



GFSAC Review

1.26 Treatment of trusts and other types of funds as separate institutional units

For Endorsement

Global Consultation Responses:

Do you agree with the recommendations and their incorporation into the update of the GFS manual?	Count
Yes	20
No	1
Partially	1
No Comment	5
Total	27

Global Consultation Comments: Respondents that agreed with the proposed recommendations showed broad support for the inclusion of decision trees to support the sector classification of trusts and other types of funds, with some noting the need for more clarification specifically for trusts and funds in the public sector. One respondent also noted that the proposed recommendation seems to focus primarily on trusts of a financial nature and that government sponsored research and environmental trusts should also be covered. The respondent that disagreed with the proposed recommendation noted that the updated GFSM should allow for flexibility in the sector classification of fund structures in the public sector. The respondent that partially agreed with the proposed recommendations, however, noted concerns with conflating classification issues of special-purpose funds (such as national wealth funds) with commercial investment vehicles used by public financial corporations. The same respondent also questioned the move away from accounting standards in the case of commercial investment vehicles. Some select comments are provided below:

- *“We appreciate the effort to align GFSM 2014 with the 2025 SNA regarding the treatment of trusts, funds, and pension schemes. While we agree with the objective of enhancing consistency across frameworks, we believe that this area requires a careful and context-sensitive approach, particularly given the complexity and variability of fund structures in the public sector. We suggest that the updated guidance allow for some flexibility in application, especially when it comes to sector classification based on exposure to risks and rewards. In our view, the inclusion of public sector-specific decision trees could support more practical and consistent implementation. We also agree that the treatment of Sovereign Wealth Funds (SWFs) is best addressed under the broader scope of GFSM Research Project 2.2.”*



- *"We agree a clarification to the GFSM 2014 guidance would be beneficial. However, we believe the proposal conflates two practical issues: the recording of major, special-purpose government funds such the national wealth funds (NWF) and the recording of "standard" commercial investment vehicles used by the public financial institutions. Public financial enterprises, such as development banks, NWFs and even pension funds, often invest through intermediary funds. Each public financial enterprise may have dozens of such intermediary fund investments, both as a sole investor and by co-investing with others. These fund investments are unlikely to stay constant over time, just as any other investment asset. We do not consider it practical to undertake a full assessment of risks and rewards associated with those "investment entities", other than in exceptional cases. As a general case, we note that the IFRS 10 / IPSAS 35 approach to fund consolidation/non-consolidation in the investor (public financial institution) accounts is based on control over the fund. Noting some differences in the interpretation of "control" between IFRS / IPSAS and SNA / GFSM, it is nonetheless broadly in line with the overarching statistical logic of sector classification. We would question the merit of departing from this approach for standard investment funds, noting it may also be impractical to do so. We support the other parts of the proposal."*
- *"We support the recommendation as it enhances conceptual consistency across macroeconomic manuals by adopting a clear economic criterion for the definition of an institutional unit. We highlight, however, the need to develop specific complementary guidance for public trust funds, given their fiscal relevance in several countries and the legal particularities involved, especially in contexts where the government acts simultaneously as creator of the trust, manager, and beneficiary. The inclusion of a decision tree would be highly welcome in such cases."*
- *"The GN appears to concentrate on trusts of a financial nature. However, there are other types of trusts that should be covered, such as government sponsored research or environmental trusts. That is, nonfinancial trusts. A GFS specific decision tree for trusts is strongly encouraged."*
- *"Regarding pension schemes, we must admit we very much like the idea of the decision tree for pension funds outlined in the issue note (however, we did not find this element in the very latest version of SNA 2025). The classification of pension schemes/funds is an important and recurring element for several countries trying to expand the institutional coverage of GFS and is often the subject of debate (general government vs. public sector). At a minimum, it would be important for the new GFSM to elaborate on the funding status of these schemes, which has a direct impact on the sector classification. We expect this element to be explored in the GFS issue regarding the delineation between the general government sector and public financial corporations. Of particular interest is the case where a scheme is partially funded, and a separated unit exists due to legislation and/or the regulatory framework. The default classification in the financial corporations sector in these cases is questionable, especially when the funding status is very low and when the fund is only a passive holder of financial assets and/or invests all or a very large part of its assets in debt securities of the sponsor/manager (government unit, e.g. central government)."*

Questions for GFSAC:

- Do you endorse the draft Notice of Decision?



GFS Notice of Decision

DRAFT

1.26 Treatment of trusts and other types of funds as separate institutional units

GFS Notice of Decision:

The updated GFSM will either adopt the language of the [draft 2025 SNA](#) wholly, or modify the text in *GFSM 2014* to align with clarifications made in the *draft 2025 SNA*. Specifically, the updated GFSM will:

- Explain the risks and rewards with respect to public trusts/funds and emphasize the importance of assessing who is exposed to the risks and rewards of the funds held within the trust / fund. Where the trustee/fund manager is not exposed to these, the funds should be consolidated with the investor / beneficiary, or where there are multiple investors / beneficiaries, be classified in a separate subsector of the public financial corporations sector. This could be explained using a decision tree (See Figure 5.2 in the draft 2025 SNA).
- Clarify that where a trustee/fund manager is not exposed to the risks and rewards of the fund and the public trust / fund is considered a separate institutional unit (i.e., government is not the ultimate sole investor / beneficiary as there are other private sector investors / beneficiaries) then consideration may be needed as to whether the unit is a market or non-market producer prior to appropriate sector classification. (See draft 2025 SNA para. 30.60.)
- In the case of pension schemes, updated GFSM will incorporate the guidance on sector classification in the issue note, and the revised chapter on pensions in the draft 2025 SNA (Chapter 24). As *GFSM 2014* already has extensive guidance on the delineation of pension schemes in Appendix 2, substantive changes are not required, but there is clarifying language on when and whether to classify pension schemes as separate units or consolidate them with their manager / sponsor that can be used to strengthen the existing language in *GFSM 2014*.
- Nonfinancial trust, such as, research trusts or emergency trust funds, are discussed under research project 2.6 *Further defining and subclassifying extrabudgetary units*.

GFS Related Documents:

GFS Proposed Recommendations Document	GFSM PR 1.26
GFS Discussion Note	Not applicable
GFS Global Consultations	July 2025



Discussions at GFSAC Meeting(s)	To be added
SNA/BPM Related Documents:	
Guidance/Issue Note	SNA Issue Note
Global Consultation(s)	SNA: September 2023
Discussions at the AEG/BOPCOM ¹ Meeting(s)	AEG: March 2023

¹ AEG = Advisory Expert Group on National Accounts, BOPCOM = Balance of Payments Committee