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Bertranou, Fabio and Cetrángolo, Oscar and Grushka, Oscar and Casanova, Luis

International Labour Organization, Universidad de Buenos Aires, ANSES

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Fabio Bertranou

Oscar Cetrángolo

Carlos Grushka

Luis Casanova *

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* Institutional affiliation of authors: Fabio Bertranou and Luis Casanova, International Labour Office (ILO); Oscar Cetrángolo, Interdisciplinary Political Economy Institute – University of Buenos Aires (IIEP-UBA) and University of *Tres de Febrero* (UNTREF); and Carlos Grushka, National Social Security Administration (ANSES) and University of Buenos Aires. Postal address, telephone, and e-mail address: Av. Córdoba 950, Piso 13, C. Aut. de Buenos Aires, C1054AAV, Argentina; Tel. 54 11 43937076; bertranou@ilo.org.

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Abstract

In the last decades, the pension system in Argentina has experienced important changes that included the introduction of an individual account defined-contribution component (or individual capitalisation) in 1994 and its subsequent reversal to a defined benefit pay-as-you-go pension scheme in 2008. After the 2001 crisis, the favourable fiscal position allowed the implementation of policies that reversed the decline in pension coverage to unprecedented levels, reaching over 90% of the elderly.This article summarizes the main changes in the pension system in terms of its institutional organisation, financing and coverage, describes the current situation, and outlines the sustainability challenges that face future pension policy.

1. INTRODUCTION

Argentina has been one of the ground-breaking countries in the pension system development in Latin America, which started around the end of the nineteenth century and the turn of the twentieth century. After reaching considerable coverage in the 1950s, the pension system, as a consequence of multiple factors (including those related to the reforms of the system itself), ceased to record the high financial surpluses it had exhibited during its development stage. During the early 1980s, substantial deficits derived in a crisis of the pension system (Ministry of Labour, 2003).

Among the many changes to the regulatory framework, it is worth singling out the 1968 reform, which introduced parametric changes and made substantial progress in unifying the system, and the 1993 reform, which introduced parametric changes and an individual capitalisation component (or defined-contribution fully-funded scheme), thereby creating a mixed scheme.[1] The poor performance of the new system within a context of deteriorated economic, labour market and public finance indicators made it necessary to implement new changes to the system in the aftermath of the deep economic crisis of 2001-2002. The main reforms of the last decade aimed at: (a) improving coverage by expanding the contributive financing sources and the contributive and semi-contributive components of the system, and (b) introducing changes in the financing and design of the benefits, by restoring a defined-benefit pay-as-you-go scheme assisted by tax revenues, with a reserve fund for ensuring sustainability.

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[1]Mesa-Lago (2008) classifies the pension system reforms implemented in Latin America during the nineties, and defines mixed schemes as those whose structure combine a defined-benefit component with a defined-contribution component. The other two types of reform consist in the substitute models and the parallel models. The substitute models replaced the pay-as-you-go scheme by a defined-contribution scheme with individual pension savings accounts, while the parallel models created an individual capitalisation pension scheme operating simultaneously with a defined-benefit scheme. As it shall be explained herein below, the distinctive feature of the Argentine pay-as-you-go scheme is that, in practice, it includes defined contributions and defined benefits, simultaneously.

Throughout history, the pension system has succeeded in consolidating high coverage, albeit with benefits which are regarded as insufficient, thereby generating significant distributive tensions. Pension policies have walked many roads, with varying priorities, hinged to the economic environment of each particular period.

In the 1990s, the priority was to rescue the system from the long-term financing crisis which had resulted from the high implicit debt arising from its own maturity, design problems, and insufficient strength of the labour market. In contrast, in the last decade, the macroeconomic scenario showed encouraging results regarding growth and employment, shifting priorities toward improving coverage of benefits.

While in the 1990s the priority was to reduce fragmentation and stratification of the system (albeit introducing new inequalities), in the first decade of this century, following the improved financing conditions and the increased coverage, the stratification path was resumed (i.e., certain categories of workers were restituted special schemes or particular conditions within the general scheme).

The present challenges are, on one hand, to complete the process of placing the pension system in a path where the universal coverage and sustainability objectives are compatible, and, on the other hand, to ensure that future changes or reforms will result in improved equality, reduced fragmentation and increased predictability. This can be achieved by ensuring certain stability in sustainable financing rules, and in eligibility conditions and structure. Thus, the endemic high litigation rates of the system could be reduced.

The purpose of this article is two-fold: to review the main institutional changes undergone by the Argentine pension system (from a historical perspective), while analysing its performance regarding certain key dimensions, including coverage, benefits and financing. Likewise, in view of the great advances made in terms of coverage, this article presents and discusses the challenges posed by the continuation of high coverage, as well as some proposals for achieving such purpose.

The paper is organized as follows: After this brief introduction, the second section concisely describes the historical evolution of the system, for continuing and completing the effort made in other documents to develop homogeneous historical statistics. The third section presents the macroeconomic, fiscal, and labour market contexts, within which the reforms to the social protection system were made in Argentina between 2002 and 2011. The fourth section analyses the recent reforms to the pension system, and the fifth section discusses some of the future challenges in sustaining the coverage levels achieved, and in ensuring universal coverage without disregarding equity in benefits. The sixth section draws the conclusions.

2. OUTLINE OF THE EVOLUTION OF THE PENSION SYSTEM DURING THE TWENTIETH CENTURY

Argentina has a long history of social protection, and it is one of the pioneering countries in developing social security in the region (Mesa-Lago, 2008), particularly as regards the pension system. The first legislation in this field was enacted in 1904, but it was not until 1944-1954 that the first qualitative leap in pension coverage was taken, when it reached most of salaried workers, through the creation of pension funds in different industries (Mesa-Lago, 1978; Arza, 2010).

At its inception, the system was highly fragmented, since each pension plan had its own eligibility requirements, contribution rates, and benefit rules (Isuani and San Martino, 1995); but in the following decades, gradual progress was piloted in an effort to unify and standardize it.

Thus, in the 1950s, the National Social Security Institute (INPS) was created to coordinate all pension funds. However, these developments encountered resistances to this intent (Feldman et al., 1986; Isuani, 2008), and the system fragmentation thus continued to be a distinctive feature throughout its expansion.

In the late 1960s, an overall reform was carried out, which reduced the number of pension funds down to two schemes: one for self-employed workers, and the other one for salaried workers. Furthermore, this reform consolidated the pay-as-you-go approach and removed the presence of unions in pension funds, by nationalizing the whole system (Isuani and San Martino, 1995).

The standardisation of the system was only partial, because of the existence of preference schemes for public servants of the three state Powers, for military members, police officers, penitentiary staff, and the clergy, among others. Besides, the members of the provincial and municipal public administrations were left out of the salaried workers' scheme. After this reform, in 1973, professional associations were authorized to implement complementary schemes, to be self-financed by their insured members (Feldman et al., 1986).

The development of the system, together with emergency measures adopted during the second half of the 1970s (as discussed below), also brought about an increase in the number of benefits, since the early 1950s and the early 1980s, beneficiaries grew from 0.2 million to 2.3 million, which resulted in an increase of the coverage of the elderly from 12.6% to 58.0%. Later, during the rest of the 1980s, the increase in the number of beneficiaries kept pace with the growth of prospective beneficiary population, which reflects stagnant coverage levels (Isuani and San Martino, 1995).

Moreover, in the early 1960s, the system started to show signs of deteriorating financial conditions[2], as well as difficulties to honour their obligations towards their beneficiaries (Dieguez and Petrecolla, 1974; 1977). This situation had caused legal actions to be brought against pension funds, and these could not face such actions due to their exhausted resources. In view of this serious problem, in 1966, pension fund resources were declared unseizable (Feldman, Golbert, and Isuani, 1986). Likewise, although in the early 1970s, the system remained well-balanced (Cetrángolo and Grushka, 2008), towards the end of the decade, it started to accumulate a financial deficit which soared during the 1980s, giving rise to what was termed the “the crisis of the pension system” (Ministry of Labour, 2003).

[Insert Graph 1 here]

This financial crisis of the pension system resulted from a number of factors: the exhaustion of the pension surplus typical of the early stages of development; the growing labour informality and the defaulting of pension obligations (evasion of contribution payments) which deteriorated the system’s dependency ratio; the changes in the demographic structure (decreases in fertility and mortality rates and the consequent ageing of the population); institutional weaknesses (e.g., granting a considerable number of disability benefits and allowing the proliferation of special regimes); apart from other macroeconomic factors (such as inflation), and the use of pension policy instruments with other macroeconomic policy purposes (e.g., “fiscal devaluations” through a reduction in employers’ contributions aimed at improving the international competitiveness of companies).

[2] Negative results observed as from the 60s are rooted in the deficit of the Subsystem of State Pension Funds and Public Utilities Employees. This subsystem started to render negative results as from 1959 (Diéguez and Petrecolla, 1977).

After the early signs of exhaustion of the system became apparent in the 1960s, the situation got even worse as a result of the extended coverage to include people who did not have the contributory background needed to be eligible, and of maintaining a defined benefit with a relatively high level of wage replacement as compared to the contributions effectively paid. The tax resources earmarked to sustain social security proved insufficient, and the promise of proportionality of benefits could not be honoured; thus, the pension system was faced with a growing loss of prestige. In the early 1990s, the pension system revealed a number of problematic characteristics: considerable inequity among beneficiaries, poor transparency for contributors regarding the level of pension benefits to be received, high evasion of contributions, high deficit, and considerable indebtedness towards beneficiaries, arising from non-compliance with payments as provided for by the applicable regulatory framework (Cetrángolo and Grushka, 2004; 2008). This unrestful context progressively raised the consensus on the need to make a deep reform, albeit with differences on its specific nature.

Halfway through 1992, influenced by the reform context prevailing in the region and particularly by the pension system reform that had been implemented in Chile in 1981, a reform bill entered the National Congress and, after a long legislative debate, it was approved with amendments by mid-1993. The new pension scheme, the Integrated Pension System (SIJP), became effective in 1994.

This reform sought, among other goals, to solve the fiscal problem (in the long term) and the benefits dilemma[3]. For this purpose, the main parameters to be eligible for pension benefits were modified by raising the retirement ages and the number of contribution years needed, and by

[3]Other goals were sought as well, which were not directly related to the pension system, such as developing and strengthening the capital and insurance market.

changing the pay-as-you-go scheme for a mixed scheme, by introducing an individual capitalisation complementary scheme.

The cost entailed by the transition to the new system, plus the impact of some economic policy measures, such as the transfers of deficitarian provincial pension funds and the reduction of the employers' contributions, generated strong fiscal strain (Bertranou et al., 2003; Cetrángolo and Grushka, 2008). At the same time, the growing unemployment and labour informality, together with the change in the system parameters which strengthened its contributive approach, undermined the objective of increasing coverage of contributors and beneficiaries. Thus, towards the year 2000, the pension system presented considerable deficiencies in three key areas that define its performance: financial sustainability, coverage, and benefit amounts. Later, in 2002, the change in the macroeconomic context arising from the termination of the Convertibility Currency Regime[4] system caused the real value of benefits to plummet. Likewise, the individual capitalisation pension scheme was strongly criticized due to its high commissions and costs related to the mandatory disability and survivorship insurances. When the effects of the 2001-2002 crisis were left behind, the improved macroeconomic, fiscal and labour market performance allowed the governmental authorities to undertake a series of changes in the social security system, which changed its structure once again.

3. FISCAL SPACE, LABOUR MARKET, AND SOCIAL SECURITY FINANCING

During the 1990s, one of the factors which most affected coverage of social security in Argentina was increased labour informality and increased unemployment. In spite of the increased participation of women in the labour market between the 1980s and the early 1990s, the growing

[4]Macroeconomic currency board system in force from 1991 until to 2001, whose main feature was the fixed rate of exchange establishing a Peso-Dollar peg.

unemployment and precarious labour constrained the coverage of the pension system. Particularly, the working-age population (between 18 and 65 years of age) contributing to the pension system decreased by around 10 percentage points in the 1990s, thus dropping from 38% in 1992 down to 27% in 2002, when the economic crisis burst out.

[Insert Graph 2 here]

The degradation of the labour market indicators during the 1990s, which worsened from 1998 onwards, seriously affected the possibility of the active-age population to obtain a pension benefit when they reached legal retirement age. In fact, by the early 2000s, only around 30% of the system members had a contribution density over 70% (Bertranou and Sánchez, 2003; Ministry of Labour, 2005).

The adoption of a new macroeconomic scheme, based on sustaining a competitive exchange rate and "twin" surpluses (both fiscal and external), reversed the contractionary trend of the economic activity level which prevailed in the 1999/2002 period, where the GDP dropped by 18.4% (Damill et al., 2011). This favoured an increase in employment, particularly in the formal salaried sector, which grew by 73% between 2003 and 2011. Additionally, the improved fiscal performance arising from the introduction of new taxes (export duties), higher collection levels of other existing taxes (VAT and income tax), and restrained fiscal expenditure in real terms, attributable to the public debt restructuring and the freezing of some disbursements in a higher inflation context, generated a fiscal space which leveraged economic recovery and growth between 2003 and 2007. The recovery context shaped an opportunity to increase the social protection framework, mainly by means of income transfer programmes targeted at vulnerable households, but also other initiatives mainly related to health care.

Specifically, significant changes were introduced as to the financing of the pension system. Contributions had long been insufficient, and financial assistance was required from earmarked taxes[5], but the increased fiscal solvency allowed generating a surplus at the National Social Security Administration (ANSES)[6] which ranged between 0.4 and 1.3% of GDP from 2004 onwards (Graph 3). This result is attributable to several factors, including the recovery of formal employment, the increased tax resources earmarked to the system, and the erosion of the public expenditure resulting from the loss of purchasing power of benefits due to the lack of an automatic adjustment mechanism. Moreover, the higher expenses offset revenues resulting from the end of the individual capitalisation pension scheme, as it will be discussed below.

[Insert Graph 3 here]

The above mentioned ANSES surplus paved the way for reforms aimed at extending pension coverage, and financing the extension of family allowances to the unemployed and informal workers, by restructuring conditional cash-transfer programmes, which were implemented as a temporary response to the 2002 crisis.[7]

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[5]The financing of the social security general scheme consists of the “genuine” resources from contributions, as per the following composition:employers’ contributions, 12.7% and 10.2% of the payroll, with no applicable caps per industry; personal contributions set at 11% for salaried workers (with a cap at around 7 times the minimum living wage); contributions from high-income self-employed workers at a 27% of presumptive income; and a fixed amount called “*Monotributo*” (or Simplified Tax Scheme) for middle- and low-income self-employed workers (in 2011 it amounted to approximately a 6% of the minimum living wage).The other resources "assisting” social security financing are tax-related in nature:15% of the aggregate taxes to be shared among the Federal and the provincial governments (which en 2010 represented around an 18% of the total resources of the Argentine Integrated Pension System —SIPA—), and a specific allowance of a share of collections in respect of VAT, Income Tax, and other taxes (which, in 2010, amounted to around a 25% of the total SIPA resources).These tax resources represented in 2010 a 4.1% of the VAT, while the total tax receipts in respect of all the earmarked taxes (to any degree for the SIPA) amounted to a 17.8% of the VAT.

[6]Body which manages different components of social security: Retirements and pensions, family allowances and unemployment insurance. Additionally, it finances with current resources (and figurative revenues) non-contributive pension benefits and benefits from other schemes (such as the Armed Forces), andthe health insurance for non-contributive pension beneficiaries. Since 2010, the ANSES has also financed the digital literacy and inclusion programme called Connecting Equality (*ConectarIgualdad*), which includes giving out notebooks.

[7] The main programmes were: the Programme for Unemployed Household Heads (*Plan Jefas y Jefes de Hogar Desocupados*), which reached two million beneficiaries, and subsequently, the Families for Social Inclusion Plan

4. REFORMS TO THE PENSION SYSTEM SINCE 2005

In the last decade, many changes have been introduced in the pension system, particularly since 2005. These changes endeavoured to solve the low coverage problem, to restore the value of benefits by ensuring their mobility (i.e., automatic adjustment to the financing state of the pension system), and to increase the role of the State in managing the system. In this regard, the individual account defined-contribution pension scheme was terminated, and this made Argentina a paradigmatic case of structural reform reversion[8]. Some special schemes were also restored, and new differential schemes were created for unhealthy activities.

a) Extension of coverage

In early 2005, the eligibility requirements for benefits were eased thanks to the creation of a "pension moratorium" which allowed workers (or their beneficiaries) to access pension benefits even if they had not completed the minimum number of contribution years.[9]The pension moratorium, later termed Pension Inclusion Plan (*Plan de Inclusión Previsional*), was based on amendments to a law that had been enacted in 1993 and which made it easier for workers to enrol in a voluntary scheme for debt regularisation through contributions for self-employed workers. This scheme enabled workers with incomplete labour trajectories, or even people with no labour history at all, to apply for and become eligible to receive a pension benefit (Arza,

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(*Plan Familias para la Inclusión Social*). The expansion of family allowances took place in 2009, when the so-called Universal Child Allowance (AUH) was introduced (Bertranou and Maurizio, 2012).

[8] Soon after the individual capitalisation scheme was ended in Argentina, Hungary took steps towards a similar reform (See Hirose, 2011).

[9] Also, due to the difficulties in employment encountered by adults about to reach legal retirement age, a benefit called Early Retirement was created through Law 25865 in 2004, aimed at benefitting those persons who had completed the number of contribution years required to access a pension benefit (30 years) but had not reached legal retirement age (60 years old for women; 65 years old for men). The number of benefits granted under this scheme was low, since between 2005 and 2010 (when it became void), only 47.184 benefits were granted.

2012a). Thus, once this benefit has been granted, beneficiaries may request their outstanding monthly payments of the regularisation scheme to be discounted therefrom. The moratorium is of permanent nature, but it only benefits the current cohorts of elderly people, because in the future, younger cohorts will not be able to "declare contribution years" through a plan designed to recognize the debt generated prior to September 1993.

By means of this moratorium, from 2005 to September 2011, 2,7 million new benefits were granted, which represented over 40% of the current total amount of pension-related benefits. This increase in the number of benefits enabled pension coverage to be restored, which had deteriorated by 10 percentage points between 1994 and 2004, and to be raised over 90% (Graph 4). Thus, the pension coverage in Argentina is among the highest in Latin America (Rofman and Oliveri, 2012).

[Insert Graph 4 here]

The extension of coverage resulting from the pension moratorium benefited groups of the traditionally most vulnerable adult population: Women, and people with a low educational level. Among women, pension coverage rose from 66% in 2005 to 93% in 2010, even higher than men's 87%, who tend to remain proportionally more in the labour market. On the other hand, pension coverage among those with incomplete primary education also rose by 27 p.p., as compared to a 22 p.p. general increase.

[Insert Table 1 here]

Beneficiaries of these regularisation plans receive a minimum (or slightly higher than minimum) benefit. However, around 30% of the new beneficiaries were already receiving another pension benefit. The legislation governing the moratorium initially did not ban elderly people already having a pension benefit, e.g. a survivorship benefit, from accessing their pension benefit.[10] In 2011, the ratio of the number of beneficiaries (4.6 million) to the number of benefits (5.4 million) was 85%; this means that 17% of beneficiaries included in the Argentine Integrated Pensions System (SIPA) has a two-fold coverage within the system.[11]

In the year 2010, the outlays related to the new benefits of the moratorium rose to 2.1% of GDP, but the moratorium payments collected amounted to around 0.5% of GDP, and this implies a net cost of 1,6% of GDP. This expense should gradually decrease as deaths outnumber new receivers of new benefits. However, collections from payments are expected to drop more rapidly, since pension debt financing plans did not exceed 5 years, and payments are for fixed, non-indexed amounts.

It should be noted that, as from the year 2004, a major increase in the coverage of non-contributive pensions (PNC) was recorded. PNCs went from 0.3 million in 2003 to 1.2 million in 2011, because of the increase in disability PNCs (from 82 thousand to 690 thousand) and PNCs for mothers of 7 or more children (from 59 thousand to 304 thousand). In 2004 and 2005, old-age benefits, which are granted to adults over 70 in poverty conditions, were also raised; however, its beneficiaries adhered to the pension moratorium, which granted them a higher benefit.[12][13]In 2010, public expenditure associated to PNCs rose to 0.74% of GDP; its main

[10]After the implementation of the moratorium, it was stipulated that those who had a pension benefit had to pay the total debt in cash, however, justice ruled in favor of an equalitarian treatment, allowing payment of debts in installments in all cases.

[11]Before the implementation of the moratorium, in December 2004, approximately a 10% of beneficiaries of the pension system had a two-fold coverage.Benefits from other systems are not considered herein.

[12] Monetary benefit of old-age welfare pensions is equivalent to a 70% of the minimum pension, while the benefit granted on account of pension moratorium is similar to the minimum pension, but moratorium payments are discounted for a period not exceeding 60 months. Likewise, the health coverage is also modified: while the PNCs have the Federal Health Programme, the beneficiaries of the contributive system, for which moratorium beneficiaries are eligible, have the National Institute of Social Services for Pensioners.

[13]In this case, two-fold coverage cannot exist, since no other coverage from any other benefit, neither contributive nor non-contributive, can be received in order to be eligible for a non-contributive old-age pension.

component being the disability welfare benefits (0.33 of GDP) followed by the benefits for mothers of 7 or more children (0.24% of GDP).

Regarding the fast expansion of the new pensions arising from the pension moratorium which took place between late 2006 and early 2007, municipal governments played a fundamental role in disseminating information on the policy, cooperating with the ANSES to manage pensions, and assisting the vulnerable elderly.[14]

On the other hand, the extension of the PNCs arises from the removal of budgetary restrictions to their granting, from the increased awareness of the population regarding these benefits (in cooperation with provincial and municipal governments), and from improved aspects of the procedures for granting new benefits (Bertranou et al., 2011).

b) Restoring the replacement rate

As from the year 2002, measures started to be implemented aiming at restoring the purchasing power of pension benefits, which had been affected by the devaluation of the Peso. This policy was carried out by tranches until 2008, favouring the increase of the minimum benefit. As from the enactment of the Law on Pension Mobility in 2008, benefits were adjusted on the basis of predetermined parameters that reflected the evolution of active workers' salaries and of the contributive and tax resources earmarked to the pension system. Benefits started to be adjusted on a proportionally uniform basis for all benefits.

Between mid-2002 and mid-2008, the minimum benefit increased by 360%, while higher pensions grew only between 63% and 79%. Considering the increases granted by virtue of the

[14]Since those who adhere to the moratorium must pay at least the first installment to be eligible for the monetary benefit, municipal governments often had to undertake the responsibility of paying this first installments for elderly persons who did not have the necessary economic resources to manage their pension. The remaining installments are automatically discounted from the benefit granted by the ANSES.

Law on Pension Mobility from 2002 to 2012, the minimum pension benefit increased by 1,025%, while pensions over such minimum grew between 299% and 339%.

As a consequence of the restoration of benefits, the concentration of the number of minimum benefits rose by 60% in 2005 and, due to the inclusion of over 2 million beneficiaries from the pension moratorium (most of whom receive the minimum benefit), by 73% in 2010 (Graph 5). However, excluding moratorium pensioners, the concentration as of 2010 is around 50% (similar to 1992 or 2002), with a decreasing trend arising from the new "non-moratorium" pensioners receiving benefits above the minimum.

[Insert Graph 5 here]

The policy for updating pension benefits had its impact on the average replacement rates of the system. The average replacement rate in terms of the average taxable wage for stable workers (RIPTE) dropped from 44% to 41% between 2001 and 2005; however, general rises granted since 2006 allowed its being raised to 48% for non-moratorium benefits (Bertranou et al., 2011).

As per the reform introduced in 1994, the replacement rate of the initial benefit is equal to the so called Universal Basic Benefit (PBU)[15] plus the Additional Benefit for remaining in the public scheme (PAP), equal to 45% of the average wage of the last ten years for a worker who has completed 30 contributions years (up to 52.5% with 35 contribution years). Both components of the benefit are set as per the Law on Pension Mobility; however, the PBU has lagged behind as compared to the minimum pension rises granted during the 2002-2006 period. In this way, the PBU has lost weight in terms of average wage, and in turn this has particularly affected

[15]Originally, in 1994, the value of the PBU was equal to 27.5% of the mean wage of the economy (which includes both formal and informal employment) and represented an around 18% replacement ratio with regard to the RIPTE.In December 2011, this *pseudo* replacement ratio was 13%.

replacement rates of medium- and high-income workers, rather than that of low-income workers who stand a better chance of being included in the minimum benefit.

The average replacement rate is not easy to assess in a system where different schemes coexist, some of which make contributions based on a low presumptive income. The taxable-income replacement rate pertinent to the group of self-employed workers encompassed by the "*Monotributo*" scheme has risen particularly. This worker category represents 12% of the total contributors to the pension system. Contributions made by these workers to be eligible in the future to receive a minimum benefit may involve a replacement rate over 100%, with a growing trend in the last ten years, since the contribution grew by 214% (from $35 to $110 per month) and the benefit, by 744% (from $200 to $1687)[16]. There are also other groups with subsidized contributions, although not explicitly so; e.g., domestic service workers and self-employed workers included in the Social Simplified Tax Scheme, i.e. "*monotributistas sociales*". However, it should be borne in mind that the *Monotributo* scheme was introduced in the late 1990s, and that part of the workers registered in this scheme do not have long work histories in this scheme and they rotate significantly to and from salaried employment (Bertranou and Maurizio, 2011).

c) Removal of the individual capitalisation component

As from 2007, measures have been implemented aiming at increasing the weight of the pay-as-you-go scheme, including the free choice between the pay-as-you-go scheme and the individual capitalisation scheme, the direct inclusion in the pay-as-you-go scheme of labour market entrants who did not make use of their choice ("undecided"), as well as of soon-to-be-retired persons with scant accumulated funds. Before this change, the "undecided" new entrants into the labour

[16]Workers registered under the *Monotributo*scheme make a fixed-amount monthly contribution equal to a 6% of the minimum wage in 2011.This makes them eligible to receive in the future a minimum benefit which, in 2011, amounts to a 66% of the minimum wage.

market were assigned directly to the individual capitalisation scheme; moreover, contributors in the individual capitalisation scheme were not allowed to shift to the pay-as-you-go scheme. In the same way, contributors of some special schemes were transferred to the pay-as-you-go scheme.

Finally, in December 2008, the individual capitalisation scheme was terminated when its members and beneficiaries were transferred to the pay-as-you-go scheme, and the SIPA was created.

These reforms entailed a change in the system's management and in the parameters that determine the benefits to be received at the legal retirement age. Before the reforms of 2007, the initial benefit for any scheme member was the summation of the PBU and the Compensatory Benefit (PC)[17], which was added to the PAP (0.85% for every contribution year —minimum 30 and maximum 35 years— multiplied by the average wage of the last ten contribution years) for those who remained in the pay-as-you-go scheme, or the Ordinary Pension (in terms of the accrued balance existing in the individual capitalisation account) for members of the individual capitalisation scheme. From 2007 onwards, the return of the contributions made into the pay-as-you-go scheme grew as a result of raising the PAP factor from 0.85% to 1.5%, making it equal to the PC factor.

By removing the individual capitalisation component, the State committed itself to guarantee individual capitalisation scheme beneficiaries and members equal or better benefits than those they were entitled to prior to the reform; however, this is hard to compare, since the individual capitalisation scheme did not ensure any defined benefit (Mesa-Lago, 2009).

[17] The PC acted as a recognition of the contributions made by all the workers prior to the implementation of the SIJP (1994 reform).

The termination of the individual capitalisation component implied the transfer to the ANSES of all personal contribution flows which so far had been accruing in the individual capitalisation accounts, estimated in around 1.4% of GDP. The Capitalisation Pension Fund (the stock of resources accrued in all individual capitalization accounts) was also transferred and incorporated, together with the ANSES financial surpluses, to a reserve fund known as the Sustainability Guarantee Fund (FGS). The FGS was mandated to preserve the financial stability of the SIPA and to foster economic development. In 2010, the FGS portfolio represented a 12% of the GDP and its net income represented around 7% of the ANSES total income.

d) New differential and special schemes

From 2005 onwards, some special schemes were reinstated, which had been repealed in 1994. This revocation had triggered multiple legal claims and had also been modified by other regulatory amendments introduced in 2002 (Ministry of Labour, 2003).

The preference schemes which were reinstated were the Special Schemes for Teachers, Science and Technology Researchers, and University faculty members. Certain regimes that had not been revoked under the special schemes revision of 1992 remained in force, including those for magistrates and officials of the Judicial Power, of the National Public Prosecution Authority, and of the National Prosecuting Authority on Administrative Investigation; for the President and Vice-president of the Nation, the National Supreme Court Judges, and the National Foreign Service Staff.

Basically, all these schemes stipulate more favourable retirement conditions, including fewer contribution years, lower retirement age, and more generous benefits than those granted in the general scheme. Table 2 summarizes the main characteristics of these schemes, and their differences as compared to the general scheme (governed by Law No. 24,241).

[Insert Table 2 here]

Likewise, from 2007 to 2011, changes have been introduced in the schemes applicable to population groups working in risky, arduous or unhealthy tasks, or in tasks that can result in premature ageing or exhaustion of working capacity. In 2007, a differential scheme was created for the workers of the Río Turbio Coal Deposits and of the Railroad and Port Services with Terminals in Punta Loyola and Río Gallegos, which raised the replacement rate to 82%. To that end, the contribution was also raised by 2%. In 2009, a differential pension scheme was created for salaried workers of the construction industry, which set retirement age at 55 years of age (for both men and women), and a 5% additional contribution rate on employers' contributions. In 2010, the benefits of the differential scheme were extended to include port stevedores, foremen, and crane operators (retirement age between 52 and 55 years of age), and to other groups of workers who carry out identical tasks on their own account or in association with cooperatives. Finally, in 2011, a differential scheme was created for rural workers, with a retirement age set at 57 (no gender distinction), 25 contribution years, and a 3% additional employer’s contribution.

5. PENSION SYSTEM, WELFARE, AND LIVING CONDITIONS OF ELDERLY ADULTS

Pension systems play a very important role in ensuring a secure income for elderly adults (ECLAC, 2006). In Argentina, the horizontal extension of the pension coverage had dropped towards 2001, albeit still high, which allowed elderly adults and their families to have a reliable economic security buffer to face the 2002 crisis. The subsequent increase in coverage and value of benefits allowed the system to play one of its essential roles, which is to prevent old-age poverty for the current generation of elderly adults. In fact, elderly adults are the population group with the lowest incidence of poverty and extreme poverty. In 2010, the incidence of poverty among the elderly was only 2.4% (77% lower than the 10.5% general rate), while among children and adolescents it was 17.8% (70% higher than the general rate).

After the extension of the pension coverage, the percentage of pension income relative to the total income of elderly adults rose from 69% to 83% between 2005 and 2010.

From 2005 to 2010, simultaneously to the extension of pension coverage, the number of elderly adults who get their sustenance in the labour market fell[18]; the percentage of people with no pension coverage whose source of income stems exclusively from the labour market (excluding family arrangements) dropped from 13.4% to 8.0%, although the percentage of employed people with pension coverage grew by 3.6 p.p. (from 5.5% to 9.1%). In overall terms, the percentage of employed elderly adults decreased by around 1 p.p., but the percentage of unemployed elderly adults dropped even more.

Thus, between 2005 and 2010, the participation rate (PEA) of elderly adults dropped, albeit to a greater degree for women. The activity rate for men showed very little variation, while for women it dropped by 9.1 p.p., from 26.4% to 15.0%. This represented the most important variation within the 65 to 69 age group (although a significant reduction is also seen in the 60 to 64 age group for women).

[18]It should be borne mind that the institutions and financing of the social security system are factors that contribute to determine the participation of elderly people in the labour market. There are some other factors, such as health, employment demand behaviour, labour insertion type, characteristics of the elderly adults' households, and sustenance they receive from the family group, that also affect their participation in the labour market (ECLAC, 2006, Alós et al. 2008, Barrientos, 2011).

The most vulnerable group of elderly adults, that is, elderly adults who do not participate in the labour market or who, when they do, are unemployed and do not have a pension benefit, has shrunk quantitatively from 25% in 2005-2006 to 7% in 2010.[19]

With an improved distribution of income, attributable to factors from the labour and social protection market (Gasparini and Cruces, 2008, Ministry of Labour, 2010), the position of elderly adults increased in the third quintile of the distribution.[20] It should be noted that the participation of the pension income in the total income of elderly adults grew significantly and specially in the lower-income quintiles (47 p.p. in quintile 1, and 15 p.p. in quintile 2).

[Insert Table 3 here]

In the same way, in a scenario were employment and salaries also grew, the share of income from pensions of elderly adults within the total population income mass rose from 10.9% to 11.6%.[21] This participation effect, together with a less concentrated distribution of pension income (concentration effect) accounts for an important portion of the decrease in income inequality evidenced in recent years (OIT, 2012; Trujillo and Villafañe, 2011).

6. CHALLENGES TO ENSURE EQUITY AND UNIVERSAL COVERAGE

In view of the above, the following conclusion can be drawn regarding the performance of the current system in two core dimensions: financing and coverage. The increase in formal employment and the reduction in labour informality have succeeded in rebuilding and increasing the source of contributive resources of the system. At the same time, thanks to the good

[19] The vast majority of these persons receives some kind of assistance from the other household members, while a very reduced group has some type of income from sources other than the labour market or pension benefits.

[20] The percentage of elderly adults rose by 6.6 p.p.; it dropped by 1.8 in the first quintile (the poorest) and 4.4 p.p. in the fifth quintile (the richest).

[21] This increase in share was observed to the detriment of the source that adds other non-labour income, since, in the same period, the weight of labour income in the total income of the population also grew.

performance of the economy in terms of growth after the 2001-2002 crisis, the tax resources earmarked to the pension system have also been remarkable. In turn, the elderly adults' coverage has expanded to over 90%, which is an unprecedented achievement in Argentina.

However, as in every pension system, there are numerous challenges that still need attention: i) to preserve the system's sustainability, by adopting predictable parameters for administrators and insured parties, in order to reduce litigation rates (i.e., lawsuits brought against the ANSES by beneficiaries); ii) to attain universal coverage without the need for emergency measures; iii) to improve equity in both its horizontal dimension, by closing coverage gaps (mainly as regards contributions in employment), and in its vertical dimension, by improving replacement rates (adequacy of benefits); and to improve equity across groups (system fragmentation) and across genders (Arza, 2012b; Bertranou et al., 2011; Mesa-Lago, 2009). These three challenges are analysed below.

a) Financial sustainability

The reforms to the pension system in Argentina during the 2000s brought about a substantial increase in coverage (Graph 4) within a context where both the pension system (Graph 1 and Graph 3) and the ANSES are in a better fiscal position. The improved situation of this institution was observed even in 2010, after the pension system coverage and non-contributive pensions had been extended, and the Universal Child Allowance had been implemented.[22] Between 2005 and 2010, the ANSES recorded a financial surplus between 0.8% and 1.3% of GDP.

The financial improvement of the ANSES is aligned with an improved fiscal situation of the Non-financial National Public Sector (SPNnF), in contrast to the high deficits recorded in the

[22] For further information on the characteristics of this social protection policy, see Bertranou and Maurizio (2012).

second half of the 1990s, particularly between 1999 and 2001. During this period, the National Government financed the transition costs (associated with the introduction of the individual capitalisation scheme) which rose because of other policies, such as the reduction of employers' contributions and the transfer of provincial pension funds to the federal sphere (Bertranou et al., 2003; Cetrángolo and Grushka, 2004).

A solid financial position of the pension system is of vital importance to sustain the pension coverage level reached, which is close to being universal. In this sense, the nationalisation of the individual capitalisation component has improved the short-term fiscal outlook of the system after the expansion of coverage. As mentioned above, the incorporation of 2.7 million new beneficiaries has had a net cost of 1.6% of the GDP, while the recovery of the personal contribution flows that were formerly destined to the individual capitalization accounts represented a 1.4% of GDP, thereby increasing the current resources of the SIPA. However, there are other even more relevant factors that have improved the financial situation of the system: an increase in formal employment figures, increased real salaries, and output growth.

However, new spending responsibilities have been undertaken for the future, for which no actuarial assessment has been made as to their long-term financial sustainability. Some projections performed before and after the 2008 reform (Cetrángolo and Grushka, 2008; Federal Controlling Authority —AGN—, 2010) show the persistence of a deficitarian "pure" result when accounting only for wage and salaries contribution resources. In this way, projections underscore the critical role of tax resources in financing the SIPA.

The high litigation rate is one of the aspects making it difficult to assess the financial sustainability of the system. This is not new in itself (Schulthess and Demarco, 1993), but it has recently become a key issue. Legal actions have focused on the mobility (adjustment) of benefits, particularly as to benefit updating during the 2002-2006 period, when only the minimum benefit was updated, and on the determination of the initial benefit, particularly the updating of salaries serving as a basis for computing benefits. At present, there are over 400 thousand legal actions outstanding (Bertranou et al., 2011). According to Bossio (2012), the generalisation of the judgements rendered by the Supreme Court of Justice on updating of benefits and determining of initial benefits would represent an annual expenditure of 2.0% of GDP.[23]

Another aspect to take into consideration in assessing the financial sustainability are the employers' contributions which, due to different provisional measures, still remain below those stipulated in the 1994 reform.

Likewise, it is also important to analyse fiscal federalism issues, that is, tax resources that finance SIPA's pension benefits, through specific earmarking of federally coshared taxes between the national and provincial governments, and through mechanisms of "advance cosharing"[24] of taxes. Currently, two distinct situations are observed:

a) The provinces which transferred to the national government their pension funds for civil servants, also transferred their financial unbalances, but, once incorporated into the SIPA, the retirement conditions of their employees were matched to those of the general scheme.

b) A majority group of provinces which did not transfer their pension funds have been negotiating with the national government for over 10 years now, in an effort to harmonize their pension schemes for civil servants with the SIPA (formerly termed SIJP). These governments receive financial assistance from the national government to finance the

[23]The breakdown for this figure is 0.8% of updatings of benefits exceeding the minimum amount in the 2002-2008 period, and 1.2% of the determination of the initial benefit.

[24]These are resources that are allocated to the pension system before the revenue sharing rules are applied to the mass of resources subject to be coshared.

deficits of their pension funds, even though, in practice, the progress towards harmonising the provincial systems and the SIPA has not been substantial; in fact, differences still remain, such as lower retirement ages and higher replacement rates (Bertranou et al., 2011).

After the termination of the SIPA individual capitalisation component, with provincial governments undergoing certain fiscal problems, the modest progress made as to harmonising and financing provincial pension deficits has prompted claims by some provincial governments[25], demanding a 15% reimbursement of federally co-shared taxes. This percentage had been assigned to the national sphere to finance the transition cost arising from the 1994 reform. The worsening of these conflicts on fiscal federalism may jeopardise the sustainability of an important financing source which, as mentioned above, represents an 18% of the total SIPA resources.

Finally, another aspect to take into account in assessing the financial sustainability of the system is the demographic transition. Argentina is currently undergoing a transition process, also known as *demographic window*, where the proportion of working-age population rises relative to children, adolescents and elderly adults. In addition, population ageing in Argentina is at an intermediate stage. Around 2010, the fraction of the overall population 65 years old or more was 11%, and it is expected to reach 19% by 2050. This increase will be matched by the rate of adult dependency[26], which is expected to rise from 19% to 34% in the same period.[27]

[25]Even judicial lawsuits in some cases.
[26]Ratio between the population over 65 and the population between 20 and 64 years old.
[27]Annex 2 presents statistics on the evolution of the population composition.

b) Universal coverage

As shown in Graph 4, policies favouring the expansion of the horizontal coverage have had a considerable impact: the pension coverage in the population over 65 rose from 68% to 91% between 2004 and 2010.[28]

In contrast with other experiences in the region (Chile, Uruguay, Bolivia), the expansion of the pension coverage was mainly based on *ad-hoc* and transitory measures. This allowed the impact of these measures to be practically immediate, with no need to wait for their effects in future cohorts. The moratorium, still in force, allows the cancellation of unpaid contributions to the system until September 1993; therefore, the number of elderly adults that may benefit from this measure decreases with time.

In 2011, with the benefit scheme currently in force, the 30 contribution years needed to be eligible for the benefits could be eased by registering in the pension moratorium. Thanks to this policy, the persons who have reached legal retirement age but have not contributed to the system, may be eligible to the minimum pension benefit. However, in around 10 years' time, people who are close to retiring will need to have made contributions for approximately 10 years; in 20 years' time, only 10 contribution years will be recognized in this moratorium; and in 30 years' time, this measure will concede no benefit[29].

In this way, if no further *ad-hoc* measures are implemented (such as the moratorium) or there are no further substantial changes in the regulatory provisions in force, it is improbable that the pension coverage level attained can be sustained, because of the relatively low contribution coverage (density) of active population in the labour market (Graph 2).

[28] Annex 1 presents a summary of the old-age, disability and survivorship benefits within the national "system" including the Argentine Integrated Pension System - SIPA and the non-contributive scheme managed by the Ministry of Social Development (MSD).

[29] There are gender differences as to the different retirement age requirements (65 for men, 60 for women).

It is necessary to add a pure and permanent solidarity component ensuring pension coverage, not only for the sake of equity and predictability, but also of being able to ensure universal coverage in the future. The resulting benefit from this component should be financed with general income resources (Bertranou, et al. 2011).

c) Equity

The strategy to be implemented to ensure the universal horizontal coverage should be complemented by benefits which are also respectful of vertical equity. In this sense, the pure solidarity component of universal coverage should be complemented by a contributive component granting benefits in respect of contributions, which may continue to be organized as per a pay-as-you-go scheme, yet keeping the door open to complementing such contributions with voluntary savings, aiming at further improving the replacement rate. The pillar making it possible to increase the amount of benefits should also include workers with incomplete labour trajectories, in the form of a benefit granted as a "complement for workers with few yearsof contributions" and provide an additional redistributive component higher than the social protection floor. In other words, this pillar should be based on some solidarity principles.

[Insert Graph 6 here]

The importance of the pure solidarity pillar (universal benefit) and of the complement for workers with scarce contributions matters to equity for a number of reasons: Firstly, taking into account the output, unemployment, informal labour, job turnover, and contribution density rates (Bertranou and Sánchez, 2003; Ministry of Labour, 2005; Forteza et al., 2001) it is estimated that the majority of people presently in working-age will not be eligible for a pension benefit due to difficulties to make the necessary contributions (30 contribution years).

Meanwhile, another equity problem caused by the present scheme with no moratorium, is that most of the benefits would continue to be financed with general tax resources, some of these being regressive in nature (such as the Value Added Tax), and would inure to the benefit of only a select group of people with a sufficient contribution history.

Another aspect to consider as to equity is the need to introduce reforms that take into account the respective situation of both men and women. Generally speaking, the redistributive components of the present system (such as the minimum pension) allow tempering the effects of the unequal labour histories of women as compared to men, that is, a lower participation in the labour market, more interruptions in their careers, higher labour informality, and occupational segregation. The reforms to consider may include measures to promote and implement a better insertion of women in the formal labour market, as well as to recognize, within their contribution years, their contribution as to their household care responsibilities, e.g., their child rising tasks (Arza, 2012; Mesa-Lago, 2009). A gradual lowering of the difference in legal retirement age for men and women should also be assessed, as should be the structure of benefits that allows two-fold full benefits for old-age and survivorship.

Other sources of inequity are fragmentation and high litigation rates, which stem from the unpredictable nature of the system. In order to reduce litigation rates in the future, predictable parameters should be defined, for both administrators and the population at large. Regarding fragmentation, in recent years, there has been a resurgence of special (preference) and differential (unhealthy activities) schemes, which, although some of them may be reasonably justifiable, have been merged into the public system, thereby hindering the possibility of assessing every scheme individually. Possibly, the differences of these specific groups of workers could be covered by complementary schemes (Bertranou et al., 2011). Likewise, problems persist as to unequal treatment and fragmentation, derived from there being over 120 pension funds for specific groups of workers who are not included in the general scheme (Cetrángolo, 2009; Mesa-Lago, 2009).[30]

7. CONCLUSIONS

In practice, whatever the type of financing and the institutional organization of the system, the performance of the pension system is closely linked to the evolution of output and formal employment (Barr, 2002; Bertranou, 2005). These two variables, in addition to the political decision of prioritizing the living conditions of elderly adults, have allowed a remarkable improvement of the resources earmarked for benefits and the coverage extension in Argentina in the first decade of the twenty-first century.

Key dimensions of the pension system performance have improved substantially in recent years. Firstly, pension coverage rose from 71% in 2001 to 91% in 2010. Secondly, the average replacement rate grew by 4 percentage points between 2001 and 2010, and legislative changes were introduced aimed at ensuring a six-monthly adjustment of benefits, so as to protect them from inflation. Lastly, contributions were recovered as a source of financing of the pay-as-you-go scheme, as a consequence of the improvement of formal employment, the increase in real salaries, and the nationalisation of the individual capitalisation component. Thus, contributions to the pension system, which financed only a 32% of the pension expenditure in 2001, in 2010 this percentage rose to 80% (Graph 1).

The policies increasing coverage and terminating the individual capitalisation scheme make it possible to sustain the system in the medium term, but they do not ensure high coverage levels

[30]Annex 3 presents a snapshot of the system as of 2010, with the overall distribution of elderly adult population, according to the kind of pension benefit.

and financial sustainability in the long term. Accordingly, the challenge of designing a sustainable pension system providing a universal coverage still remains. Moreover, other aspects that remain to be fully considered in the present scheme are: equity, fragmentation, predictability, litigation rate, and sustainability.

However, the challenge facing public policies does not consist in designing a kind of reform that may solve all present and future problems once and for all. On the contrary, the alternative solution is to agree on some strategic principles and ideas to construct a path of reforms which, based on partial changes and on a continuity logic, may enable the creation of a pension system that is predictable and sustainable in time.

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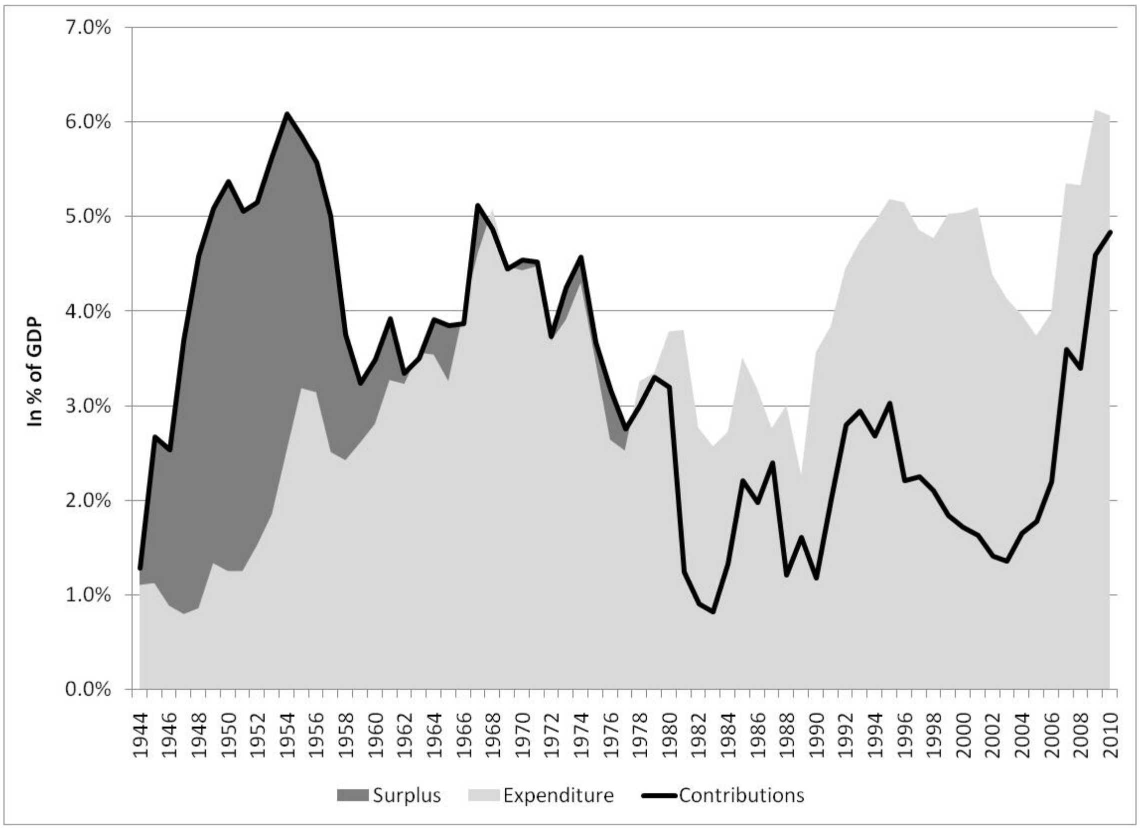
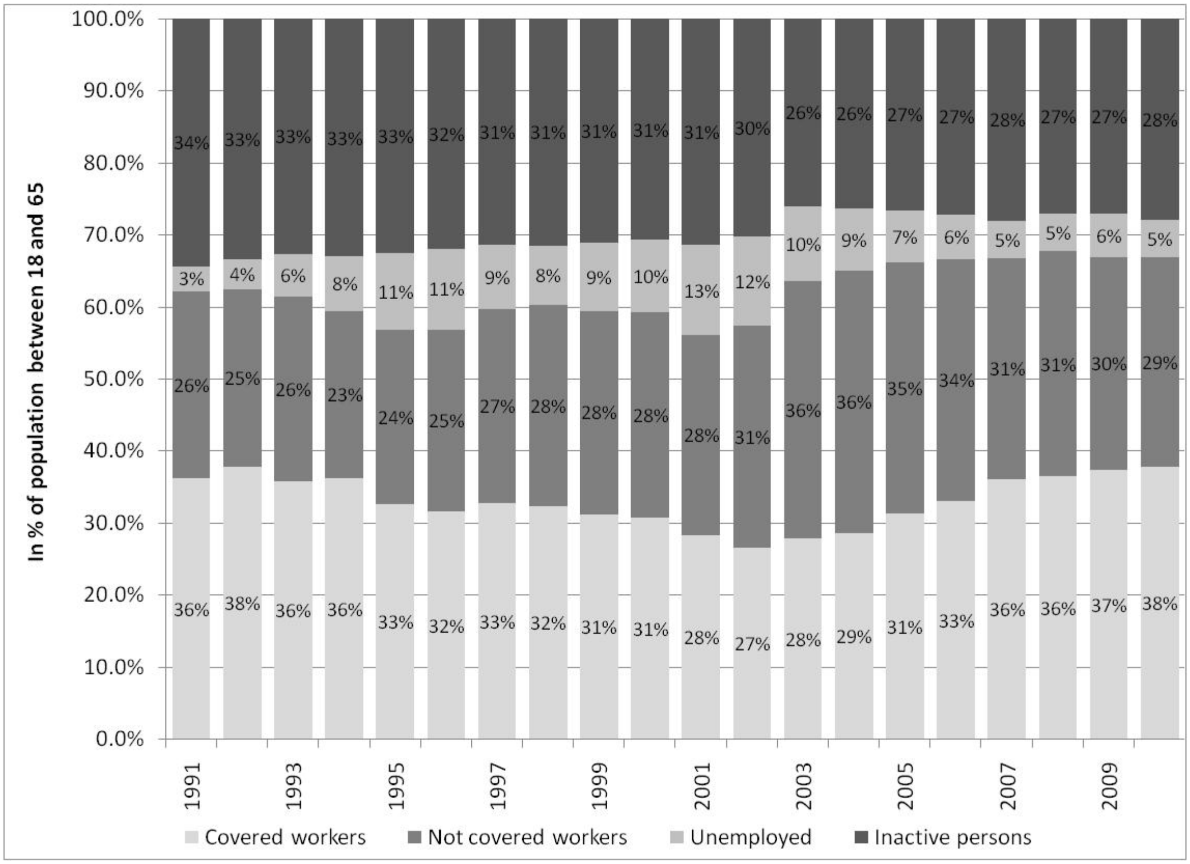
Graphs and tables

Graph 1. Expenditure in pension benefits of the Argentine Pensions System and its contributive financing, 1944-2010



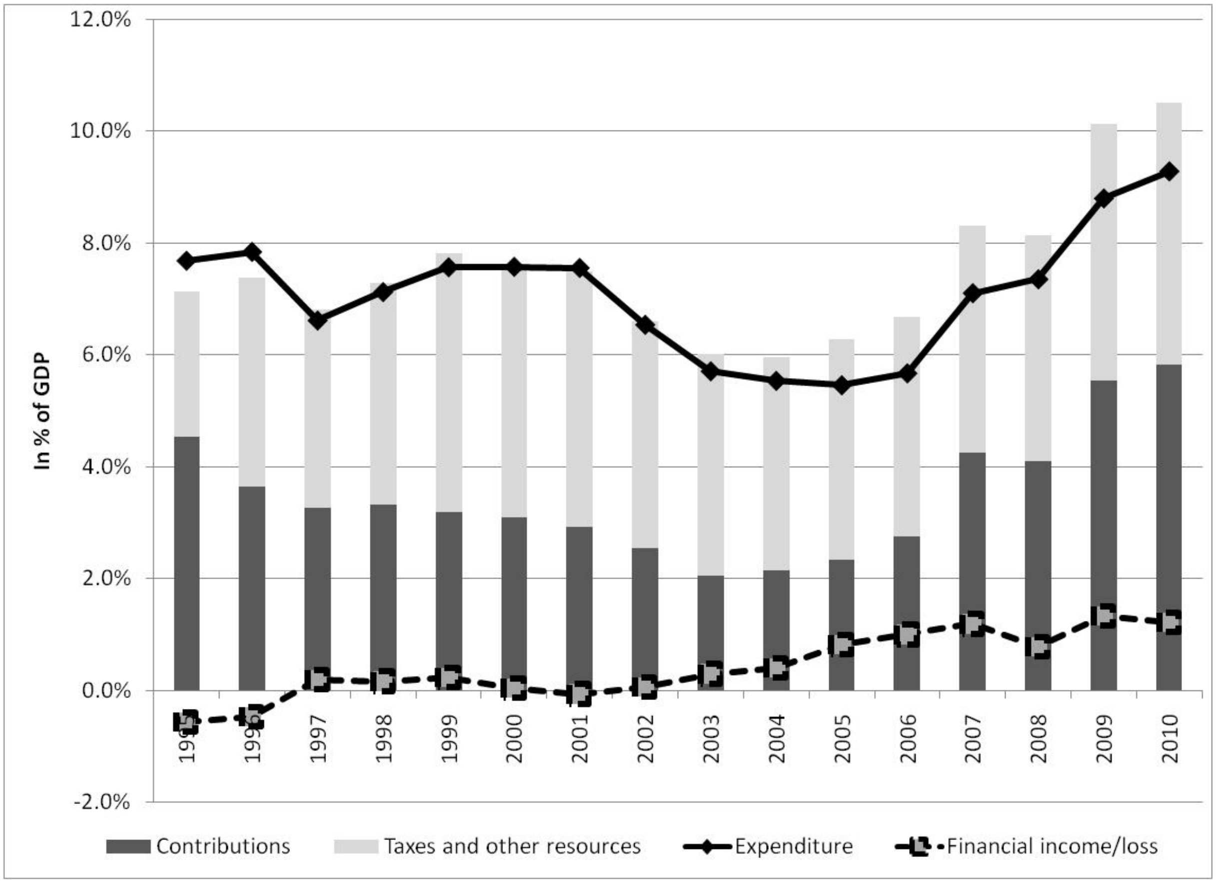
Source: Bertranou, Cetrángolo, Grushka and Casanova (2011).

Graph 2. Activity condition and type of labour insertion of population between 18 and 65 years old, 1991-2010.



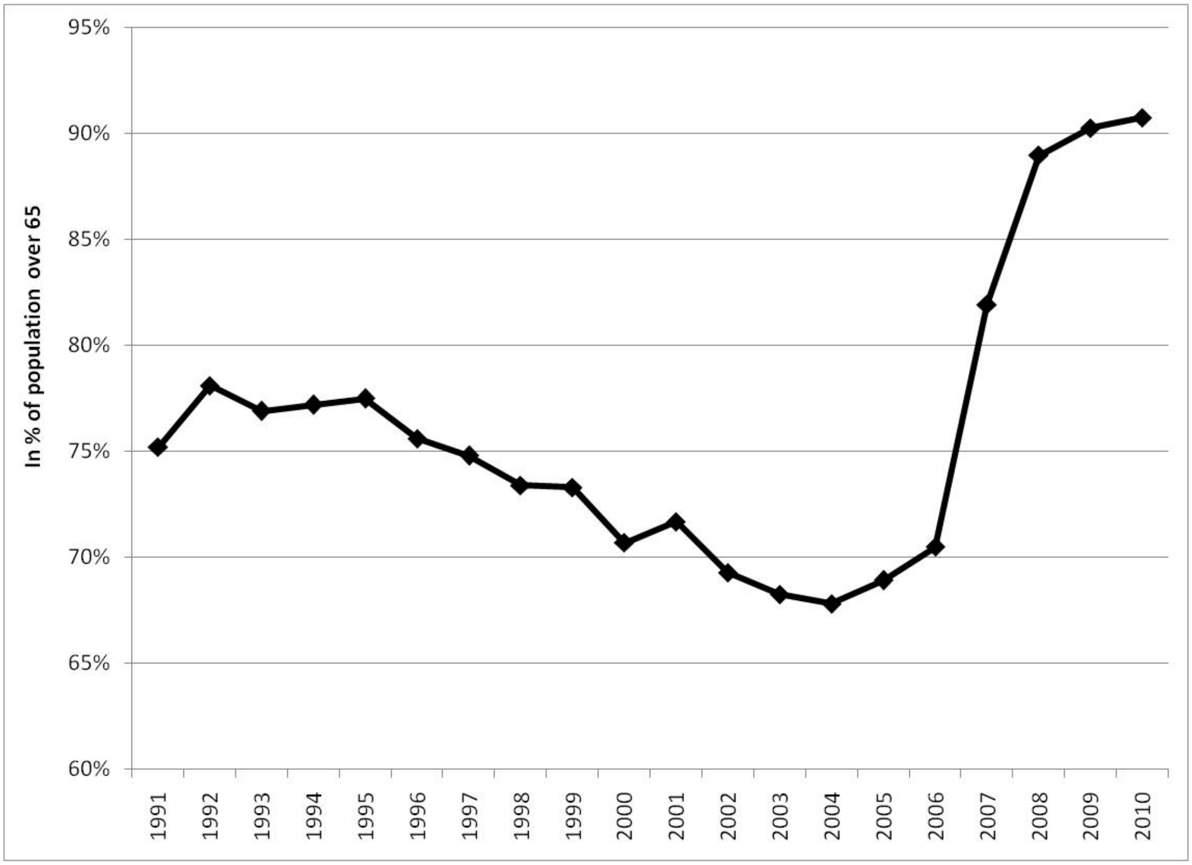
Source: Bertranou, Cetrángolo, Grushka and Casanova (2011).

Graph 3. Expenditure and total resources of the National Social Security Administration (ANSES), 1995-2010



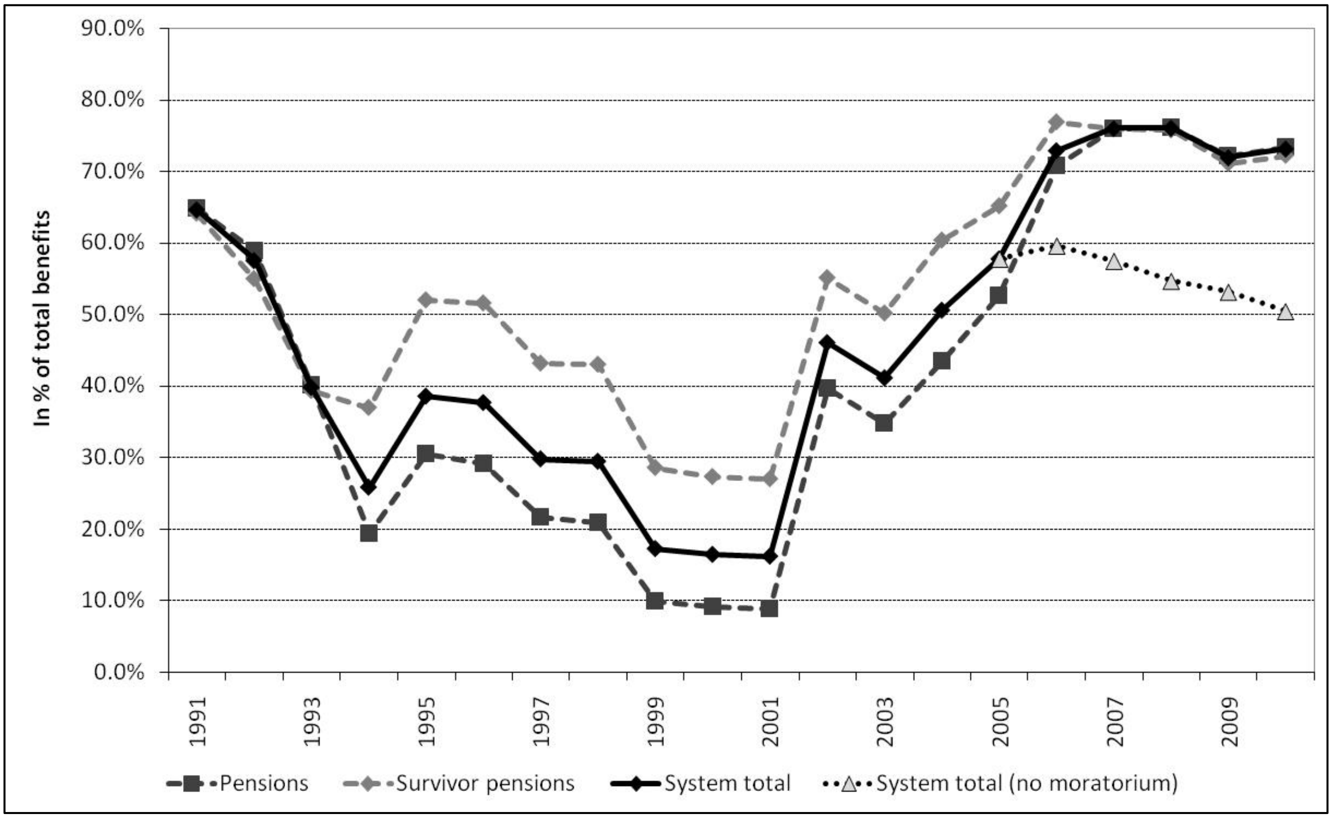
Source: Own calculation based on the database of the Investment Account (Department of Finance).

Graph 4. Coverage of the pension system for the population over 65, 1991-2010.



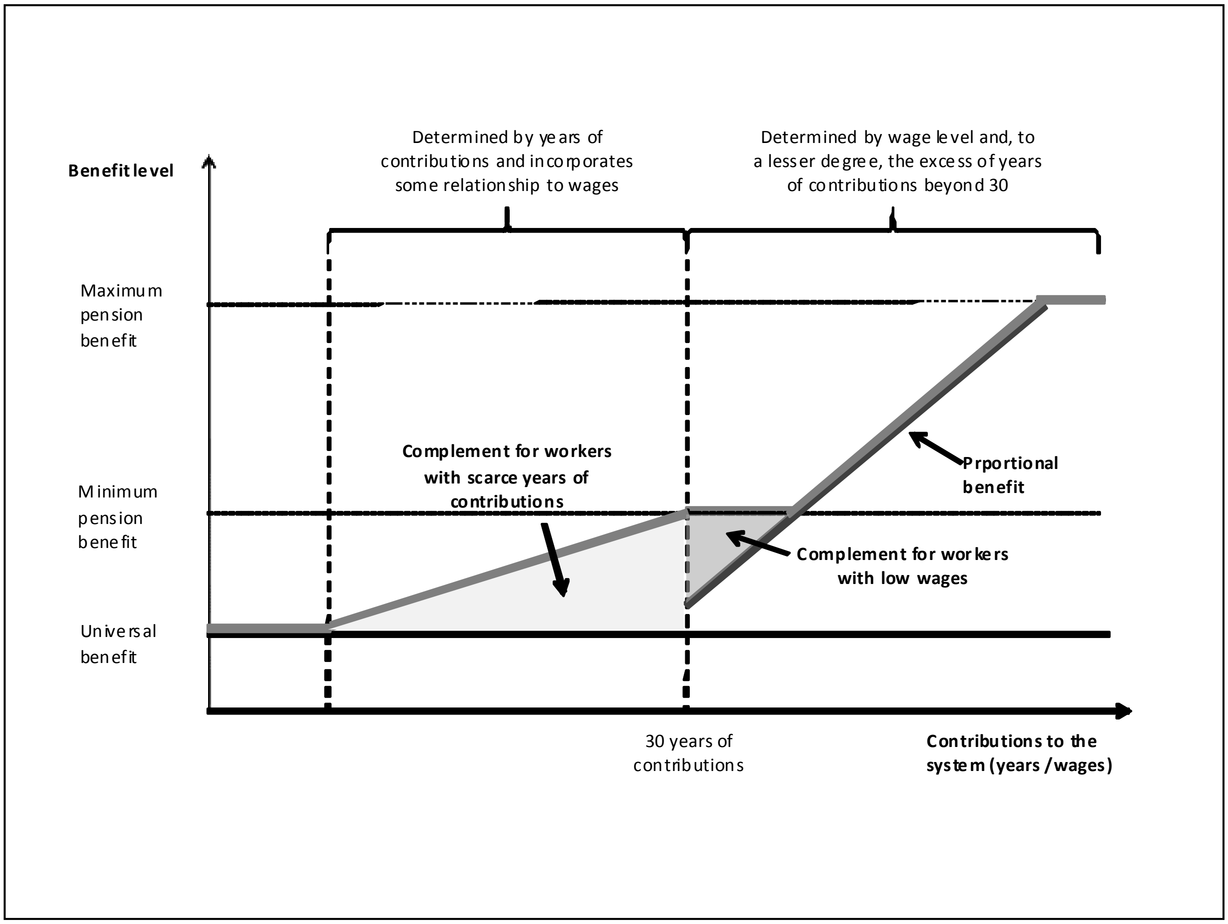
Source: Bertranou, Cetrángolo, Grushka and Casanova (2011).

Graph 5. Ratio of pension benefits with minimum benefit, 1991-2010



Source: Own calculation based on Bertranou, Cetrángolo, Grushka and Casanova (2011).

Graph 6. Proposed benefit scheme



Source: Bertranou, Cetrángolo, Grushka and Casanova (2011).

Table 1. Coverage of the pension system in the population over 65, as per specified categories. 2005 and 2010

Category		2005	2010	Difference (p.p.)
Total		*68.9*	*90.7*	*21.8*
Gender	Men	73.1	86.8	13.7
	Women	66.3	93.3	27.0
Age	65-69	48.6	80.4	31.9
	70-74	67.9	95.4	27.5
	75-79	82.0	95.9	13.9
	80+	85.4	96.6	11.2
Education	Incompl Prim Ed	65.0	92.0	26.9
	Compl Prim Ed	68.6	92.5	23.9
	Compl Sec Ed	73.6	87.5	13.9
Income	Quintile 1	36.6	83.9	47.3
	Quintile 5	80.2	84.1	3.9

Source: Bertranou, Cetrángolo, Grushka and Casanova (2011).

Table 2. Special schemes

Name	Workers benefited	Laws	Retirement age		Contribution years (1)	Differential contribution(2)	Replacement rate (3)
			Men	Women			
General Scheme (Argentine Integrated Pension System)		24.241	65	60	30	-	PBU + 45% a 52,5%
Diplomats	National Foreign Service Staff	22.731	65	65	30 (with 15 continuous years in the scheme, or 20 discontinuous years)	0%	85%
Researchers	Staff carrying out the following tasks in the bodies listed in said laws: technical-scientific activities on research and development and management thereof, on a full-time basis, and full-time faculty members of national universities, carrying out similar activities.	22.929	65	60		2%	
		23.026				2%	82% (at least)
		23.626				2%	82% (at least)
Teaching staff	Teaching staff of initial, primary, middle, technical and non-university terciary levels	24.016	60	57	25	2%	82%
Magistrates and other	President, Vice-president and Judges of the Supreme Court of the Nation. Magistrates and officials of the Judicial Power, of the National Public Prosecution Authority, and of the National Prosecuting Authority on Administrative Investigation.	24.018	60	60	20	1%	82%

Note: (1) in some specific cases, retirement age may vary. (2) differential benefit regarding the regulatory provisions of the general scheme. (3) Replacement rate is not completely comparable because it is computed on different bases.

Source: Own calculation.

Table 3. Pension income or pension as compared to total income of elderly adults as per income quintile, 1995, 2005, and 2010.

Quintile	Income of pension system / Total income			Position of elderly adults in distribution of income		
	1995	2005	2010	1995	2005	2010
1 (poorest)	91%	42%	89%	8%	7%	5%
2	91%	77%	92%	21%	12%	13%
3	92%	84%	95%	22%	23%	30%
4	87%	82%	87%	26%	28%	26%
5 (richest)	82%	76%	75%	22%	30%	25%
Total	88%	78%	87%	100%	100%	100%

Source: Own calculation based on the permanent household survey (EPH).

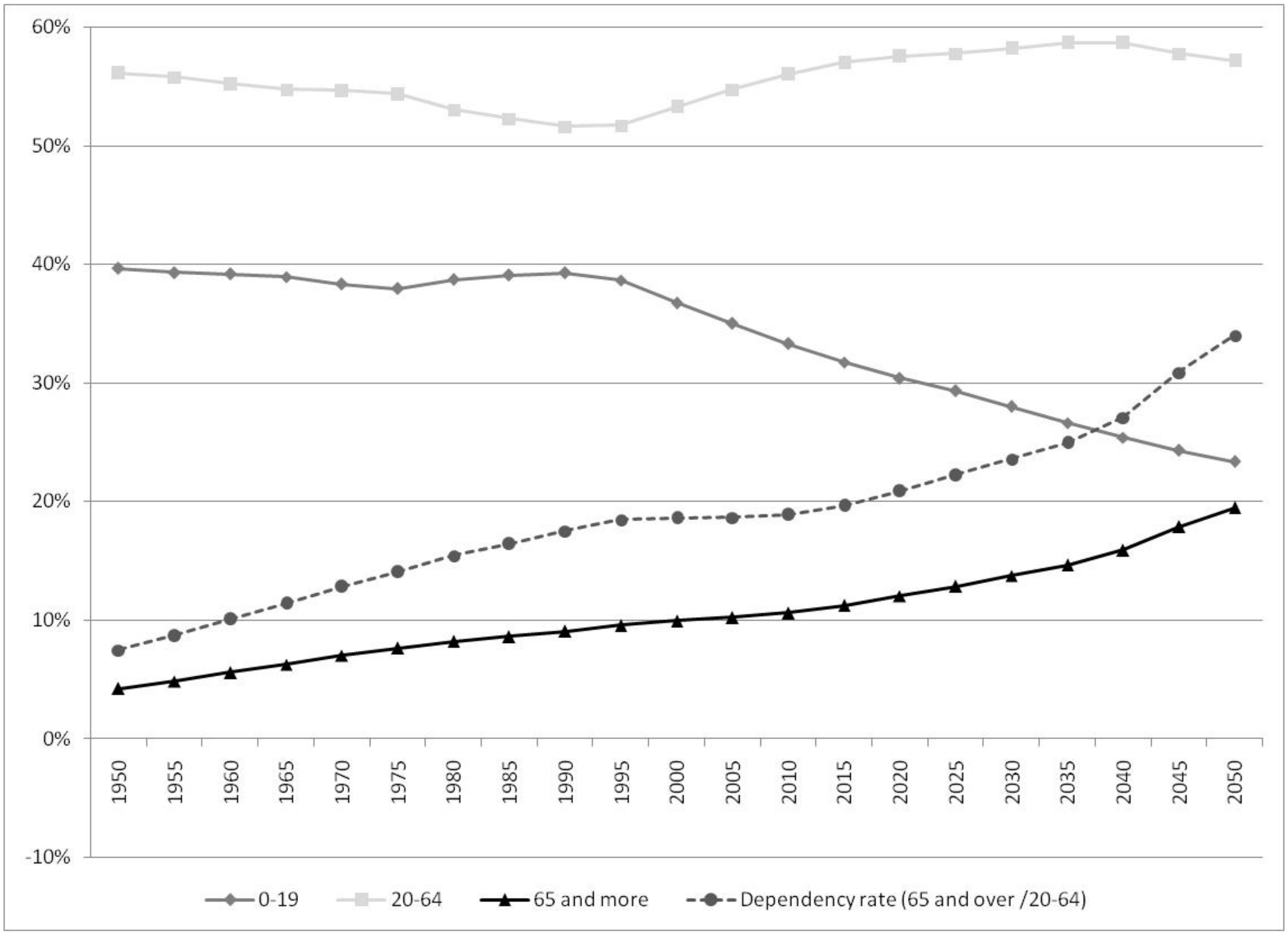
Annex 1. Old-age, disability and survivorship benefits. National System (SIPA + MDS)

Scheme	Old-age	Disability	Death
Contributive (SIPA)	**Pension**	**Disability pension**	**Survivorship pension.** Regularity in contributions (or having a disability pension)
	30 contribution years	Total disability (physical or intelectual) for performing any activity	
	Retirement age: 60 for women and 65 for men	Regularity in contributions, regardless of age or seniority at service	
Semi-contributive (SIPA)	**Moratorium**		
	"Facilitated" access to persons that have reached retirement age (and/or other requirements) without the necessary contribution years; transitory nature, since the periods without contributions that could be included must be prior to September 30th, 1993		
	Old age benefit		It generates survivorship pension
	10 contribution years (5 during the 8 years prior to termination of service)		
	Retirement age: 65 years for disability, 70 for old age (67 for rural workers)		
Non-contributive (MDS)	**PNC**		These only generate under certain special conditions
	Not receiving any kind of pension benefit		
	Not having any property, income or resources of any kind that ensure subsistence of applicant and his/her family group. Not having any family members obliged and able to provide alimony		
	Foreigners must provide proof of a 20-year continuous residence in Argentina		
	Age for old age benefit: 70-year		

Note: Argentine Integrated Pensions System (SIPA) and Ministry of Social Development (MDS).

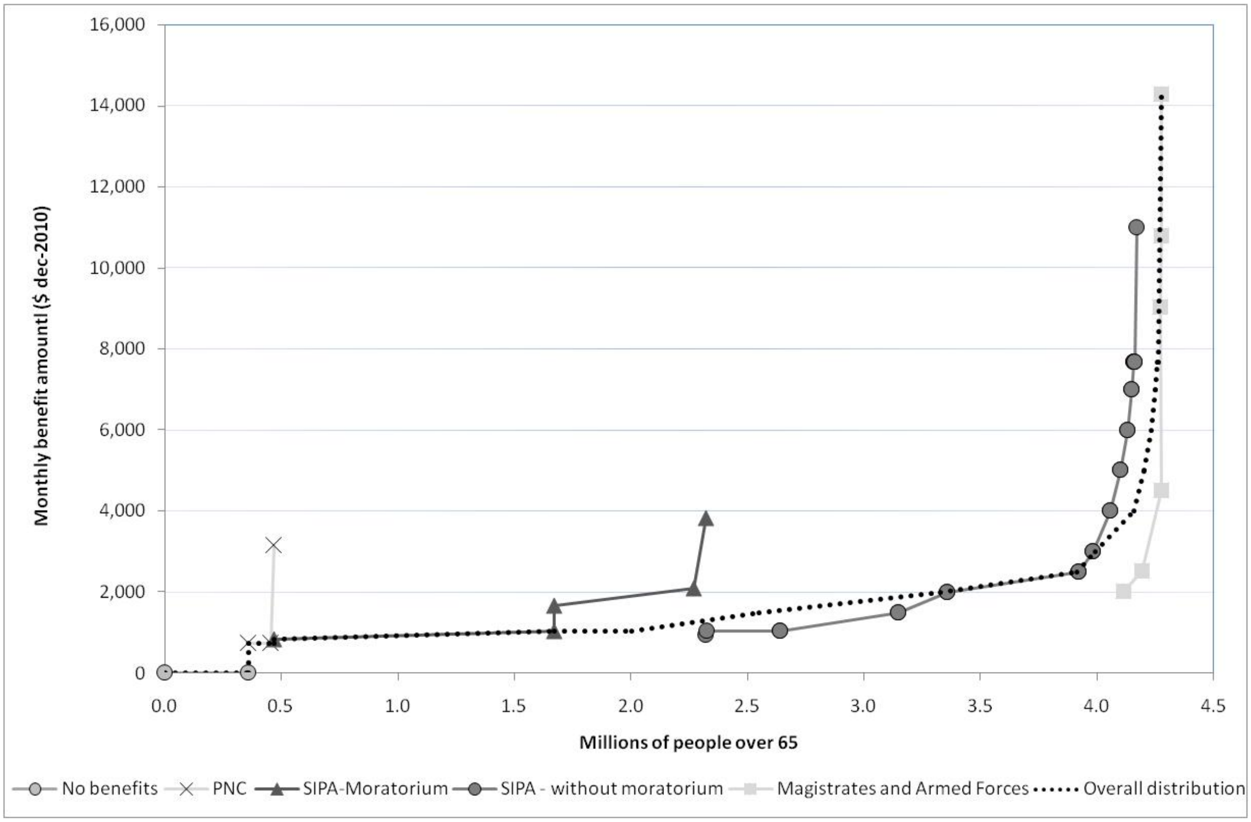
Source: Bertranou, Cetrángolo, Grushka and Casanova (2011).

Annex 2. Evolution of the composition of the population by large age groups and of the dependency rate, 1950-2050



Source: CELADE.

Annex 3. Elderly adult population and pension income, type and amount of benefits, 2010.



Source: Bertranou, Cetrángolo, Grushka and Casanova (2011).