ARGENTINA: COUNTRY PENSION DESIGN

STRUCTURE OF THE PENSION SYSTEM

Public pensions

• Pay-as-you-go system, covering 90% of the population aged 65 and over, for the contingencies of old age, disability and death.
• It is financed by payroll taxes and specific tax revenues.
• Programe type: social security scheme (contributive) and social assistance (non contributive)
ARGENTINA: THE PENSION SYSTEM’S KEY CHARACTERISTICS

PUBLIC PENSION
The present Argentine national pension system is a pay-as-you-go system, covering 90% of the population aged 65 and over, for the contingencies of old age, disability and death. It is financed by payroll taxes (around 60%) and specific tax revenues.

National pensions are adjusted twice a year (in March and September), according to a formula based on an average between growth of the total revenues of the pension system and of a wage index (Retirement Plan Mobility Act).

Between 1994 and 2008 a mixed system was in force. It consisted of two schemes under the Integrated Pension System (SIJP) which comprised a publicly managed pay-as-you-go scheme and a funded scheme in individual accounts. In 2008 a new law abolished the funded scheme and its members were transferred to the social security scheme; the balance of the individual accounts integrated the Sustainability Guarantee Fund (FGS) of SIPA.

Program type: social security scheme (contributive) and social assistance (non contributive)

COVERAGE
Social security scheme: participation in the contributory system is mandatory for both employees and self-employed workers.

Social assistance: low-income residents in Argentina, through non-contributory pension (PNC), receive retirement and disability pensions.

CONTRIBUTIONS
The social security is funded by contributions from employees, self-employed workers, employers and the Government.

- Employees: contribute 11% of the taxable gross salary
- Self-employed workers: contribute 27% of the reference income, according to five categories. There is also the so-called "Social Monotributo", which is exempt from making contributions.
- Employers: contribute 10.17% or 12.71% of the gross salary, according to the private company sector; 16% for public sector employers.
- Government: contributes with resources from general income taxes, taxes with specific allocation and contributions from the National Treasury.

With the exception of the Government, contributions are paid monthly.

For both employees and employers, the minimum monthly income requirement for contribution purposes is ARS 2,224.32 (March 2017). On the other hand, the maximum monthly income is ARS 72,289.62 (March 2017) for employees contributions, while there is no upper limit for employers contributions.
**Benefits**

**Retirement Benefits (Social Security):**

Retirement age is 60 for women and 65 for men, with at least 30 years of contributions. (The beneficiary can compensate 2 years of age above the retirement age for one year of missing contributions).

The retirement age and years of contributions and required services are reduced to 10 years for dangerous, painful, or unhealthy jobs.

The benefit is the result of the sum of three components: a universal basic benefit (PBU) of a fixed amount, a compensatory benefit based on the number of years of contribution and service prior to July 1, 1994, and one additional benefit for permanence based on the number of contribution years after July 1, 1994.

The minimum retirement benefit (the result of the basic retirement benefit, the compensatory pension and the additional pension) is 6,394.85 pesos (March 2017) and the maximum retirement benefit is 46,849.81 pesos (March 2017).

**Retirement Benefits at an Older Age (Social Security)**

Retirement benefits could be paid at an older age (social security) of 70 years with a minimum of 10 years of contributions, of which at least 5 must have been worked during the last 8 years. The self-employed must also prove a seniority in the affiliation of at least 5 years.

The monthly retirement benefit will be equivalent to 70% of the PBU, plus the Compensatory Benefit and the Additional Benefit for permanence or ordinary retirement, if applicable.

**Non-Contributory Retirement Benefits (Social Assistance)**

Non-contributory retirement benefits (social assistance) can be paid at 70 years old, with income and assets below a subsistence level and for persons who do not receive any social security or nutritional support from family members. Naturalized citizens must have at least five years of residence immediately before applying for the pension and foreign residents - for at least 40 years.

Non-contributory retirement benefit (social assistance) represents 70% of the minimum retirement benefit.

**Market**

The Sustainability Guarantee Fund (FGS) is a public entity under the control of the Social Security Administration (ANSES). Created in 2007, it received in late 2008 the proceeds from the nationalization of the private pension funds.

The FGS invests in a variety of financial instruments, such as government bonds, mutual funds, corporate stocks, and derivatives. However, investment is subject to quantitative limits per instrument, per issuer and per risk rating levels. There are also investment limits on type of assets.

The FGS has accumulated assets equivalent to 60,179 million dollars as of March 2017 or 11 percent of GDP.

**Key Legislation**

- Law No 24.241 of 1993 regulates the retirement and pension system.
• Law No 24.977 simplified system for small taxpayers
• Law No 26.844 special system for house workers
• Law No 26.417 social mobility
• Law No 27.260 universal pension for elderly

KEY REGULATORY AND SUPERVISORY AUTHORITIES

• The Ministry of Labor, Employment and Social Security (http://www.trabajo.gob.ar/) is the government body in charge of social security.
• The Federal Public Revenue Administration (http://www.afip.gob.ar) collects contributions to the Social Security.
• The National Social Security Administration (http://www.anses.gob.ar/) administers the social security scheme.
• The Ministry of Social Development is the government body in the field of social assistance pensions.

Source map: Central Intelligence Agency, The World Fact Book, the United States