Implications of 2008SNA recommendations for the measurement of households’ income and savings

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2008SNA includes many recommendations which affect the measurement of households’ income and savings, in particular those regarding pension funds, investment funds, and provisions for calls under standardized guarantees. First, 2008SNA requires reporting separately the two types of employment-related pension schemes: a defined benefit scheme and a defined contribution scheme. Regarding a defined benefit scheme, the amount of claim that the households hold (pension entitlements) is to be recorded not as the amount of pension assets set aside in the pension funds, but recognized on an accrual basis. Second, 2008SNA recommends that retained earnings of investment funds be recorded as the income and thus saving of the investor, rather than the mutual fund, highlighting the role of investment funds as investment vehicles. Third, while 2008SNA maintains the principle of treating guarantees as contingent liabilities and not being recorded as financial assets/liabilities, it recommends, as an exception, that granular and standardized guarantees be reported as financial assets/liabilities. In July 2014, the Bank of Japan (BOJ) released its methodologies to implement those recommendations, projecting to publish its revised financial accounts in 2016. This paper briefly describes BOJ’s estimation methodologies and presents their tentative numerical impacts on households’ income and savings through pension funds, investment funds and provisions for calls under standardized guarantees.

Keywords: defined benefit pension schemes; retained earnings of investment funds; provisions for calls under standardized guarantees