



The 4th Contractual Savings Conference Options and Challenges for the Payout Phase

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Reaching Retirement Age - Challenges

Payout Phase

Social Dilemma

Personal Dilemma

- Solid and comprehensive safety network for retirees

- Retaining access to liquidity against the risk of living too long with reasonable standard of living

What is the LatAm Experience?

- Accumulation phase is driven by mandatory programs
 - Need to build minimum protection level
 - Complemented by voluntary regimes
- Payout phase: regimes promote deferral of retirement benefits
 - Transfer risk of living too long
 - Retain risk of living too long



LatAm regimes are primarily driven by social concerns.

Reasons for the LatAm “Mandatory” Component

- Education levels
- Savings culture
- Maturity and stability of local economy
- Reliability of social programs
- Past experience with high inflation & economic crisis
- Significant informal economy in many countries
- Tax incentives not powerful enough to build a personal safety net
- Only upper segments actually pay income taxes



The LatAm experience is to not simply rely on individual decisions, but to create a collective safety net.

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