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Pension Assets Decline by 11.5 Trillion Yen Due to Corona Disaster

Trends in pension assets from flow of funds statistics (end March 2020)

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Summary

- As of end March 2020, Japanese pension assets (public pension funds and pension funds) totaled ¥378.3 trillion, a decline of ¥11.5 trillion in comparison with the same period of the previous fiscal year. Since the beginning of 2020, global stock prices have declined due to the spread of COVID-19 infection.
- The balance of public pensions was 220.7 trillion yen, a decline of 11.6 trillion yen from the previous year. While the outstanding balance of stocks and others decreased, foreign securities investments continued to be positive due to the expansion of investments in foreign bonds through GPIF. Considering GPIF's basic portfolio, foreign portfolio investment will continue to grow.
- Among pension funds, the balance of defined benefit pension plans declined due to falling stock prices as in the case of public pensions, and the shortage of reserves has increased recently. On the other hand, the amounts outstanding of corporate DC (defined contribution plan) and other pensions (small enterprise mutual aid funds, private DC funds, etc.) increased due to an increase in capital inflows and an asset mix that is less susceptible to stock price fluctuations.
- In this period of falling stock prices, there has been increasing public concern regarding pension reserves being invested in stocks. Over the long term, however, stock returns have contributed to the increase of pension assets.

Attention

This report is a summary translation. The official document is only in Japanese.