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Financial Results of Open Pension Funds and General Pension Societies in 2020

15,4

Open Pension Funds members in million in 2020

The financial result of Open Pension Funds¹ (OFE) in 2020 was negative PLN 3.5 billion compared to a profit of PLN 1.4 billion in 2019. Net assets of OFE at the end of 2020 amounted to PLN 148.6 billion, which means a decrease by PLN 6.2 billion during the year.

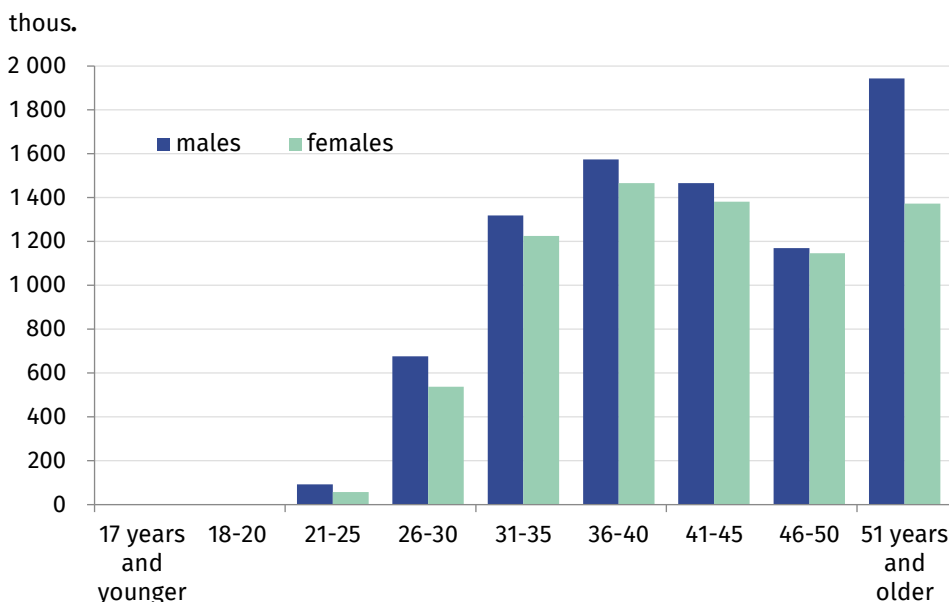
The total number of accounts maintained by OFE decreased by 230.8 thousand compared to 2019.

OPEN PENSION FUNDS

Table 1. Open Pension Funds members and members' accounts managed by Open Pension Funds

| SPECIFICATION | 2019 | 2020 | 2019=100 |
|---|------------|------------|----------|
| Open Pension Funds members | 15 670 382 | 15 430 879 | 98.5 |
| Members' accounts managed by Open Pension Funds | 15 991 816 | 15 761 008 | 98.6 |

Chart 1. Open Pension Funds' members by age and sex



¹ This news releases has been prepared on data received on 01/03/2021 from the Polish Financial Supervision Authority. Data include 10 OFEs and 10 PTEs operating in 2019 and 2020.

Open Pension Funds members

According to Central Register of OFEs' members in Social Insurance Institution (ZUS), 2020, 15.4 million members of Open Pension Funds were registered as of December 31, i.e. 1.5% less than the year before.

Members accounts managed by Open Pension Funds

Number of members' accounts² managed by Open Pension Funds amounted to 15.8 million as of December 31, 2020.

Contributions and interests

ZUS transferred PLN 3.4 billion of contributions and PLN 4.3 million of interest to OFE in 2020. The amount of contributions³ paid to OFE was lower by PLN 86.9 million and the amount of interest paid was lower by PLN 1.2 million compared to 2019.

The number of members of Open Pension Funds decreased by almost 240 thousand persons in 2020.

In 2020 ZUS transferred PLN 3381.5 million of contributions and interest to OFE.

Table 2. Selected items of Open Pension Funds balance sheets

| SPECIFICATION | 2019 | 2020 | 2019=100 |
|--|----------------|-----------|----------|
| | in million PLN | | |
| Assets | 154 968.0 | 148 824.2 | 96.0 |
| Creditors | 151.9 | 220.1 | 144.9 |
| Net assets | 154 816.1 | 148 604.1 | 96.0 |
| Fund's capital | 18 669.6 | 15 945.7 | 85.4 |
| Reserve capital | -109.0 | -109.0 | x |
| Accumulated undistributed result | 136 254.6 | 132 764.3 | 97.4 |
| Total capital and accumulated undistributed financial result | 154 816.1 | 148 604.1 | 96.0 |

Open Pension Funds assets

The value of managed net assets of Open Pension Funds amounted to PLN 148.6 billion at the end of 2020. The investment portfolio showed the largest share in assets - 99.1%

OFE net assets decreased by PLN 6.2 billion in 2020.

Weighted average rate of return

Weighted average rate of return of OFE for a three year period from March 31, 2017 to March 31, 2020 amounted to negative 25.141%, while for the period from September 29, 2017 to September 30, 2020 was negative 22.836%. A better result than the weighted average rate of return achieved 6 funds in the second period, while a worse result - 4 funds.

² The difference between the number of accounts in OFE and the number of OFE members registered by ZUS results from various mechanisms of their registration, including dead accounts.

³ According to the Act of 25 March 2011 amending acts related to the social insurance system (Journal of Laws No. 75, item 398), contributions to OFE for retirement insurance up to 30 April 2011 amounted to 7.3%, from May 1, 2011 to December 31, 2012 - 2.3%; from January 1, 2013 to December 31, 2013 - 2.8%; and from January 1, 2014 to January 31, 2014 - 3.1% of the contribution assessment base. According to the legal regulation since February 1, 2014, the ZUS on the basis of the members' declaration of intent transmits 2.92% of contribution to pension funds, while the remaining part (4.38%) is recorded on the subaccounts in the ZUS. For the other persons, who have not submitted their declaration of intent, the entire contribution (7.30%) is recorded on the subaccounts in the ZUS.

Table 3. Open Pension Funds investment portfolio

| SPECIFICATION | 2019 | 2020 | 2019=100 |
|--|----------------|-----------|----------|
| | in million PLN | | |
| Investment portfolio, of which: | 153 345.8 | 147 514.4 | 96.2 |
| shares of companies listed on regular market | 127 446.0 | 126 455.0 | 99.2 |
| bank deposits | 11 067.7 | 6 089.1 | 55.0 |
| other | 3 273.8 | 3 177.1 | 97.0 |
| bonds | 11 558.3 | 11 793.2 | 102.0 |

Investment portfolio

Domestic equity instruments constituted the dominant position in OFE portfolios. The investment portfolio of OFE was dominated by shares of companies listed on the regulated stock market - PLN 126.5 billion, and their share decreased by 2.6 pp. during the year. The shares listed on the WSE by sector in OFE portfolios as at December 31, 2020 had the following value: for shares of the financial macrosector entities⁴ - PLN 39.0 billion, oil & energy - PLN 18.9 billion, chemicals & materials - PLN 15.0 billion, trade & services - PLN 12.5 billion, consumer goods - 10.0 PLN billion.

The shares of companies listed on the regulated stock market dominated in the investment portfolio of OFE.

Table 4. Selected items of Open Pension Funds profit and loss accounts

| SPECIFICATION | 2019 | 2020 | 2019=100 |
|---------------------------------------|----------------|----------|----------|
| | in million PLN | | |
| Operating income | 4 803.8 | 1 803.4 | 37.5 |
| Operating costs | 945.6 | 796.3 | 84.2 |
| Result on investments | 3 858.2 | 1 007.1 | 26.1 |
| Realised and unrealised profit (loss) | -2 439.0 | -4 497.4 | x |
| Financial result | 1 419.2 | -3 490.3 | x |

Open Pension Funds operating income, costs and financial result

Operating income of Open Pension Funds amounted to PLN 1.8 billion in 2019. The main item was the income from investments portfolio, which constituted 95.6% of operating income. Due to the structure of the investment portfolio, the investment results of OFE are characterized by high volatility and are more dependent on the economic situation on the stock markets and the level of interest rates on deposits and debt instruments, which directly translated into the financial result shown in 2020 in the amount of minus PLN 3.5 billion (loss). In addition, the funds noted the impact of the COVID-19 pandemic on their financial results.

The income from investments portfolio in the amount of PLN 1.7 billion was the main item in operating income.

⁴ Sectoral division in accordance with the Warsaw Stock Exchange, <https://www.gpw.pl/>

GENERAL PENSION SOCIETIES

Table 5. General Pension Societies' assets and liabilities

| SPECIFICATION | 2019 | 2020 | 2019=100 |
|--------------------------------------|----------------|---------|----------|
| | in million PLN | | |
| Total assets, of which: | 2 859.0 | 2 750.1 | 96.2 |
| Fixed assets | 2 068.7 | 1 862.7 | 90.0 |
| Current assets | 790.3 | 887.4 | 112.3 |
| Total liabilities, of which: | 2 859.0 | 2 750.1 | 96.2 |
| Entity's own capital, of which: | 2 418.3 | 2 287.7 | 94.6 |
| stated capital | 859.7 | 859.7 | 100.0 |
| Creditors and reserves for creditors | 440.7 | 462.4 | 104.9 |

General Pension Societies' assets and liabilities

Assets of General Pension Societies (PTEs) amounted to PLN 2.8 billion at the end of December 2020, which meant a decrease by 3.8%. The value of liabilities in 83.1% was shaped by entity's own capital, which amounted to PLN 2.3 billion (a decrease by 5.4% compared to 2019).

Total PTEs assets decreased by 3.8% in 2020.

Table 6. General Pension Societies' profit and loss accounts

| SPECIFICATION | 2019 | 2020 | 2019=100 |
|--|----------------|-------|----------|
| | in million PLN | | |
| Revenues from OFE's and DFE's management | 966.0 | 904.9 | 93.7 |
| Costs arising from OFE's | 383.5 | 495.1 | 129.1 |
| Technical profit/loss | 582.5 | 409.8 | 70.4 |
| Net profit/loss | 493.9 | 345.6 | 70.0 |

General Pension Societies' revenues and costs

Revenues of PTEs resulting from the Open Pension Fund management (including revenues/costs resulting from the Occupational Pension Fund management) amounted to PLN 0.9 billion, and costs PLN 0.5 billion.

Revenues of PTEs resulting from the OFE and DFE management amounted to PLN 0.9 billion.

General Pension Societies' financial result

General pension societies closed 2020 with a net profit of PLN 0.3 billion, while in 2019 net profit amounted to PLN 0.5 billion.

PTE net financial result amounted to PLN 0.3 billion in 2020.

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Terms used in official statistics

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