
Q3 2021 overview of investment fund sector

The value of the assets of Estonian public funds fell by 19.9% or 1.26 billion euros in the third quarter of 2021 to stand at 5.1 billion euros in total at the end of the quarter. The large fall was caused by withdrawals from mandatory pension funds, which reduced the value of the assets of that segment by 23.5% over the quarter. The withdrawals meant that second pillar funds declined as a share of public funds from 87.3% to 83.4%.

Key indicators	Q2 2021	Change	Q3 2021
The value of the assets of public funds	6.34 mld €	?	5.08 mld €
Share of second pillar funds	87.3%	?	83.4%
Number of unit holders in public funds (not including pension funds)	20 410	?	21 813
Number of unit holders in pension funds (first and second pillars total)	924 338	?	769 021
Number of public funds operating	53	?	53

The large fall in the mandatory pension fund segment was offset to some extent by growth in other segments. Equity funds increased in value by 5.3% in the third quarter having grown by 7.1% in the second quarter, real estate funds grew by 3.6% after 1.3% in the second quarter, and voluntary pension funds were up 5.9%, after 9.0% in second quarter. The share of these segments within the sector increased from 12.7% in the previous quarter to 16.6%.

The withdrawals reduced the number of unit holders in pension funds in the third quarter. The number of unit holders fell not only because of exits from the second pillar but also because of those taking a pension who had less than five years left to retirement. The change to the Funded Pensions Act allows those approaching retirement to apply to withdraw their money, and the payment is made in the calendar month after the application is received. While the number of unit holders in mandatory pension funds fell, the number of unit holders in voluntary pension funds continued to rise. There were 3649 new third pension pillar accounts opened in the third quarter. The number of unit holders in equity funds and real estate funds also rose.

Pensionikeskus started to make its disbursements in September to second pension pillar unit holders who had applied for them by 31 March. Pensionikeskus had to make a total of 148,813 disbursements, of which 98.6% were domestic payments within Estonia and 1.4% were foreign payments. A total of 1,341,522,748 euros, was withdrawn from the second pillar, of which 265,615,232 euros was withheld in income tax. In the first two days, 99.3% of the total amount was paid out, meaning the majority of the money was received without any long delay.

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