern time in The Daily, Friday, December 15, 2017

Pension wealth increases at a slower pace

Pension wealth rose 3.8% to $3,603 billion by the end of 2016, following a 5.1% gain in 2015. This was the eighth consecutive year that pension wealth increased.

All three pension tiers (social security plans, employer-based pension plans and individual registered savings plans) posted gains in wealth in 2016.

Excluding Old Age Security, total pension withdrawals ($194 billion) exceeded contributions ($188 billion) for the second consecutive year. These were the only two years with negative net contributions since 1990. Moreover, the growth in net contributions has steadily declined for five consecutive years.

Overall net worth grew faster than pension wealth, due largely to growth in equity and investment funds shares (+14.3%) over the year. The ratio of pension wealth to household net worth was 34.7%, down from 36.1% at the end of 2015.

Wealth of social security plans outpaces other pension tiers

The wealth of social security plans rose 6.2% to $362 billion in 2016. Both the Canada Pension Plan (+5.7%) and the Quebec Pension Plan (+8.6%) increased due to the strong performance of the equity market. Notably, the Toronto Stock Exchange posted robust gains (+17.5%) in 2016.

The wealth of employer-based pension plans rose 3.5% to $2,090 billion by the end of 2016, a much weaker pace than the 6.4% increase recorded a year earlier. Contributing to the weaker pace was the exchange rate appreciation by the end of 2016, which resulted in the devaluation of foreign investments. Wealth increased in trusteed pension plans (+3.5%), government consolidated revenue arrangements (+1.5%), and other employer-based pension plans (+7.0%).

The wealth of individual registered saving plans rose 3.5% to $1,151 billion at the end of 2016. In contrast, at the close of 2015, wealth in these plans edged down 0.2% to $1,112 billion.

Private pension assets, or the combined assets held in employer-based pension plans and individual registered saving plans, accounted for 89.9% of total pension wealth at the end of 2016, compared with 90.2% of total pension wealth in 2015.

Withdrawals rise at a faster pace than contributions

Withdrawals from pension plans increased 3.8% in 2016, while pension contributions grew 2.3%. However, withdrawals from all pension tiers were much weaker than in the previous year (+7.1%).

In 2016, contributions grew for all three pension tiers: employer-based plans (+1.7%), individual registered savings plans (+3.5%) and social security plans (+2.4%).

Investment income of pension plans was up 4.8% in 2016, down slightly from 5.2% gain in 2015. Income grew for employer-based pension plans (+5.9%), social security plans (+4.6%) and individual registered savings plans (+1.1%) in 2016.

Revaluations and other changes added $21 billion to pension wealth in 2016, down from the $61 billion added in 2015.

Note to readers

The Pension Satellite Account (PSA) provides an integrated stock-flow representation of the Canadian pension system. The PSA fully articulates the wealth positions (level of assets) as well as the pension inflows (contributions and investment income), outflows (withdrawals), and realized and unrealized gains and losses that contribute to change in wealth (revaluations and other changes in assets).

The PSA presents annual estimates for each of the three tiers of the Canadian pension system: social security, employer-based pension plans, and voluntary individual registered savings plans. The institutional dimension of the PSA presentation has been mainly defined by data availability. The breakdown of the three tiers into further detail is provided where data supported it and reflects a mixture of detail by program and by institutional dimension.

For this release of the PSA, data from 1990 to 2015 were revised.

Table 1
Pension assets by type of plan

	2012	2013	2014	2015	2016
	market value at year end, billions of dollars				
Total plans	**2,735.5**	**3,000.2**	**3,304.7**	**3,472.7**	**3,603.3**
Social security	213.0	248.4	292.1	341.3	362.3
Canada Pension Plan	174.4	203.2	240.9	284.6	300.8
Quebec Pension Plan	38.6	45.2	51.2	56.6	61.5
Employer-based pension plans	1,591.6	1,721.0	1,898.5	2,019.7	2,090.1
Trusteed pension plans	1,276.9	1,391.4	1,555.6	1,665.4	1,724.1
Government consolidated revenue arrangements	228.0	232.2	235.5	238.9	242.5
Other employer-based pension plans	86.7	97.5	107.4	115.4	123.5
Individual registered saving plans	930.9	1,030.8	1,114.1	1,111.7	1,151.0

Source(s): CANSIM table **378-0117**.

Available in CANSIM: tables 378-0117 and 378-0118.

Definitions, data sources and methods: survey numbers 1804 and 1806.

An overview of the scope and structure of the Pension Satellite Account as well as a description of the sources and methods used to derive its stocks and flows estimates are available in the *Guide to the Canadian Pension Satellite Account* (**13-599-X**).

The *Latest Developments in the Canadian Economic Accounts* (**13-605-X**) is available.

The *User Guide: Canadian System of Macroeconomic Accounts* (**13-606-G**) is available.

The *Methodological Guide: Canadian System of Macroeconomic Accounts* (**13-607-X**) is available.

The *System of macroeconomic accounts* module features an up-to-date portrait of national and provincial economies and their structure.

For more information, or to enquire about the concepts, methods or data quality of this release, contact us (toll-free 1-800-263-1136; 514-283-8300; **STATCAN.infostats-infostats.STATCAN@canada.ca**) or Media Relations (613-951-4636; **STATCAN.mediahotline-ligneinfomedias.STATCAN@canada.ca**).