

Argentina

Argentina: Pension system in 2010

The pension system has two components: a basic component and an additional social insurance component. For those aged 70 and above there is also an age-related social insurance component and a social assistance component.

Key indicators

		Argentina	LAC26
Average earnings	ARS	53 600	27 700
	USD	13 500	7 000
Public pension spending	% of GDP	6.4	3.1
Life expectancy	At birth	76.2	73.6
	At age 65	17.4	17.4
Population over age 65	% of working-age population	19.2	12.3

Qualifying conditions

Retirement age for the basic pension is 65 for men and 60 for women with at least 30 years of service. To meet the contribution qualifying condition, the insured may substitute two years of age after the retirement age for one year of contributions.

Additional pension (social insurance): Age 65 (men) or age 60 (women) with at least 30 years of service.

Advanced old-age pension (social insurance): Aged 70 or older with at least ten years of service, with contributions paid while employed or self-employed, including at least five of the last eight years before leaving employment. A self-employed person must have been insured for at least five years.

Benefit calculation

Old-age pension (Basic Pension – PBU)

The amount of the monthly pension is ARS 494.38.

Additional pension (social insurance)

The monthly additional pension is equal to 1.5% of the insured's average adjusted monthly earnings (weighted average of the monthly amounts for self-employed workers) for each year of service. It is adjusted using an index equal to the estimated mobility granted to the benefits in effect.

The maximum monthly earnings for calculating the pension is ARS 11 829.21.

The monthly pension for the elderly is equivalent to 70% of the basic pension and the additional service benefit. The minimal old-age pension for the elderly is ARS 1 046.63 and ARS 1 091.50 for dependents of the National Institute of Social Services. The maximum monthly old-age pension (the sum of the basic pension and the social assistance pension) is ARS 7 666.38. Pensions are paid monthly with a 13th and 14th payment equal to half of a regular monthly payment paid in June and December.

Benefits are adjusted every March and September according to changes in the affected tax collection, specifically social insurance and the INDEC or RIPTE salary index of the SSS.

Variant careers

Early retirement

Early retirement is not possible under the general regime.

Late retirement

There is no limit to delaying the retirement age (the employer has the right to require an employee to retire), nor is there any advantage to delaying the pension. In any case, for every year beyond the 30 years of contributions (up to a maximum of 35 years of contributions), 1.5% of the base income will be recognised. For each year above the minimum age of benefit withdrawal, one year of service can be substituted for every two years over the minimum age.

Personal income tax and social security contributions

Taxation of workers

Individual income tax rate ranges from 9% to 35% with seven income brackets.

Amount	%
Up to ARS 10 800.00	0
From ARS 10 800.01 to ARS 20 800.00	9
From ARS 20 800.01 to ARS 30 800.00	14
From ARS 30 800.01 to ARS 40 800.00	19
From ARS 40 800.01 to ARS 70 800.00	23
From ARS 70 800.01 to ARS 100 800.00	27
From ARS 100 800.00 to ARS 130 800.00	31
From ARS 130 800.00 and above	35

Social security contributions paid by workers

Employee contributions equal 17%, out of which 11% is mandatory payment to the Argentine Integrated Social Insurance System (SIPA), 3% is a mandatory payment for social programmes and a mandatory 3% for the National Institute of Social Services for Retirees and Pensioners.

Employers contribute 23%, of which 10.17% are for benefits granted by SIPA and the remaining 12.83% is divided between the Sub-system of Family Allocations (4.44%), the National Employment Fund (0.89%), the National Institute of Social Services for Retirees and Pensioners (INSSJP) (1.5%), and other social programmes (6%).

Taxation of pension income

Pension income is taxed as income from work except where the pension is due to the death or disability of the insured.

Social security contributions paid by pensioners

Inactive pensioners contribute between 3% up to the value of the minimum payment and 6% over the amount exceeding that amount, depending on the amount of the payment to old-age social programmes. Working pensioners contribute 11% to the national employment fund.

Earnings valorisation

The adjustment to past contributions is made using an updating index. This index is equal to the projected mobility granted to the existing benefits. The formula that determines the projected mobility is:

The components of the formula are:

$$m = \begin{cases} A = 0.5 \times RT + 0.5 \times w & \text{if } a \leq b \\ B = 1.03 \times 4 & \text{if } a > b \end{cases}$$

Where:

“m” is the mobility of the period, which is a function defined by tax bracket.

“a” is the bracket of the mobility function prior to the application of the limit.

“RT” is the variation in tax resources per benefit (net of eventual contributions of the National Treasury to cover deficits of the National Social Security Administration) developed by the organisation. It compares identical semesters in consecutive years.

“w” is the variation of the general salary index published by the National Institute of Statistics and Census or the variation of the Average Taxable Payments of Permanent Workers (RIPTE) index, published by the Social Security Secretariat, whichever is greater. In both cases, consecutive semesters are compared.

“b” is the bracket of the mobility function that serves as an eventual limit.

“r” is the variation in total resources per benefit of ANSES (net of eventual contributions of the National Treasury to cover deficits of ANSES). It compares consecutive 12-month periods.

Social assistance programmes for old-age population

Moratorium

Self-employed workers who meet the age requirements for any of the benefits can sign up for the voluntary scheme in order to complete the required number of years of service with the remaining contributions. The regularisation scheme of debts is aimed at self-employed workers, whether or not they are registered in this scheme, for their contributions accrued up to September 1993. A moratorium exists for contributions debited before September 1993.

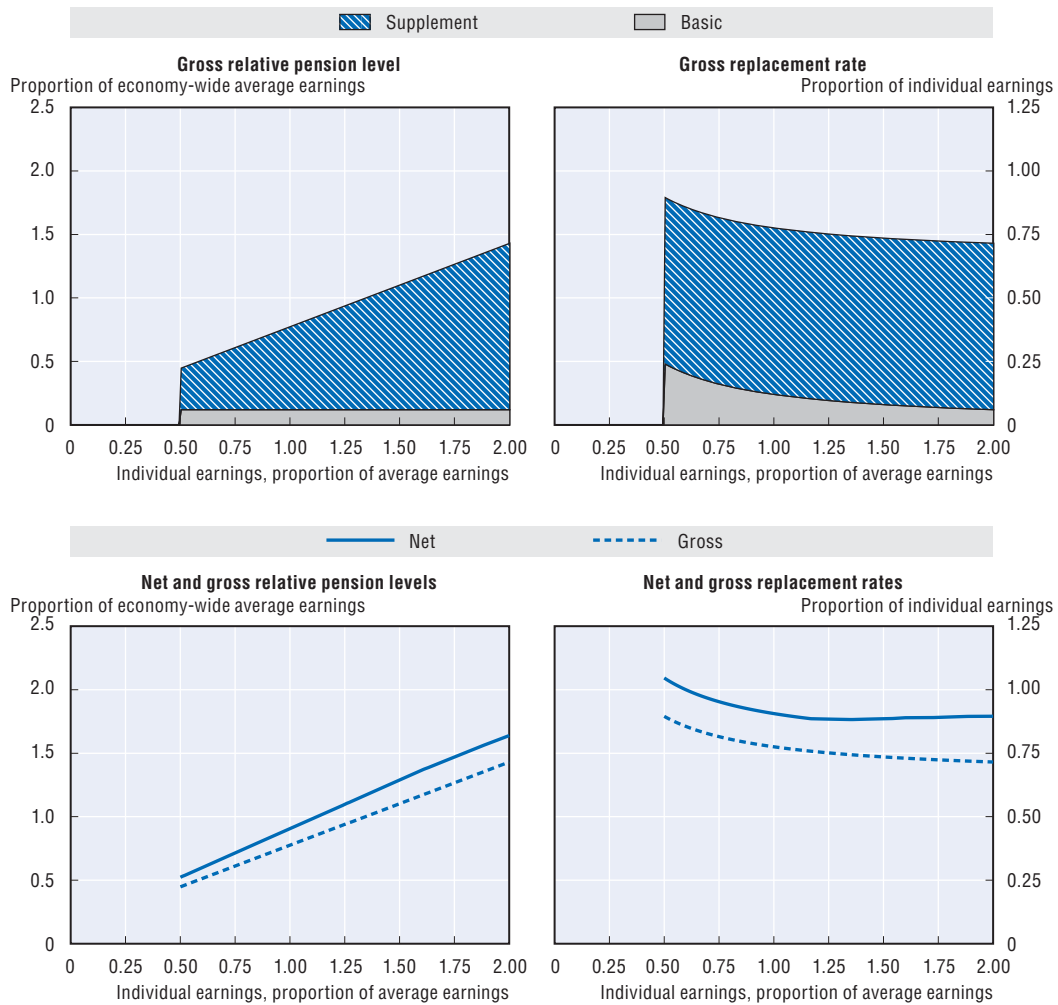
Social welfare pension (social assistance)

There is an Advanced Old-age pension (established in 2003) for women and men over 70 without fixed incomes sufficient for their subsistence. In order to receive this benefit, one must be a native or naturalised Argentine citizen residing in the country, a foreigner with a minimum of 20 years of continual residence in the country, not be receiving any other retirement or pension benefits, not have any relatives legally required to provide food, and not have goods, income, or resources that would enable them to subsist. The state provides a life-long pension equal to 70% of the minimum pension, or ARS 732.64/month in 2010. This benefit is incompatible with the receipt of any retirement or pension whether from the national, provincial or municipal civil service or the military. Additionally, pensioners with dependents will receive a family allowance.

Additional programmes

The aim of PAMI Geriatric Care is to provide institutional, integrated and personal assistance, either temporary or permanent, to insured persons over age 65, dependent or semi-dependent and/or with extreme psychological or physical deterioration that require intensive, specialised personal assistance that cannot be provided by the family or who have no other benefit options.

Pension modelling results: Argentina



Men Median earner		Individual earnings, multiple of average				
		0.5	0.75	1.0	1.5	2.0
Women (where different)						
Gross relative pension level	65.1	44.8	61.1	77.5	110.3	143.1
(% average gross earnings)	59.2	41.1	55.7	70.3	99.4	128.5
Net relative pension level	76.1	52.3	71.5	90.6	128.9	163.9
(% net average earnings)	69.2	48.1	65.1	82.1	116.1	148.9
Gross replacement rate	80.3	89.5	81.5	77.5	73.5	71.5
(% individual gross earnings)	73.1	82.2	74.2	70.3	66.3	64.3
Net replacement rate	93.9	104.6	95.3	90.6	88.6	89.6
(% individual net earnings)	85.4	96.1	86.8	82.1	79.8	81.4
Gross pension wealth	12.2	13.6	12.4	11.8	11.1	10.8
(multiple of individual gross earnings)	15.2	17.1	15.5	14.6	13.8	13.4
Net pension wealth	11.8	13.2	12.0	11.4	10.8	10.3
(multiple of individual gross earnings)	14.8	16.6	15.0	14.2	13.4	12.9

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