



Annual Report 2001

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PRESIDENT'S WORDS

Dear Associates:

It is a pleasure to deliver to you our Annual Report for 2001. In the period under analysis several unpublished new facts have occurred, which profoundly marked the beginning of the XXI Century. In effect, the social and political situations have been especially hard in the most diverse parts of the world, and the concept of security in all its meanings has been threatened, which in all has generated worldwide uncertainty.

As a consequence of the above, the economies in the different continents have shown oscillating trends and some others are frankly deteriorated, situation that has had negative repercussions on the pension systems. In addition in some countries concerning signs are being observed.

Special mention is to be made in relation to the Argentinean crisis, where in my judgment, a basic principle has been injured, which is the risk separation of the social security savings from the governmental risks, in addition, workers are being strongly harmed and affected in their patrimony, which constitutes a dispossession that deteriorates the future social security situation.

FIAP, in opportune manner has indicated to the authorities the harm that some of the adopted measures will mean for millions of workers and their families. At the same time, it was expressed that the way being followed would represent a step back in relation to the confidence and trust that the workers need to have of the social security systems.

The value of the institutions is appreciated so much more in times of crisis, and in 2001 we have suffered one of the biggest ones in the past years. FIAP has demonstrated its weight in front of the difficulties its associates have had to bear and deal with. Practice within these years shows that we need to strengthen our institution and correct our weak points and lacks. We need to improve our capacity of generating studies that allow having more and better tools to counter arrest decisions and conducts that many times are simplistic, and which in order to solve specific or short term situations, harm the possibilities of granting adequate retirement pay to the workers in the long term.

Differently than many other institutions and of the political world, we work with a long-term perspective, which reaches its highest sense in the measure that we are capable of representing the hopes of millions of workers that go from their condition of active workers and become passive with a life style and level that is equivalent to the effort carried out.

An encouraging fact is that in some countries legal modifications have been carried out that have meant important perfecting to their current private pension systems, which brings happiness to us and encourages us to continue working.

In May 2002 it will be six years since FIAP was founded. Saw the light on 03 May 1996, while the Chilean AFP's were becoming 15 years in age, in the frame of a commemorative seminar to which many countries attended. There the need of creating an instance in order to represent this new social security institutional practice was expressed and that is currently conformed by 21 countries, of which 15 are Latin American, five are European and one is from Asia.

FIAP has provided its members a numberless amount of works, data and documents resulting from and issued at the meetings and encounters held at international level, which had as main objective exchanging experiences and providing support to its associates in the development of the values and foundations for the administration of the private pension systems.

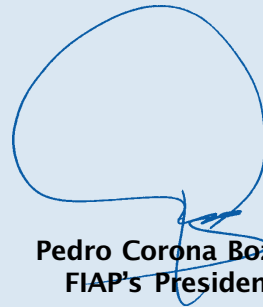
During the year 2001 we intensively collaborated with those countries that requested technical support and continued issuing semester bulletins, quarterly reports and monthly bulletins. The documentation produced by FIAP is a useful working tool to resolve different situations, confront changes and reforms, given it represents the depurated experience gained in an orderly manner coming from many players.

We have constructed a road, with weaknesses and strengths, we have an organization that has proven its usefulness, thus is permanently confronting growing challenges, reason for which we cannot afford postponing our institutional strengthening. This task has become urgent to be confronted given the nature and size of the challenges that we will most probably have to deal with.

Finally, I wish to express my sincere thankfulness

to FIAP's personnel and representatives and co-workers of the associations and institutions, directors and presidents that conform this Federation, and to the Government authorities of the member countries, who have during the present year collaborated as well as in previous periods and without their help we would have been unable to materialize all this work. This is the third year of my second office term, and the time has come to renew the institutions directive team. I leave with the gratifying sensation of having carried out, together with you, an effective effort and work in lieu of perfecting the pension systems, in direct benefit of million of workers. My best wished for those that will continue with this task of conducting this important Institution in the forthcoming periods.

Thank you very much,

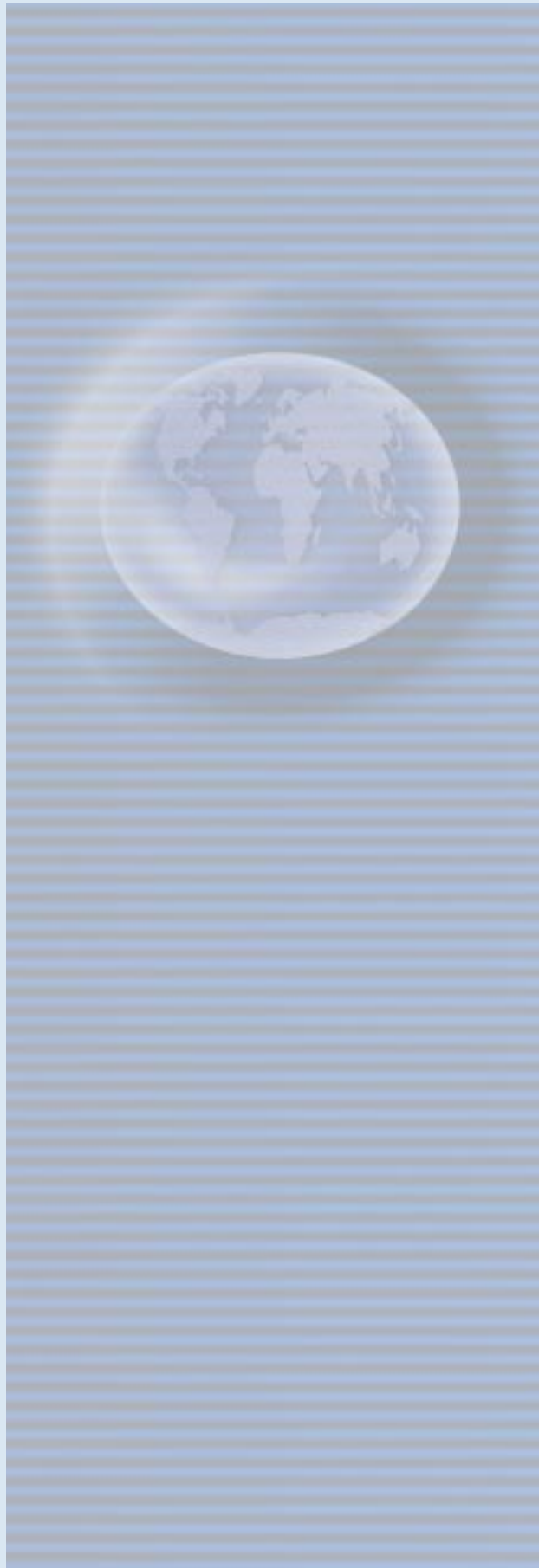


Pedro Corona Bozzo
FIAP's President

Rio de Janeiro, April 2002



INSTITUTIONAL INFORMATION



PRESENTATION

The constitution of the International Federation of Pension Funds Administrators, FIAP, took place in the closing ceremony of the “II Ibero-American Congress of Private Pension Systems”, held in Santiago de Chile, on 03 May 1996.

The encounter, which gathered over 600 national and foreign delegates, served as frame to give birth to an entity that would group up the associations and entities of those countries that have legally established a Pension Funds Administrators System and those that are in the process of implementing a system of this type.

Amongst the main objectives of the Federation is to exercise international representation of all the group of these systems, divulge and defend the values, principles and foundations that guide it in relation to the private activity in the environment of the Private Pension Systems Administration.

OBJECTIVES

The objective of the Federation is to promote, coordinate, protect, rationalize and unify the efforts and the activities of its associates, in the ambit of the Private Pension Fund Systems that exist in each country of the globe.

To comply with purposes shared by the member entities, the International Federation of Pension Funds Administrators, FIAP, directs its attention to achieve the following objectives:

- Divulge the knowledge and practice of the Private Pension Funds Systems.
- Promote the formation and development of the Private Pension Funds Systems.
- Exercise the international representation of the all these systems, when it so may be agreed.
- Collaborate with public authorities and private entities, as well as with foreign and international entities.
- Promote in front of the public authorities legal dispositions and regulations destined to foment the private initiatives in the referred

to areas.

- Inform its associates about activities of the Federation and its affiliates.
- Maintain relationship with similar international entities, with the purpose of exchanging ideas and experiences and divulge them among the associates.
- Create non-resolving technical organisms, destined to gather, study, systemize and prepare support material, for its diffusion amongst associates and public opinion.
- Divulge and defend the values, principles and fundamentals of the private activity in the ambit of the Private Pension Systems Administrations.
- Exercise when it is agreed so amongst the interested parties, the representation of all the affiliated institutions in matters of collective interest that are compatible with its governing statutes purposes, respecting the autonomy of the same in matters of internal order of each of them, and;
- Comply with all other functions that laws, rules and regulations, and competent authority dispositions, which are related to its purposes and objectives and which are assigned to it.



FULFILLMENT OF GOALS AND OBJECTIVES 2001

In accordance with its technical and gremial role and in function of the objectives traced out for year 2001, FIAP developed and carried out activities destined to foment, divulge and provide technical support to its associates.

In this manner FIAP directed its actions to the achievement of the following general objectives:

1. Foment the instauration of the Private Pension Systems based on the savings and individual capitalization financial regime.

During the year we collaborated with those countries that requested technical support, receiving delegations from several countries and organizing study trips for delegations that desired to know the manner the Latin American pension systems were functioning.

So it is that in May we received a delegation from Mexico formed by integrants of the Social Security Commission of the House of Representatives. In July, FIAP was visited by another Mexican delegation conformed by representatives of the Health and Social Security Commission of the Senate.

We can also highlight the visit, in August, of a delegation coming from Dominican Republic, who after know the functioning of the Chilean Social Security system gave origin in that country to the AFP of the Bank of Reserva.

During September 2001, FIAP's President visited Paraguay and participated in a seminar due to the 20th anniversary of the Medical and University Professional Social Security Entity. After his visit, a study trip was organized for two workers of that entity, who received training in several matters related to the pension funds, holding meetings with FIAP's representatives, AFP Association, AFP Cuprum, Insurance Association, PreviRed and other related institutions.

In October and due to holding the FIAP's Board of Directors Meeting in Venezuela, FIAP's President met with the Finance Minister of that country and participated, together with the other members of the Board of Directors, in

several interviews with local mass media.

During his visit to Bulgaria, FIAP's President held an interview with the Minister of Labor and Social Policies, and with the President of the Labor and Social Policies Commission of the Parliament, amongst other authorities.

In that same month we received a Parliament Delegation of the Russian Federation, headed by the Vice President of the State Duma of that country.

Likewise, delegations coming from Hungary and Rumania were received, interested in know the reform process and benefits of the individual capitalization system.

2. Place FIAP as an international organism of technical and gremial character that responds to the needs of its associates.

In March 2001 FIAP participated jointly with the European Federation of Pension Funds (EFRP), in the "II International Pension Conference", held in Santiago de Chile.

In that opportunity we dealt with the contribution rates and benefits of the pension systems; pension funds investments and future plans of the World Pension Association. Likewise a seminar was carried out "Private Pension Funds: Contribution to Economic and Social Development", jointly organized by the Inter-American Development Bank (IDB), FIAP and the Chilean Association of AFP's.

Another important fact occurred during year 2001 was the Meeting of Coordinators of the associations and institutions that are members of FIAP, and which was held in Santiago de Chile.

In the same manner, during October 2001, the Federation's President participated in the International Conference organized by the EFRP and the National Association of Pension Funds, NAFFP, presenting the topic "Is the Chilean System possible to be Exported?".

During November FIAP, jointly with the Chilean-Argentinean Chamber of Commerce organized the Seminar "Social Security Savings Mobility", a matter of great interest amongst FIAP's member countries.

In so far to technical support provided to the countries and institutions that are associated to FIAP, during the year we continued issuing Semester Bulletins, Quarterly Reports and Monthly Bulletins with information of the pension funds of FIAP's member countries. These documents have served as a base for further analysis and studies carried out by the entities that requested information. At the same time, work documents were developed - general and specific ones - in regards of social security matters of interest for FIAP's member countries.

3. Collaborate and provide support in activities of diffusion and defense of the Private Pension System, so much in the national and international environments.

During the year the Federation continued paying attention to the requirements of its associates, providing them with information in order to allow them divulging in a clear and transparent manner the achievements that the pension systems in the associated countries are presenting.

During 2001 and given the complexity lived through by the Argentinean administrators and affiliates, FIAP provided a strong support to the AFJP Chamber of that country, sending correspondence of FIAP's President to several authorities of the Argentinean Government. Likewise, special emphasis was given to the diffusion of FIAP's material to authorities and the mass media in that nation, which in turn was supported additionally by interviews granted by FIAP's President.

Likewise, during 2001 FIAP incorporated to the first page of its monthly bulletin a matter of interest for all its associates.



ADMINISTRATIVE STRUCTURE

In accordance with the International Federation of Pension Funds Administrators, FIAP, statutes, to it belong as members:

Full Members: Associations, Chambers or other similar institutions of those countries that have legally established the Pension Funds Administrator Systems or similar to these and that have as affiliates entities participating in the administration, coverage or granting of services and benefits that are proper to those Systems.

Adherent Members: entities in those countries, that without having yet Associations, Chambers or other similar institutions to the ones indicated above, are somehow tied to the activities indicated in it, and whose incorporation in such rank is approved unanimously by the integrant members of the Board of Directors of the Federation.

CHANGES IN THE BOARD OF DIRECTORS

During year 2001 following changes have been made in FIAP's Board of Directors:

In January 2001 Mr. Luiz Carlos Trabuco Cappi retired from his role of FIAP Director. In his replacement Mr. Antonio Lopes Cristovao, Vice President of the National Private Social Security Association (ANAPP) was designated.

In March as adherent members were incorporated the Municipal Employees's Service Granting Plan of Guatemala and the Arkada Bank of Ukraine, designating Mr. Arturo Argueta Morales and Mr. Kostyantyn Palyvoda, as their institution representatives to FIAP.

Likewise, during May, Mr. Ernesto Izquierdo stopped being in the position of Director of FIAP. In his replacement Mr. Andrés Aybar, President of the Dominican Pension Funds Administrators Association (ADAFP) was designated.

During October Mr. Enrique Arranz from El Salvador, left the position held as Director of FIAP and is replaced by Mr. Edwin Sagrera, President of AFP Confía. In that same month Mr. Francisco de Miguel left the position held as Director of FIAP, having designated in his replacement Mr. Julio Vargas, General Manager of AFP Futuro of Bolivia.

BOARD OF DIRECTORS THROUGH 31 DECEMBER 2001

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Board of Directors:



Mr. Pedro Corona B.
President
Chile



Mr. Jaime Cáceres S.
Vice President
Peru



Mr. Horacio López - Santiso
Vice President Mercosur Zone
Argentina



Mr. Luis Alarcón M.
Vice President Andean
Market Zone
Colombia



Mr. Mariano Rabadán
Vice President European
Zone
Spain



Mr. Eduardo Silva P.
Vice President North, Central
America and Caribbean Zone
Mexico

Directors:



Mr. Julio Vargas L.
Director
Bolivia



Mr. Carlos Duarte C.
Director
Brazil ABRAPP



Mr. Antonio L. Cristovão
Director Alternate
Brazil ANAPP



Mr. Nikola Abadjiev
Director
Bulgaria



Mr. Willy Vargas V.
Director
Costa Rica



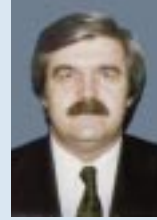
Mr. Guillermo Arthur E.
Director
Chile



Mr. Gilberto Pazmiño A.
Director
Ecuador



Mr. Edwin Sagrera
Director
El Salvador



Mr. Valeri N. Sivachenkov
Director
Russian Federation



Mr. Sergio Archila G.
Director
Guatemala, INVERMA



Mr. Arturo Argueta M.
Director Alternate
Guatemala, Plan de
Prest. Emp. M.



Mr. Carlos Ramos F.
Director
Honduras



Mr. Aidar Alibayev
Director
Kazakhstan



Mr. Alfonso de los Heros P.
Director
Peru



Mr. Pawel Wojciechowski
Director
Poland



Mr. Andrés Aybar
Director
Dominican Republic



Mr. Kostyantyn Palyvoda
Director Alternate
Ukraine, Arkada Bank



Mrs. María D. Benavente
Director
Uruguay



Mrs. Norma L. de Dueñas
Director
Venezuela

Mr. V.I. Kopeykin
Director
Ukraine

Zone Vice Presidencies:

- Vice Presidency Mercosur: Argentina. Conformed by Brazil, Chile and Uruguay.
- Vice Presidency Andean Market: Colombia. Conformed by Bolivia, Ecuador, Peru and Venezuela.
- Vice Presidency Europe: Spain. Conformed by Bulgaria, Russian Federation, Kazakhstan, Poland and Ukraine.
- Vice Presidency North America, Central America and the Caribbean: Mexico. Conformed by Costa Rica, El Salvador, Guatemala, Honduras and Dominican Republic.

NEW MEMBERS INCORPORATION

One of the main objectives of the Federation, in its six years of existence, has been incorporating as associates the different countries that have taken the option of a savings and individual capitalization system, establishing and maintaining direct coordination efforts with different associations and institutions related to the social security matters.

During year 2001, and due to having held FIAP's V Ordinary Assembly, it was ratified to incorporate as FIAP members the Municipal Employee's Service Granting Plan of Guatemala and the Arkada Bank of Ukraine.

TECHNICAL COMMITTEES

The following technical committees are constituted through 31 December 2001, in charge of the following vice presidencies:

- Operations Technical Committee Vice Presidency North America, Central America and the Caribbean - Mexico.
- Legal Regimes Technical Committee Vice Presidency Mercosur - Argentina.
- International Affairs Technical Committee Vice Presidency Andean Market - Colombia.
- Capital Market Technical Committee Vice Presidency Andean Market - Colombia.
- Promotion, Diffusion and Cultural Technical Committee - Chile.

Above mentioned committees find themselves integrated by representatives of the following countries: Argentina, Colombia, Chile, Mexico, Peru, Dominican Republic, Uruguay and Venezuela.

In this work area it is worth highlighting the creation **of the Coordinators** of the associations and institutions that are FIAP members Technical Committee, initiative that took form after the meeting held by such executives in Santiago de Chile in August 2001, and agreeing to maintain the already established technical committees.

Committee Description:

- **Coordinators of associations and institutions members of FIAP Technical Committee:**

This committee will meet annually previous to the Board of Directors Meeting and the General Members Assembly. During the year it will develop several matters of the social security area, which will be previously defined in each meeting.

Additionally, this committee has to serve as support means or vehicle between the countries.

- **Operations Technical Committee:**

In charge of this committee is the management and performance of the different administrators in matters relative to the affiliate transfers, benefit granting, and collecting management, just to mention a few issues.

- **Legal Regimes Technical Committee:**

Its work has relation with studies of law projects and legal modifications to the respective social security regimes of the member countries.

- **International Affairs Technical Committee:**

Its action ambit is referred to the elimination of barriers in order to allow free flow of investments of the administrators at international level.

- **Capital Market Technical Committee:**

The establishment of rules and regulations that facilitate investment flows of the Pension Funds of the Latin American countries into the rest of the world, as well as working on unifying the risk classification criterions for investment of such funds, are part of the work of this committee.

· **Promotion, Diffusion and Cultural Technical Committee:**

Work of this committee consists in promoting, divulging and creating a social security culture in the different countries. In its ambit of competence is working on matters of interest for the countries that operate savings and individual capitalization regimes.

ASSOCIATED INSTITUTIONS

FIAP as an international institution, without profit generation purposes is not subject to any activity or expression of political or union type, has its doors permanently wide open so that all Associations or Institutions of world somehow linked to the Social Security matters, might be incorporated as members.

Currently, Associations and Institutions from 21 countries participate:

COUNTRY	INSTITUTION
ARGENTINA	Retirement and Pension Funds Administrators Chamber, CAFJP.
BOLIVIA	Bolivian Pension Funds Administrators Association.
BRAZIL	Brazilian Closed Private Social Security Entities Association, ABRAPP.
BRAZIL	National Private Social Security Association, ANAPP.
BULGARIA	Bulgarian Association of Supplementary Pension Security Companies, BACAPS.
COLOMBIA	Colombian Pension and Unemployment Funds Administrators Association, ASOFONDOS, from Colombia.
COSTA RICA	Complementary Pension Plans Operator of the Popular and Community Development Bank.
CHILE	Pension Funds Administrators Trade Association.
ECUADOR	Investments Funds and Trustees Administrators Association of Ecuador.
EL SALVADOR	AFP Confía S.A.
SPAIN	INVERCO, Collective Investment and Pension Funds Institutions Association.
RUSSIAN FEDERATION	NPF League.
GUATEMALA	INVERMA S.A. International Pension Fund.
GUATEMALA	Municipal Employee's Service Granting Plan.
HONDURAS	Protección S.A.
KAZAKHSTAN	Association of Pension Funds of Kazakhstan.
MEXICO	Mexican Pension Funds for Retirement Association, AMAFORE.
PERU	Private Pension Funds Administrators Association.
POLAND	Polish Pension Funds Chamber.
DOMINICAN REPUBLIC	Dominican Pension Funds Administrators Association, ADAFP.
UKRAINE	Association of Non-State Pension Funds of Ukraine.
UKRAINE	Arkada Bank.
URUGUAY	AFAP Republic S.A.
VENEZUELA	Mercantil Pension Funds Administrator.

ADMINISTRATION

Executive Secretary: Gladys Otárola Santillana
Studies Analyst: Rocío Gutiérrez Saldías

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Avda. 11 de Septiembre 2155 Tower B, 14th Floor,
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Web Site: [http:// www.fiap.cl](http://www.fiap.cl)



Ms. Rocío Gutierrez S., Studies Analyst; Mrs. Gladys Otárola S., Executive Secretary.

MAIN ACTIVITIES 2001

Among the main activities carried out by FIAP during the year 2001 is its participation in and organization of numerous international encounters destined to analyze and divulge amongst its associates and authorities of the member countries, the savings and individual capitalization system.

This is how during the year, several seminars and meetings were carried out, destined to consolidate the system and generating instances of dialogue in order to set forth changes and perfecting conditions in accordance with current functioning of social security throughout the world.

As the year went by FIAP organized several encounters at institutional level:

V ANNUAL ASSEMBLY

With the participation of FIAP's members from Argentina, Brazil, Bulgaria, Chile, Colombia, Costa Rica, Ecuador, El Salvador, Spain, Russian Federation, Guatemala, Kazakhstan, Mexico, Peru, Poland, Dominican Republic, Ukraine, Uruguay and Venezuela, "V FIAP Assembly" was held on March 14th, 2001, in Santiago, Chile.

Additionally in character of invitees the meeting was attended by representatives of the Private Administrators Association (ASAP) from Argentina; the Investment, Private Pension and Unemployment Funds Administrator, Progreso S.A. from Panama and the Medical and University Professionals Social Security Entity from Paraguay, who took the opportunity to know FIAP's work and evaluate the possibility of incorporating themselves as members.

The conclusions of the encounter contained in the "Santiago Declaration", document that was widely divulged by FIAP to each of its associates and to the highest authorities of the governments of the countries that have private pension systems, contains the matters to continue working on in order to make progress in perfecting the social security system.



V FIAP Assembly

Santiago Declaration

Among the main conclusions of the V Ordinary Assembly, it can be highlighted the interest of this Federation in relation to the promotion of the savings and individual capitalization pension systems in all those countries where it still is not operating.

In this sense it was agreed to promote the creation of Local Study Centers that are dedicated to investigation, learning and diffusion of the social security systems in coordination with the supervisory organisms, grouped under the International Association of Pension Funds Supervisory Organisms (AIOS).

On the other hand, and with the purpose of allowing a greater security and yield income of the social security savings, FIAP has proposed itself to cooperate in the development of the capital markets and making the investment regulations more flexible. Likewise, it will be in charge of proposing changes to the fiscal regimes in order to prevent double taxing and setting forth incentives related to social security savings.

With the objective of achieving social security without any excluded workers, it was agreed to foment the incorporation of the independent workers to the social security system by means of creating incentives. In addition set forth all means to allow for transfer of the social security savings of the workers when these or their benefit receptors change their country of residency.

Finally it was agreed to prevent discrimination that exists in certain countries between the state system and the private system, in matters related with state guarantees of minimum pension, granting it to the private system.

II INTERNATIONAL PENSION CONFERENCE

For the second consecutive year the "International Pension Conference" was held and it counted with the presence of over 90 attendants. Among them we can highlight the participation of the European Federation for Retirement Provision (EFRP), the International Federation of Pension Funds Administrators (FIAP) and associations from Australia, Canada, United States of America and Thailand.

The Chilean Pension Funds Administrators Association and the International Federation of Pension Funds Administrators, FIAP, organized the encounter held on 15th March 2001.



Mr. Alejandro Ferreiro, AFP Superintendent of Chile; Mr. Angel Martínez-Aldama, General Director of INVERCO and Mr. Pedro Corona, FIAP's President.

Recognized specialists from the social security field met in Santiago in order to analyze matters of great interest for the sector such as: contribution rates and pension systems benefits. Special interest arose in relation to the analysis of the contribution rates structure of the pension funds and the ones being applied by other institutions that are linked to pension financing. To highlight in addition are the kinds of benefits and the real and/or expected amounts of these. On the other hand, investment of the pension funds, its future trends and improving and perfecting the investment regulations was another matter of interest.

Likewise, presented for its analysis were the regional reports of Latin America, Europe, Canada and United States of America.

SEMINAR "PRIVATE PENSION FUNDS: CONTRIBUTION TO ECONOMIC AND SOCIAL DEVELOPMENT"

In the frame of the 42nd Annual Governor Meeting of the Inter-American Development Bank (IDB), the Seminar "Private Pension Funds: Contribution to Economic and Social Development" was carried out on 16 March

2001. Inter American Development Bank, FIAP and the Chilean Pension Funds Administrators Association organized the encounter, and it counted with the participation of important Chilean authorities and recognized expounders.

MEETING OF COORDINATORS OF ASSOCIATIONS AND INSTITUTIONS MEMBERS OF FIAP

On 30 August 2001, in Santiago de Chile, the Meeting of Coordinators of Associations and Institutions Members of FIAP was held. To it attended representatives from Argentina, Chile, Colombia, Ecuador, Mexico, Peru, Dominican Republic and Uruguay.

During this meeting it was agreed to create a Technical Committee conformed by the Coordinators of the associations and institutions affiliated to FIAP, maintaining the already established committees. In addition the work issues to be carried out by this committee were defined.



Mr. Edwin Guerra (Dominican Rep.); Mr. José Alfredo Reynoso (Mexico); Mr. Jorge Castorina (Argentina); Mrs. Gladys Otárola (Executive Secretary of FIAP); Mr. Francisco Margozzini (Chile); Mr. Gilberto Pazmiño (Ecuador); Mr. Pedro Corona (Chile); Mr. Carlos Matyszczyk (Uruguay); Mr. Rodrigo Galarza (Colombia); Mr. Marvin Rodríguez (Costa Rica); Mr. Alberto León (Peru).

IV MEETING OF FIAP'S BOARD OF DIRECTORS

On 18 October, in Caracas, Venezuela, the IV Meeting of FIAP's Board of Directors was held, and was attended by FIAP's President and Vice President, in addition to the attendance of representatives of the Vice Presidencies of the Mercosur Zone and the Andean Market Zone.

INTERNATIONAL SEMINAR "SOCIAL SECURITY SAVINGS MOBILITY"

With the purpose of analyzing and spelling out concrete proposals in relation to the fund transfers from one country to another when an affiliate changes the country of residency, expounders met from Argentina, Chile and Peru under the frame of the Seminar "Social Security Savings Mobility". This encounter held on the 4th of December 2001, in Santiago, Chile, was jointly organized by the Chilean-Argentinean Chamber of Commerce and the FIAP.

The encounter had the participation of the Superintendents of Pension Funds Administrators, from Chile, Mr. Alejandro Ferreiro; from Argentina, Mr. Francisco Astelarra; and from Peru, Mrs. Lorena Masías; the Social Security Undersecretary of Chile, Mrs. María Ariadna Hornkohl; and his Excellency the Ambassador of the Argentinean Republic Mr. Daniel Olmos.



Mr. Orlando Mercado Labbé, President of the Chilean Argentinean Commerce Chamber; Mr. Francisco Astelarra, Argentinean AFJP's Superintendent; Mr. Alejandro Ferreiro, Chilean AFP's Superintendent; Mrs. Lorena Masías, Deputy Superintendent of the Private Pension Funds Administrators of Peru and Mr. Pedro Corona, FIAP's President.

INTERNATIONAL SEMINARS AND ENCOUNTERS

During the year 2001 the following international seminars and encounters in which FIAP participated were carried out.

JANUARY:

Santiago, Chile – Launching of PreviRed.com, organized by the Chilean Association of AFP A.G. Mr. Pedro Corona, FIAP's President attended.

Santiago, Chile – Presentation of the Essay “Coincident Solutions for the Chilean Health System”, organized by CIEDES. Attended by Mr. Pedro Corona and Mrs. Gladys Otárola, FIAP’s Executive Secretary.

MARCH:

Santiago, Chile – 42nd Annual Governor Meeting of the Inter-American Development Bank (IDB).



Mr. Enrique Arosemena, General Director of Bolsa de Valores of Guayaquil; Mrs. Rosa María Elerbozo, Intendent Securities Market of Ecuador; Mr. Tabaré Vera, Coordinate of Prog. of Social Security Reform, Ministry of Economy and Finances of Uruguay; Mrs. Cristina Blassi, Member of Sub Commission to the Pension System of Venezuela; Mr. Pedro Corona, FIAP’s President; Mr. Alejandro Ferreiro, AFP Superintendent of Chile; Mr. Alfredo Mancero, Auditor Commission of IESS’s President.

APRIL:

Guayaquil and Quito, Ecuador – I International Conference of Pension Management, organized by the Guayaquil Stock Exchange. Attended by Mr. Pedro Corona, who presented the subject “Incidence of the Pension Funds over Internal Savings and Socio-economical Development in Latin America”.

MAY:

Brazil – X Workshop ANAPP, organized by ANAPP and LIMRA (Life Insurance Marketing Research Association). ANAPP representatives attended.

JUNE:

Mexico – Seminar “Social Security Funds Investment Regime and its Trends”, organized by the Mexican Association of Retirement Pension Funds Administrators, AMAFORE. Attended by AMAFORE representatives.

Buenos Aires, Argentina – I Social Security Congress “The New Millennium Challenge”, organized by the Professional Council of Economic Sciences of the Autonomous City of Buenos Aires. Mr. Pedro Corona participated as expounder with the subject “Social Security. Coverage for Aging and its Financing”.

JULY:

Montevideo, Uruguay – International Seminar “The Capital Market” organized by República AFAP.



Mr. Pedro Corona, FIAP’s President; Mr. Juan Ernesto Villamayor, Reform Secretary of State of the Republic of Paraguay; Mr. John Tonelli, IBP United States of America.

Santiago, Chile – Meeting with the Director of the Americas from the Chancellery of Ukraine, organized by ProChile. Attended by Mrs. Gladys Otárola, FIAP’s Executive Secretary.

SEPTEMBER:

Asunción, Paraguay – Seminar due to the 20th Anniversary of the Medical and University Professional Social Security Entity. Attended by Mr. Pedro Corona, who presents the subject “From the Pay As You Go System to Individual Capitalization: Reasons of the Change for the Chilean Case”.

Santiago, Chile – Dinner and presentation about “The Euro and its International Role”. Attended by Mr. Pedro Corona.



Mr. Jorge Castorino, Executive Director of AFJP Chamber; Mr. Luis Fernando Alarcón, President of Colombian Pension and Unemployment Funds Administrators Association; Mrs. Norma Dueñas, President of Promoters of Pension Funds Association of Venezuela; Mr. Nelson Merentes, Minister of Finances of Venezuela; Mr. Pedro Corona, FIAP's President; Mr. Jaime Cáceres, Director of Private Pension Funds Administrators Association.

OCTOBER:

Caracas, Venezuela – International Seminar “Latin America Leaders in Modernizing the Pension Funds”, organized by Banco Mercantil. In representation of FIAP as expounders participated Mr. Pedro Corona; Mr. Jorge Castorina, Executive Director of the Argentinean AFJP Chamber; Mr. Luis Fernando Alarcón, President of ASOFONDOS of Colombia; Mr. Jaime Cáceres, Director of the Private Pension Funds Administrators Association and Mrs. Norma L. de Dueñas, Manager of AFP Mercantil from Venezuela.



Mrs. Chris Verhaegen, General Secretary of EFRP; Mr. Kees Van Rees, EFRP's President; Mr. Pedro Corona, FIAP's President; Mr. Marek Mazur, Chairman of Foundation for the Development of Pension Funds.

Brussels, Belgium – International Conference “European Pensions at the crossroads”, organized by the EFRP / NAFP. Mr. Pedro Corona participated as expounder, expounding the subject “Is the Chilean Pension Model Exportable?”.

Vitória, Brazil – 22° Brazilian Pension Fund Congress, organized by ABRAPP. Attended by representatives from ABRAPP.



IV Anniversary Conference of the Bulgarian Association of Complementary Pension Security Companies, BACAPS. Mr. Pedro Corona attended and presented the subject «Reform Proposals in the World».

Sofia, Bulgaria – IV Anniversary Conference of the Bulgarian Association of Complementary Pension Security Companies, BACAPS. Mr. Pedro Corona attended and presented the subject “Reform Proposals in the World”.

Toronto, Canada – International Conference of LIMRA International. Mr. Pedro Corona participated as expounder, presenting the subject “General View of the Life Insurance and Pension Markets in Latin America”.



Mrs. Rose Marie Reinhold de Lara; Mr. Manuel Lara, President of AFP Reservas; Mr. Hipólito Mejías, President of Dominican Rep. and Mr. Pedro Corona, FIAP's President.

NOVEMBER:

Santo Domingo, Dominican Republic – Mr. Pedro Corona attended the launching of AFP Reservas.

Río de Janeiro, Brazil – International Seminar “Private Equity Project in Latin America: Opportunities for Investors”, organized by ABRAPP. Attended by representatives from ABRAPP.

MEETINGS AND ENCOUNTERS

During the year 2001, Mr. Pedro Corona met with the following authorities of FIAP’s member countries.

FEBRUARY:

Lima, Peru – Meeting with the President of the Republic of Peru, Mr. Valentín Paniagua.

APRIL:

Quito, Ecuador – Work Breakfast with the Constitutional Vice President of the Republic of Ecuador, Dr. Pedro Pinto Ruvianes.



Mr. Guillermo Arthur, President of Pension Funds Administrators Association; Mr. Hugo Chávez, President of Venezuela; Mr. Pedro Corona, FIAP’s President and Mr. Pedro Carmona, FEDECAMARAS’s President.

AUGUST:

Santiago, Chile – Lunch due to the official visit of the President of the Bolivarian Republic of Venezuela, Mr. Hugo Chávez.

OCTOBER:

Santiago, Chile – Lunch in Honor of the President of the Oriental Republic of Uruguay, Mr. Jorge Battlle Ibáñez.

DECEMBER:

Santiago, Chile – Lunch in honor of the Foreign Relations Vice Minister of the Russian Federation, Mr. Georgy Mamedov.

PUBLICATIONS AND STUDIES

The diffusion activities of the individual capitalization system, as well as the edition of several documents destined to provide current information to FIAP's associates, constituted an important part of the institutional work carried out during the year 2001. During the year we continued issuing in a periodic manner the Semester Statistical Bulletin, the Quarterly Report and the Monthly Informative Bulletin.

Such publications, distributed by regular postal mail or electronically, are directed to people and institutions located in different countries in the world.

SEMESTER STATISTICAL BULLETIN

During the year 2001 versions N° 9 and N° 10 of the Semester Statistical Bulletin were edited with the data numbers through December 2000 and June 2001, respectively.

In those issues were incorporated, in addition to the statistical charts, an executive report and a comparative chart with the main characteristics of the social security systems of FIAP's member countries. Both find themselves available in Spanish and English versions.

It is worth reminding that the Semester Statistical Bulletin presents information about the number of affiliates and contributors, funds managed, investment portfolio composition, number of sales force in the system, amount of transfers, contribution structure, commission schemes, share holder composition and relevant economic information of every country.

MONTHLY INFORMATIVE BULLETIN

During the year 2001 we continued editing the Monthly Informative Bulletin, publishing a total of 10 numbers. The main objective is to inform about the latest happenings in the social security area, the events and seminars in which FIAP and its associates are participating, in addition of any new publications about the social security system.

Moreover, and with the purpose of profoundly developing current matters of high interest for



FIAP's associates, we destined the first pages of this Informativo to deal with several matters. It is to be highlighted that these documents were issued and distributed in Spanish and English.

QUARTERLY REPORT

During the exercise 2001, we continued editing the Quarterly Report that contains statistic information about the funds and affiliates of FIAP's associated countries, the latest legal modifications, law projects underway, latest changes carried out in social security matters in countries of Europe and Asia, in addition to the events and seminars in which FIAP participated.

DATA BASE OF BOARD OF DIRECTORS AND EXECUTIVES

During the year in comment we continued publishing the Semester document that contains updated and current information of FIAP's Board of Directors, which registers telephone numbers, postal and electronic addresses, web pages and names of top executives of the administrators in each of the associated countries. Also provides information about the supervisory entities in those countries.

CORPORATE ANNUAL REPORT

During year 2001 we issued in Spanish and English the second versions of FIAP's Corporate Annual Report corresponding to the year 2000 exercise. In it we presented a complete report of the activities, documents issued, meetings and studies carried out during that period.

In this second edition we included the goals and objectives for year 2000 and rules and regulations improvements and perfecting performed during this period in the social security regimes of FIAP's associated countries. We distributed 500 copies in Spanish and 250 copies in English, which were delivered to the authorities of FIAP's member countries as well as to those that visited the Federation during the year 2001.

WORK DOCUMENTS

In the year 2001 we carried out three studies, which were presented as Work Documents:

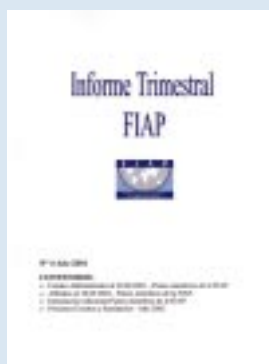
1. Pension Systems Impact on the Latin American Economy.
2. Investment Limits.
3. How to achieve Infrastructure Development in half of the Time.

Given the importance of the matters undertaken and treated in Work Documents Nº 1 and Nº 3 those matters were incorporated as a summarized version to Monthly Bulletins Nº 3 and Nº 5. By e-mail we delivered the complete text to all those that requested it.

That material is available on our web site.

BIBLIOGRAPHIC PUBLICATION

During the year we received several documents related with the subject of the pension funds – books, statistical bulletins, annual reports, magazines – that were informed about through FIAP's Monthly Bulletin. This material is available to the interested parties.





DIFFUSION

FIAP ON THE WEB

During 2001 we updated and incorporated new sections to our Web site, providing information to the members and to anyone that wishes to have access to data from the countries that have implemented reforms to their pension systems.

Currently our site contains:

- FIAP's institutional information;
- Information on each of the integrant countries, with a link to the web sites of the associations and administrators of the associated countries;
- Information from the Technical Committees;
- Statistical Information;
- Press and Media Notes: Quarterly Reports elaborated by FIAP and journalistic articles referring to FIAP;
- Publications: Semester Bulletin, Monthly Bulletin, FIAP's Corporate Annual Report, document with the seminar expositions "Private Pension Funds: Contribution to the Economic and Social Development" and presentations of the II International Conference of Pension Funds;
- Information on Events and Seminars;
- Links with regulating entities and insurance companies;
- Documentation Center.

Likewise, it can be highlighted that we have incorporated the Statistical Bulletin, Monthly Bulletin and other documents in PDF format.

In average, the site registers around 500 monthly visits. Currently FIAP has two e-mail addresses: fiap@afp-ag.cl and fiap@entelchile.net, though which it receives all requirements from different parts of the world. Such communication has allowed satisfying in an opportune and efficient manner all different requests.

COMMUNICATIONS

With the purpose of divulging amongst FIAP's member countries the advantages and goodness of the reform implementations based on individual capitalization, as well as the statistics of the funds and affiliates of its member countries, we prepared press releases destined

to divulge the Quarterly Report. During year 2001 we incremented the contacts with national and international media, sending out information to Argentina, Bolivia, Chile, Colombia, Costa Rica, Ecuador, Peru, Dominican Republic and Uruguay. In most of the cases, the different communication media agencies in those countries took contact with FIAP and requested more detailed information about the social security systems of the associated countries.

VISITORS

It has become frequent, since the formation of FIAP, we received visits of important personalities and delegations coming from different countries of Latin America and Europe, interested in know the characteristics of the social security system of saving and individual capitalization that is operating in Chile and in the countries that integrate FIAP.

The majority of the delegations that came were composed by Government authorities, as was the case of Mexico, with which FIAP's President met during the year with three delegations from that country. The first was integrated by representatives of the Social Security Commission of the House of Representatives, while the second by members of the Health and Social Security Commission of the Senate. The third visit received, in the month of November, was a group of members of CONSAR.

During the year we also received a delegation from Puerto Rico, composed by the Puerto Rican State Undersecretary and the Executive Director of the Commercial Office of that country. From Europe, FIAP was visited by a delegation from Hungary, integrated by members of the State Owned Privatization Company and government authorities.

In addition we received a delegation of the Dominican Republic, integrated by members of the Banco de Reserva, interested in know more about the Chilean AFP operation modes in order to implement the Banco de Reserva AFP in the Dominican Republic.

On this same line FIAP was visited by a delegation from Paraguay, conformed by two employees of the Medical and University Professional Social Security Entity, who received

training about the AFP operation modes in Chile, experience that would be applied in that institution.

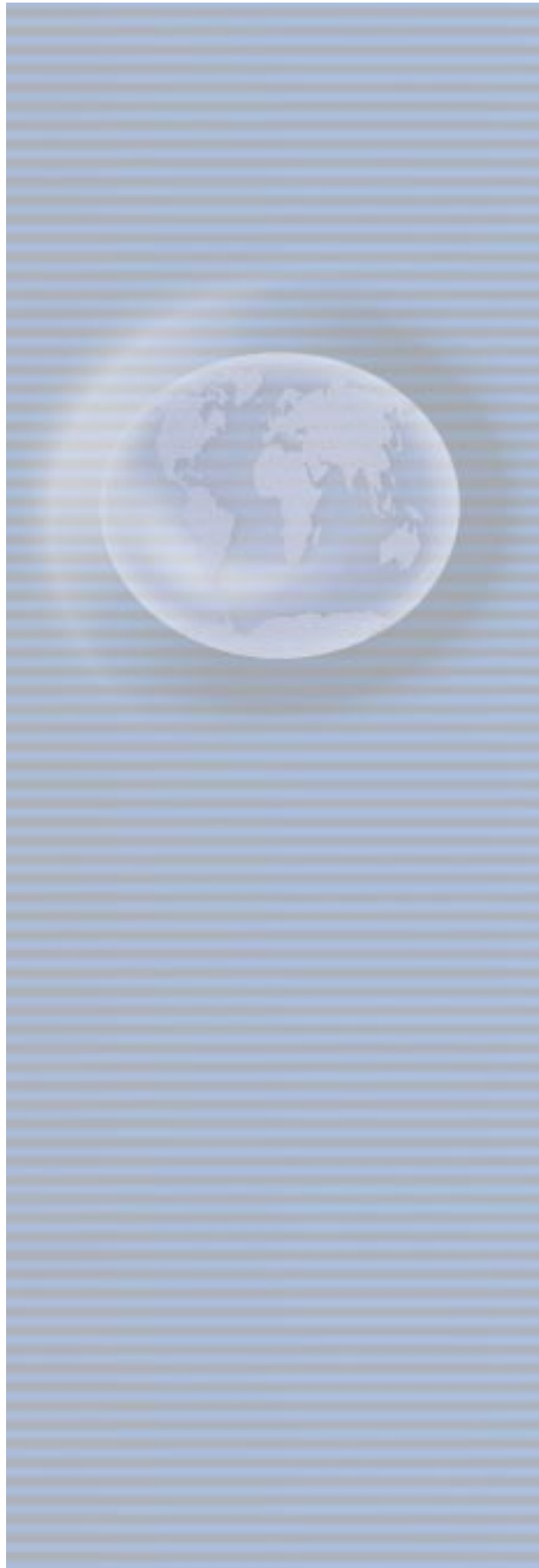
Finally, we can highlight the visit of students from the University of Bocconi, Italy, who for the second year visited the Federation to receive training.



Seated: Mr. Vladimir Chkhikvadze, Mr. Igor Geriunov, Mr. Pedro Corona, Mr. Mijail Bevezhnoi.
 Standed: Mr. Vladimir Medvedev, Mr. Gregorio Navarrete, Mr. Gregorio Ezquide, Commercial Manager of AFP Cuprum; Mr. Manuel Onetto, Finances Manager of AFP Cuprum.

DEVELOPMENT OF THE CAPITALIZATION SYSTEMS





STATISTICAL DATA

Through 31 December 2001, 16 of the 21 countries associated to the International Federation of Pension Funds Administrators, FIAP, gather a total of 81.544.785 affiliated workers, which accumulate in their respective individual savings accounts, funds in the amount of US\$ 207.067 million.

AFFILIATED WORKERS

During year 2001, the number of affiliates was incremented in 20% going from 67.677.295 in year 2000 to 81.544.785 in year 2001.

In the countries of Latin America where the social security system has already been reformed, the total number of affiliated workers amounts to 52.105.106, representing an increment of 27% in comparison to year 2000, period in which the affiliates were 41.166.322. In this group, the countries with the best evolution have been Mexico and Dominican Republic whose volumes of affiliates were incremented 49% and 30%, respectively. In the case of Mexico, a portion of this growth is explained because in July 2001 the National Commission for Retirement Savings System, CONSAR, assigned to each worker that was still registered under the Concentrating Account (account that held the resources of the workers that had not chosen an Afore) to one of the Afore's so it would administrate their individual account.

Is important highlight that in the cases of Ecuador and Dominican Republic, countries that already have reformed their social security systems, the information correspond to voluntary pension funds, given that the new system is still not in operation.

On the other hand, in the countries of Latin America whose social security systems are in process of reform, the total amount of affiliates grew to 5.871.752 in year 2001, presenting a growth of 10%, with respect to 2000.

In case of the countries of Europe and Asia that integrate FIAP and that have already reformed their social security systems, the number of affiliates went from 14.497.846 in 2000 to 15.989.385 in 2001, showing an increase of 10%.

In this group, we can highlight the increment of 25% in the case of Kazakhstan.

In the countries of Europe that are reforming their social security systems, the total number of workers was incremented in 14%, going from 6.674.203 affiliates in 2000 to 7.578.542 in 2001.

ACCUMULATED FUNDS

The amounts of the funds managed through December 2001 and 2000, have been converted to dollars of the United States of America, using as reference the exchange rates at the close of each period.

The pension funds managed by FIAP's associated countries increased in 7% during the year 2001, going from US\$ 193.033 million in 2000 to US\$ 207.067 million in 2001.

In the case of the countries of Latin America that have already reformed their social security system, the funds rose to US\$ 94.869 million, representing an increase of 16% with respect to year 2000. To highlight here are the increment in funds of countries like Mexico and El Salvador, which registered increases of 60% and 59%, respectively. In the case of Chile, the negative variation observed, was due to the variation of the exchange rate and the value of the "Unidad de Fomento" during the period being analyzed. In real terms, the amount accumulated of the funds show an increase of 9,35% in that period.

In the group of countries who's system of social security is currently in process of reform, the funds accumulated in 2001 reached US\$ 67.958 million, presenting a decrease of 9% with respect to the previous year, mainly due to the variation in the exchange rate in Brazil.

In the case of the countries of Europe and Asia that have already reformed their social security system, funds reflect an increment of 85%, going from US\$ 3.296 million in year 2000 to US\$ 6.111 million in 2001. To highlight is the positive evolution of the funds in Poland that registered an increase of 96%.

Finally, in the countries of Europe that are currently in the process of reforming their social security systems, the funds went from US\$ 33.138 million in 2000 to US\$ 38.128 in year 2001, which represents an increase of 15%.

NUMBER OF AFFILIATES TO 12.31.2001 AND 12.31.2000

Latin America Countries	Affiliates 12.31.2001	Affiliates 12.31.2000	Var. % 01-00
Reformed Countries:			
Argentina	8.843.089	8.395.368	5,33%
Bolivia	691.590	633.152	9,23%
Colombia	4.336.621	3.954.007	9,68%
Costa Rica (1)	866.145	-----	-----
Chile	6.427.656	6.280.191	2,35%
Ecuador (2)	117.665	119.310	-1,38%
El Salvador	919.805	847.805	8,49%
Mexico	26.518.534	17.844.956	48,61%
Peru	2.732.071	2.471.604	10,54%
Dominican Republic (3)	54.966	42.200	30,25%
Uruguay	596.964	577.729	3,33%
TOTAL	52.105.106	41.166.322	26,57%
Countries in Reform Process:			
Brazil (4)	5.871.752	5.338.924	9.98%
TOTAL	5.871.752	5.338.924	9,98%
Europe and Asia Countries			
Reformed Countries:			
Bulgaria (5)	449.946	380.570	18,23%
Kazakhstan	4.630.205	3.715.536	24,62%
Poland (6)	10.909.234	10.401.740	4,88%
TOTAL	15.989.385	14.497.846	10,29%
Countries in Reform Process:			
Spain	5.578.542	4.674.203	19,35%
Russian Federation (7)	2.000.000	2.000.000	0,00%
TOTAL	7.578.542	6.674.203	13,55%
TOTAL FIAP	81.544.785	67.677.295	20,49%

(1) Costa Rica: Affiliates to 10.31.2001. On may 2001 started their operations the mandatory pension funds. So, the information to December 2001 is not comparative with the information to december 2000

(2) Ecuador: Affiliates to voluntary pension funds.

(3) Dominican Republic: Affiliates to voluntary pension funds to 06.30.2001 and 12.31.2000

(4) Brazil: Affiliates Abrapp to 11.30.2001 and 12.31.2000; affiliates Anapp to 06.30.2001 and 12.31.2000

(5) Bulgaria: Contributors to voluntary pension funds to 09.30.2001 and 12.31.2000

(6) Poland: Affiliates to 09.30.2001 and 12.31.2000

(7) Russian Federation: Affiliates to 04.30.1999

FUNDS MANAGED TO 12.31.2001 AND 12.31.2000

Latin America Countries	Funds US\$ Thousand 12.31.2001	Funds US\$ Thousand 12.31.2000	Var. % 01-00
Reformed Countries:			
Argentina	20.786.258	20.381.472	1,99%
Bolivia	935.626	841.850	11,14%
Colombia	4.951.655	3.584.416	38,14%
Costa Rica (1)	17.547	-----	-----
Chile	35.460.770	35.886.320	-1,19%
Ecuador (2)	13.430	12.492	7,51%
El Salvador	767.986	482.232	59,26%
Mexico	27.146.108	17.012.012	59,57%
Peru	3.622.078	2.751.734	31,63%
Dominican Republic (3)	122.243	79.706	53,37%
Uruguay	1.045.400	811.026	28,90%
TOTAL	94.869.101	81.843.260	15,92%
Countries in Reform Process:			
Brazil (4)	67.958.214	74.755.548	-9,09%
TOTAL	67.958.214	74.755.548	-9,09%
Europe and Asia			
Countries	Funds US\$	Funds US\$	Var. %
Reformed Countries:	Thousand	Thousand	01-00
	12.31.2001	12.31.2000	
Bulgaria (5)	54.107	41.026	31,88%
Kazakhstan	1.203.802	774.246	55,48%
Poland	4.853.250	2.481.035	95,61%
TOTAL	6.111.159	3.296.307	85,39%
Countries in Reform Process:			
Spain	37.796.413	32.806.306	15,21%
Russian Federation (6)	331.933	331.933	0,00%
TOTAL	38.128.346	33.138.239	15,06%
TOTAL FIAP	207.066.820	193.033.354	7,27%

- (1) Costa Rica: On may 2001 started their operations the mandatory pension funds. So, the information to december 2001 is not comparative with the information to december 2000
- (2) Ecuador: Funds managed by voluntary pension funds.
- (3) Dominican Republic: Funds managed by voluntary pension funds to 06.30.2001 and 06.30.2000
- (4) Brazil: Funds managed Abrapp to 11.30.2001 and 12.31.2000; funds managed Anapp to 12.31.2001 and 12.31.2000
- (5) Bulgaria: Funds managed by voluntary pension funds to 09.30.2001 and 12.31.2000
- (6) Russian Federation: Funds managed to 04.30.1999

CHARACTERISTICS OF THE SOCIAL SECURITY REGIMES

Through December 2001, the International Federation of Pension Funds Administrators, FIAP, counts with 21 associated countries, most of which have implemented a social security system based on Savings and Individual Capitalization.

Following we are detailing the main characteristics of the social security systems of FIAP's member countries and of other nations.

1.- FIAP'S MEMBER COUNTRIES

ARGENTINA

The formation of the Integrated System of Retirement and Pension (SIRP) of Argentina was achieved by means of approval of Law 24.241, dated 23 September 1993. With its birth was given to a mixed characteristics pension system with an universal component financed by the Government and a component of individual capitalization or pay as you go, the later depending on the regime elected by the worker.

The affiliation to SIRP is mandatory, so much for the dependent as well as the independent workers, and they in turn have to freely choose between the capitalization and the pay as you go system.

The ones in charge of managing the resources of the workers in the individual capitalization system are the Retirement and Pension Funds Administrators (AFJP), which are under the supervision of the AFJP Superintendence.

The contribution to the system corresponds to 27% of the workers income. From it, 11% is contributed by the worker and goes to the elected regime and 16% of the income is contributed by the employer, with the purpose of financing the pay as you go regime. In the case of the workers affiliated to the individual capitalization regime, Decree N° 1.387 dated 01 November 2001, the personal contribution was reduced from 11% to 5% to that regime for one year, allowing for it to be extended for another year.

The benefits granted by the system to the



affiliated workers cover old - age, disability and survivorship pensions. The first of these is financed with the amount accumulated in the individual capitalization account of each worker, while the disability and survivorship pensions are co-financed by a private insurance and the contribution made by the Public Social Security Regime when corresponds.

The Government guarantees a minimum pension, granting a Basic Universal Grant (PBU) to those who have reached retirement age and have made contributions for at least 30 years. In addition, it grants a complementary pension to those who may have made contributions to the old system.

BOLIVIA

On 29 November 1996 Law N° 1.732 was promulgated, which created the Mandatory Long Term Social Insurance (SSO), only existing system that completely replaced the pay as you go system.

The affiliation to this system is of mandatory character for dependent workers, while the independent ones may join voluntarily.

In this system, the Pension Funds Administrators (AFP) have in charge the administration of two funds: the Individual Capitalization Fund (FCI) and a Collective Capitalization Fund (FCC), financed with the funds coming from the privatization and destined to pay a Solidarity Bonus (Bonosol). These administrators entities are supervised by the Superintendence of Pensions, Securities and Insurances.

The contribution to the system is composed by a contribution of the worker (12.5% of his gross salary) and an additional contribution by the employer (2%) for payment of the insurance premium for illness or accident causing inability or death, as qualified by professional risk.

The Private System covers all retirement, disability, death and professional risks services.

The Government only guarantees a Recognition Bond for those who contributed into the old system. It does not guarantee a

minimum pension, nor a minimum yield profit to the investment of the administrators, nor the pensions in case of bankruptcy of the AFP's, nor payment of the Bonosol if the FCC becomes insolvent.

BRAZIL

By means of passing Law 6.435, in July of 1977, the private pension social security was legalized. In this system there are two regimes that are complementary: the Official and Mandatory Social Security, managed by the Government and the Complementary or Private Social Security.

The affiliation to the Official Social Security is mandatory for all workers, while the Complementary social Security is voluntary, and to it companies as well as workers are welcome to adhere to.

The Private Social Security is managed by open and closed societies. The "closed private entities", without profit gain, were created to benefit the workers of a company or a group of companies, while that in the "open private entities" all economically active population may contribute. These administrators are supervised by the Social Security and Assistance Ministry, in the case of the closed private entities, and by the Finance Ministry in the case of the open private entities.

The benefits granted by the Private Social Security correspond to pensions for retirement due to disability, old - age, special and based on time served.

BULGARIA

In the year 1999 two fundamental system laws were approved: the Complementary Law of Voluntary Pension (approved on 20 June 1999) and the Mandatory Social Security Code (approved on 17 December 1999), which is composed by the Governmental Pension System and the Mandatory Complementary Pension System. In this manner they gave origin to a mixed character regime, which incorporates the individual capitalization and the pay as you go systems.

All people that are economically active

compose the State managed System. In the case of the Mandatory Complementary Pension System, composed by the Universal and Professional Funds, the affiliation for the first case is mandatory for all workers born after 1 January 1960, while the affiliation to the Professional Funds is only mandatory for those who carry out their activities in a work risk condition.

The Mandatory Complementary Pension System administration is carried out by the Private Pension Companies, which have under their responsibility the Universal and Professional Funds. The activities of these companies and the pension funds are controlled by the State Insurance Supervision Agency. (SISA).

The contribution to the Governmental System is 29% of the base salary for the workers born before 1960, who do not participate in the Mandatory Complementary Pension System. In the case of the workers born after 1960, these contribute with a 27% of the base salary to the State System, and with 2% to the Mandatory Complementary Pension System (Universal Fund), which is contributed by the employer and the worker. In the case of the Professional Funds the contribution will be of 12% or 7% depending of the type of worker (contributions entered and paid for by the employer).

The Governmental System assures the risks of old - age, disability and death, while the Private System assures a life long complementary pension and covers death risk.

COLOMBIA

In December 1993 the General Pension System was approved by means of Law 100/93. In this way origin was given to a system where there co-exist and compete the Average Premium Solidary Regime, with Defined Benefits, and the Individual Savings Regime, of private character.

The dependent workers are obliged to choose one of these systems, while the independent ones may incorporate themselves to one of them in a voluntary manner. The affiliates may change system every three years.

The private regime is based on Individual Capitalization and is managed by the Pension Funds Administrators Companies, societies with

that sole purpose, and that are under the supervision of the Banking Superintendence.

The contribution to the system in the case of the dependent workers is of a 13,5% of the monthly base salary of contribution, set as maximum in 20 minimum salaries or US\$ 3.000 (75% of this contribution is financed by the employer and the rest by the worker). In the case of the independent workers the 13,5% is financed entirely by the affiliate. Those who contribute over an amount higher or equal to four minimum salaries will make an additional contribution of 1,0% to the Pension Solidary Fund (FSP).

The General Pension System grants provisions for the contingencies of old - age, disability, death and funeral service assistance.

The affiliates to the individual savings regime that have contributed for 1.150 weeks and comply with certain ages (57 year for women and 60 the men) have the right of an old - age pension equivalent to one minimum salary, whose difference is the responsibility of the Government as a guarantee of minimum pension. Additionally the Government guarantees a Pension Bonus for those who have transferred their funds to the Individual Savings Regime.

COSTA RICA

On 18 February 2000 Law 7.983 was approved which creates the "Worker Protection Law", which reformed the Pension Regime. By means of this Law origin was given to a mixed system formed by the Disability, Old - Age and Death Regime of the Costarrican Social Security Entity; the Mandatory Complementary Pension Regime; the Voluntary Complementary Pension and Voluntary Savings Regime, and the Non Contributive Regime of the Costarrican Social Security Entity. Likewise the functioning of the existing operators was regulated as well as of the supervision system. The Mandatory Complementary Pension Regime is an individual capitalization regime and has as objective to complement the benefits established in the Disability, Old - Age and Death Regime of the Costarrican Social Security Entity.

In June 2000 the mandatory affiliation process

was initiated and in May 2001 the Centralized Collecting System, SICERE, started the transfer of resources.

The administration of the funds is in charge of the Complementary Pension Plans Operators (OPC), which are private companies, regulated by the Pension Superintendence, autonomous organism attached to the Costarrican Central Bank.

The contribution to the individual savings account corresponds to a 4,25% of the workers salary and is contributed in the following manner:

Contributor	Contribution	Destiny (*)	
Worker	1 %	Popular Bank	
Employer	0,25 %	Popular Bank	
Employer	1,5	National	Insurance
Institute		and	National
Learning		Institute	
Employer	3 %	Labor Capitalization Fund (**)	

(*) Previous to Law 7.983, that stipulates a redistribution of the existing burdens.

(**) 50% of this contribution is transferred to the mandatory individual savings account.

The OPC, in addition to old - age pension plans, may offer disability and survivorship plans.

CHILE

On 4 November 1980, by means of the dictation Law Decree N° 3.500, a new Pension System was established, derived from savings and individual capitalization that substituted as a whole the pay as you go system.

The affiliation is mandatory for all dependent workers.

The administration of the social security funds is in hands of the Pension Funds Administrators (AFP), with are controlled and supervised by the AFP Superintendence.

The social security contributions are calculates as a percentage of the respective salary and income of the affiliated, with a ceiling of 60 Unidades de Fomento¹. It is composed of a 10% of the taxable income, which is destined to finance the pension, plus a contribution, set by each of the administrators (currently fluctuating between 2,16% and 2,95%), destined to pay an Insurance Company a premium that will cover the worker of the risks of disability or death, and will finance the AFP administration costs. There is no contribution from the employer, who just acts as a retaining agent.

This system guarantees that services of old - age retirement, disability and survivorship pensions.

The Government guarantees a minimum pension to those that are unable to finance it with the accumulated funds on their individual capitalization accounts and who in turn comply with the requirements established by Law. In addition it recognized the contributions that had been made to the previous regime (pay as you go) by means of emitting a Recognition Bond.

ECUADOR

At the end of November 2001 Law N° 55 was approved, reforming the Social Security Law, introducing substantial changes to the Ecuadorian pension system. The new pension system has a mixed character, with a mandatory solidary regime, financed by the Government and a mandatory individual capitalization regime. In addition, there is a voluntary complementary savings regime.

The affiliation to the intergenerational solidarity regime and to the individual capitalization regime is mandatory for all the workers, that a have a dependent relationship or not.

The administration of the workers savings in the mandatory individual capitalization regime and in the voluntary savings one is in

¹ The Re-adjustable Foment Unit (UF) was created by means of Supreme Decree N° 40, of 2 January 1967. It established that the Bank and Financial Institution Superintendence would every quarter determine the value of the UF, indexing the value of the UF corresponding to the current quarter, in accordance with the variation experimented by the Consumer Price Index between the second month of the previous quarter and the second month of the current quarter.

charge of the Social Security Saving Placement Agencies (ACAP), which are supervised by the Banks Superintendence.

The workers contribute to the mandatory individual capitalization regime over the second section of their taxable salaries, over S/ 1.500.000 (approximately US\$ 60) and up to maximum of S/ 5.000.000 (approximately US\$ 200) per month. Over the first section of their taxable salaries, the workers contribute to the intergenerational solidarity regime.

The mandatory individual savings regime covers the contingencies of old - age, disability and survivorship. The services granted for disability retirement and the transitory subsidy for incapacity are financed by each ACAP by means of contracting a collective disability insurance with an insurance company.

The Government gives an assistance grant (annual subsidy) for old - age or disability to individuals that lack enough resources to satisfy their vital needs of subsistence and that are 70 years or more, or whatever their age is, are absolutely and permanently disabled to carry out any kind of paid work.

It is estimated that in April 2002 the rules and regulations that will allow for better clarity in relation to the implementation of this Law will be ready.

EL SALVADOR

In December 1996 the Legislative Assembly approved the Organic Law of the Pension Superintendence and the Law of the Savings for Pensions System, being this last one, the legal frame for the creation of the new pension system based on an individual capitalization regime. This new system, sole and mandatory, will substitute the current pay as you go system.

The affiliation is mandatory for all workers that are incorporated into the labor force for the first time and for the workers younger than 36 years that are affiliated to the Public Pension System, at the time of that the new system begins operating. The affiliation is voluntary in the case of the independent workers.

The administration of the new system is in

charge of the Pension Funds Administrators Institutions, private entities that are supervised by the Pensions Superintendence.

In this new system of individual capitalization, the contribution corresponds to 13% of the salary of the worker. He contributes 6,25% and the employer the balance 6,75%. Of the 13% contributed, 10% is destined to the individual account and 3% (contributed by the worker) goes for payment of the Disability and Survivorship Insurance, and the cost of the individual accounts administration.

The benefits granted by this system correspond to old - age, common disability and survivorship pensions.

The Government guarantees a minimum pension to all affiliates that comply with the requirements established by Law. The affiliates that are retiring due to anticipated old - age in the individual capitalization regime will not have right to this governmental guarantee. In addition, the Government recognizes the contributions made to the public pension system by means of a Transfer Certificate to all of those who moved to the private system.

SPAIN

In 1987 Law 8/87 was published of Pension Plans and Funds. In this way, in Spain there are three social security systems: the Mandatory Social Security, financed by the Government, the entrepreneurs and the workers; the Complementary Pension Plans of companies, of volunteer character; and the Individual Pension Plans.

The affiliation to the Complementary Pension Plans is voluntary so much at individual level as well as at company level. In respect to the later, the Pension Fund is constituted by agreement of the company and the trade unions.

The management of the Pension Funds is carried out by "Gestoras", companies whose functions, exclusive and excluding, is to manage the Pension Funds. However, these also may be administered by Insurance Companies authorized to operate in that area of the life insurances, only and when they count with a minimum of required financial reserves.

There is a Supervisory Commission formed by representatives of the workers, beneficiaries and promoters (the majority is workers representative). This entity supervises the functioning of each pension plan. Additionally the pension funds are subject to the supervision and inspection of the General Directorate of Insurance and Pension Funds, which is part of the Economy Ministry.

Each worker when selecting a determined plan chooses the contribution to the system, given that these may be of defined contribution, of defined service granting, or a mix of both alternatives.

The contingencies covered by the Complementary Pensions Plans are: retirement, disability and death. Likewise, there is the option of receiving the funds in case of long-term unemployment or serious illness.

Being that it is a complementary system, the Government does not guarantee a minimum pension.

RUSSIAN FEDERATION

In May 1998 the Federal Law about "Non Governmental Pension Funds (NPF)" was adopted, by means of which the Russian pension system is now conformed by a mandatory governmental pension system and a voluntary savings system, composed by Corporate Funds and Individual Pension Plans.

The administration of the Non Governmental Pension Funds (Corporate Funds and Individual Pension Plans) is in charge of the administration companies, the ones that are under the general supervision of the Non Governmental Pension Fund Inspection, entity authorized by the Commerce and Social Development Ministry.

The affiliation to these funds is voluntary for all the workers.

In general, the employer, who pays the pension to his workers, pays the contribution to the non-governmental pension funds. However, there are cases in which both contribute.

GUATEMALA

The Social Security System is in the hands of the Government and is managed by the Guatemalan Social Security Institute (IGSS). In addition, there co-exist with the State managed Regime the Private Funds. Currently they are in the process of preparing the reform to the social security system.

The benefits granted by the current social security system are those of disability, old - age and survivorship pensions.

HONDURAS

The current Pension System is composed of seven Public Pension Institutions tied to sector groups, which operate in excluding manner, under the pay as you go system with a per level average premium.

The reform process to this pension system finds itself in an initial preparation stage.

KAZAKHSTAN

On 20 June 1997, the Pension Reform was decreed, and went in force as of 1 January 1998. This is the first country of the Independent States Community that set forth a Pension Reform adopting the Private Pensions System as a sole and mandatory regime.

The non-governmental pension funds are constituted in a form of private companies with closed capital, and are allowed to administer open or corporate pension funds. In the first of these, all the workers can deposit their savings, while in the second only those workers that pertain to the companies that founded the fund may deposit.

Management of the contributions occurs through three institutions: the Pension Funds, the Pension Assets Managing Companies, and the Custodian Banks.

The workers contribution to the savings pension funds correspond to 10% of their income, also having the possibility of making voluntary contributions.

MEXICO

On 21 December 1995, the new Social Security Law was published, regulating the different insurances, amongst them the Retirement, Unemployment at Advanced Age and Old - age, which is the base of the current Mexican pension system, based on the savings and individual capitalization regime of sole and mandatory character, for the workers affiliated to the Mexican Social Security Institute, replacing with it the foregoing pay as you go State System.

To regulate the functioning of the retirement savings systems and its participants, on 23 May 1996 the Retirement Savings Systems Law was passed.

The employees of the public, federal, state, municipal and armed forces administration, amongst others are subject to other social security laws, and so they continue contributing in different pension systems, many of them under the scheme of pay as you go administered by public entities.

The Retirement Funds Administrators (AFORES) are in charge of administrating the Individual Accounts that are composed of three Sub-accounts:

1. Retirement, Unemployment at Advanced Age and Old - Age (RCV) Sub Account: Which are composed of quotas and contributions that are entered in the following manner:

Contributor	Concept of Quota	Contribution
Employer	Retirement	2% of base Insurance contr. salary (S.B.C.) ²
Employer	Unempl. at Adv. Age and Old-Age	3,15% of contribution base salary
Worker	Unempl. at Adv. Age and Old-Age	1,125% of contribution base salary
State	Mandatory Quota	0,225% of contribution base salary
State	Social Quota	5,5% of the general minimum salary for the Federal District (S.M.G.D.F.)

The Social Quota is updated as per the inflation rate in a quarterly manner as of July 1997.

2. Housing Sub Account: The employer contributes 5% of the S.B.C. to the National Housing Fund, administrated by the National Housing for Workers Fund Institute (INFONAVIT), who grants the performances that the same Institute determines.

3. Voluntary Contributions Sub Account: The worker and/or the employer can make voluntary contributions without minimum nor maximum limitations, any time they wish to do so, at the cashiers of the collecting system or the electronic collecting system (SUA). The worker has the right to make draws every six months since the last draw or as of the first deposit.

For the contributions into the RCV and Housing Sub Accounts a maximum ceiling was established being 15 times the S.M.G.D.F., which is increased, annually, one salary for every subsequent year until it reaches 25 in the year 2007.

The accumulated resources, so much in the RCV Sub Account as the Voluntary contributions, are invested in the Retirement Funds Specialized Investment Companies (SIEFORES), managed and operated by the AFORES that buy titles and securities in the Mexican financial system. The National Commission for Retirement Savings System (CONSAR) supervises the administrators entities.

The Government does not grant a recognition bond; however, the workers that had contributed in under the establishment of the previous Social Security Law has the right at the time of fulfilling the requirements to obtain his pension, to choose between the pension granted by the IMSS, in accordance with the conditions prevailing in the old pay as you go system; and the pension he may acquire with the resources accumulated in his Individual Account. In case of choosing the first option, the fund administered by the AFORE is turned into the Federal Government in order to finance the pension.

On its side, the Government guarantees a

² Base Contribution Salary (S.B.C.): conformed by the payments made in cash per daily installment and its gratifications, perceptions, nourishment, housing, premiums, commissions, grants in species and any other amount or grant offered to the worker for his services.

minimum pension to those workers that having fulfilled the retirement requirements (1.250 weeks of contributions and age of 60/65 years), it happens that their accumulated resources are insufficient to cover a pension, which is equivalent to one S.M.G.D.F.

PERU

The Private Pension System (SPP) was created by means of Law 25.897, dated 6 December 1992. This System is based on Individual Capitalization and operates in competition with the National Pension System (SNP), which is a Governmental regime that grants pensions under the pay as you go mode.

The affiliation to a Pension Fund Administrator (AFP) is voluntary for all the dependent or independent workers, because they have to choose between these two systems.

In the private system the AFP, entities regulated by the Bank and Insurance Superintendence, manages the Pension Funds.

The average contribution of the worker to the private system is 11,72% of the taxable salary. Of which 8% goes to the individual capitalization account and the balance is distributed amongst the Insurance Company (financing the disability and survivorship insurance) and the AFP.

This system grants their beneficiaries old - age, disability and survivorship pensions.

In this system there still does not exist a minimum pension guaranteed by the Government, similar to the one granted by the National Pension System. Its regulation finds itself pending, requiring it to be established by the Economy and Finance Ministry (it is foreseen that it will be approved in January 2002). In the case of the affiliates that transferred to the new system, the Government recognizes, by means of a Recognition Bond, the contributions they made into the old pay as you go system.

POLAND

In November 1998, the Polish President signed the Social Security System Law and by the end of December of 1998, he signed the Social Security Pension Funds System Law. In this manner the

co-existence of a Pay As You Go System and of an Individual Capitalization System was determined.

The affiliation to the system of individual capitalization is mandatory for all people professionally active up to 30 years in age and optional for those between 31 and 50 years. The ones above 50 years will maintain themselves in the Governmental System. It is worth noting that the ones joining the individual capitalization system remain partially in the pay as you go system.

The Universal Pension Companies (PTE) were established for the administration of the Open Pension Funds. The Pension Funds Superintendence (UNFE) supervises these societies.

The contribution to the system is of 36,59% of the workers base salary. A 7,3% is destined to the pension fund (capitalization system) and a 29,29% goes to the pay as you go system. The employer contributes 17,88% and the worker does the balance of 18,71%.

The Government grants the benefit of minimum pension, which amounts to 450 zlotys (US\$ 100).

DOMINICAN REPUBLIC

On 10 May 2001 Law N° 87-01 of Social Security was passed, which established a new Pension System based on the savings and individual capitalization regime. This system is of sole character.

The affiliation of the dependent workers of the private sector to the system is mandatory, sole and permanent. In the case of the workers of the public sector, these have to choose between the pay as you go system and the individual capitalization one.

The social security funds Administration is in charge of the Pension Funds Administrators (AFP), which in turn are supervised by the Pension Superintendence.

The social security contributions correspond to a 10% of the worker's salary. Of this percentage the worker contributes 2,88% and the employer 7,12%. This contribution is composed of an 8% of the salary destined to the individual account

of the affiliate; a maximum of 1% for the Life Insurance Company; 0,4% for the Social Solidarity Fund; 0,5% goes to cover the respective AFP's administration costs and 0,1% to finance the operations of the Pension Superintendence. Additionally, the employer contributes to the Social Solidarity Fund with a 0,4% of the total of the worker's contributable salary.

This new pension system grants pension benefits due to old - age, total or partial disability, unemployment at advanced age and survivorship. There exists in addition a minimum pension corresponding to 100% of the lowest legal minimum wage, which is financed by the Social Solidarity Fund.

On its side, the Government guarantees a pension to those workers that work on their own with unstable income and that are lower to the minimum wage and grants a subsidy to those independent workers whose salary is higher to the minimum but that cannot reach receiving a pension higher to the minimum, paying them the difference.

UKRAINE

In April 1998 the Decree was approved about "Main Directives of the Ukraine Pension System Reform". Later, on 27 June 1999 Decree N° 735/99 "About the Carrying Out of the Pilot Project, for the construction of housing, fundaments in the Kievmiskbud Investment Society".

Currently Ukraine has initiated a process of reform to make more efficient the Governmental System of Pay As You Go and under discussion in Parliament is the project of incorporating the voluntary pension system. Likewise, we have under discussion the mandatory pension law.

In the present time, some private voluntary pension funds are operating, that are still not regulated by any specific law of pensions.

URUGUAY

The New Social Security System was created on 3 September 1995, by means of Law N° 16.713. Later on 21 September 1995, by means of Decree 359/995 the Retirement Reform was initiated. This new system is based on a mixed regime that receives the workers contributions and grants

benefits in a combined manner. One part goes to the solidarity inter generational regime and the other to the mandatory individual saving regime.

The New Social Security System is mandatory for all people as of 1 April 1996 that are under 40 years in age. After this date, any person that goes into the labor market carrying out activities considered in the Social Security Bank, that also pertains to this system. The obligation of contributing to the individual savings regime established, in April 1996, that salaries above \$ 5.000 (approximately US\$ 650), amount that by the end of year 2000 rose to \$10.076 (approximately US\$ 805) have to do so.

The Social Security Funds Administrators (AFAP) are the ones in charge of managing the individual capitalization accounts and, only the banks and financial intermediation institutions may constitute an AFAP. The Control Division of AFAP from the Central Bank of Uruguay regulates these administrators.

The worker contribution is 15% of the salary. From these contributions to the AFAP the variable commission is deducted.

The new system covers risks of old - age, total and partial disability and survivorship.

Only the quota sustained by the Intergenerational Solidarity Regime guarantees minimum grants to those that fulfill the requirements established by the governing rules and regulations.

VENEZUELA

In October 1998 by means of Law 36.531 two regimes were created: one of individual capitalization and the other of inter generation solidarity, incorporating in that way capitalization and pay as you go elements into a mixed system.

On 5 November 1998, a Decree with Rank and Force of Law N° 2.993 was published, which regulates the Pension Subsystem, that would be enforced in year 2001. Afterwards on 15 December 1999, a new Constitution for the Venezuelan Republic was approved, in which it was established that the Integral Social Security System will be regulated by means of an Organic Law, which will mark the beginning of the Pensions Subsystem.

On 22 November 2001 the National Assembly approved, under first discussion and review, the Organic Social Security Law. The second discussion and review of this Law is expected to happen in March 2002.

2.- OTHER COUNTRIES

NICARAGUA

On 12 April 2000 in the Official Newspaper of the Nicaraguan Republic, Law 340 was published, which regulates the Savings for Pensions System. This system is based on Individual Capitalization and has sole character. The approval of the Organic Law of the Pension Superintendence is still pending.

The affiliation will be mandatory for the dependent workers that at the time of the start of operations of the Pension Funds Administrators (AFP), are incorporating to the labor force for the first time and for the workers affiliated to the public system that are under 43 years in age.

The administration of the pension funds is in charge of the AFP's, entities regulated by the Pensions Superintendence.

In this system, the contribution of the worker is 10,5% of his monthly salary of which the employer will pay 6,5% and the worker himself 4%. From this contribution, a 7,5% is destined to the individual account of the affiliated worker and 3% goes to the AFP, for paying for the Disability and Survivorship Insurance and the costs of the services granted by the AFP.

The private pension system grants to its affiliates, the benefits of Ordinary Old - Age Retirement, Disability Pension and Survivorship Pension.

The state guarantees minimum pensions of old - age, disability and survivorship to those who comply with the requirements established by law. In addition recognizes the contributions made to the old public system by means of a Certificate of Transfer emitted by the Nicaraguan Social Security Institute (INSS).

PANAMA

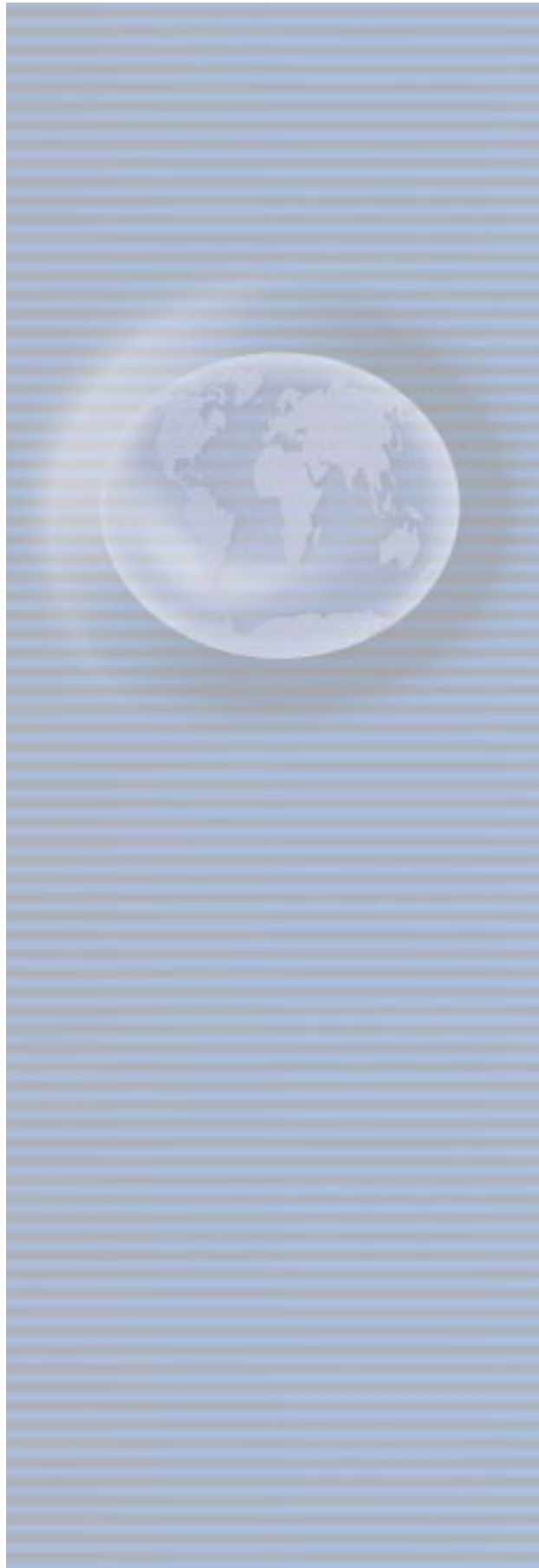
On 6 February 1997, Law N° 8 was approved which creates the Savings and Capitalization Pensions System for Public Employees (SIACAP).

The affiliation to SIACAP is mandatory for all public workers, with exception of those people that to the date of the approval of that law were getting pensions and those public workers that up to 31 December 1999, have complied with the requirements in order to obtain a complementary pension or retirement.

The Investment Administration Entity administrates the Pension Funds accumulated in individual accounts.

In this system, each public worker contributes monthly a special and voluntary contribution that corresponds to the 2% of his monthly salary. In additional manner, the Government contributes monthly a 0,3% of the salaries received by the public workers that are part of the SIACAP.

The SIACAP grants additional benefits to the permanent disability pensions, permanent absolute incapacity due to professional risk and for old - age, which are granted to public employees in accordance to the Organic Law of the Social Insurance Chamber.



NORM ESTABLISHMENT IMPROVEMENT

During the year 2001, numerous countries associated to FIAP have passed or are underway of passing or reviewing important reforms to their current pension systems.

In total it is 13 nations that have introduced important norms, rulings and regulation changes. Following we detail some of these improvements.

ARGENTINA

- **Decree N° 1.387 (01 November 2001)**
Establishes a reduction from 11% to 5%, for the term of one year, of the dependent worker's personal contribution amount and that have chosen or might choose the Capitalization Regime, counted from the date of publication of the decree.

The Executive may maintain the reduction disposed for one additional year, counted as from the time the established term of a year expires, or dispose a progressive increase of the worker's contributions during that time term, until reaching the percentage established in article 11 of Law N° 24.241.
- **Decree N° 1.394 (04 November 2001)**
The Social Security Information and Collecting System (SIRSS) was instituted, reason for which the National Institute of Social Security Resources (INARSS) was created, non governmental public entity whose exclusive objective is exercising the functions of management entity. It is established that the National Government, the Retirement and Pension Funds Administrators, the Work Risk Insurers and the Health Insurance Agents may only form such organization.
- **Decree N° 1.495 (23 November 2001)**
Modifies Law N° 24.241, adopting the capitalization regime. Introduces guidelines for a higher transparency in the commission regime received by the AFJP and for the perception of the disability and death coverage. It also establishes the conditions for the cash reserve with the purpose of providing sufficient guarantee to the workers interests comprehended in the Individual Capitalization Regime.

- **Decree N° 1.572 (01 December 2001)**
Determines that the Retirement and Pension Funds Administrators (AFJP) have to invest in Treasury Bonds, for a term of 120 days, 90% of the liquid available funds through 30 November 2001.
- **Decree N° 1.676 (19 December 2001)**
Modifies the disposition of Decree N°1.387. Establishes that as of the salaries to be received in year 2002, the contribution of the dependent workers that have chosen or may choose the Capitalization Regime is reduced from 11% to 5%, for the term of one year. The workers that belong to the Pay As You Go Regime will continue contributing 11%.
- **Economy Resolution N° 684 (13 November 2001)**
The AFJP, the Work Risk Administrators (ART) and social charities will have as of 01 January 2002, and through the National Institute of the Social Security Resources (INARSS), the faculty of collecting and supervising contribution payments and other social security provisions. Until now the administration was in hands of the Federal Public Income Administration (AFIP).

BOLIVIA

- **Administrative Resolution SPVS – IP N° 112 (March 2001)**
Through this resolution the Benefits Direction is created under the tuition of the Pension Intendance, for everything that has to do with benefit administration of the Mandatory Social Security of long term and its relation with the AFP in these matters.

BRAZIL

- **Complementary Law N° 109 (29 May 2001)**
Revokes Law N° 6.435 of 1977, regulating the private pension funds of Brazil.

Sets that the private pension regime is facultative, of a complementary character and autonomous in relation to the general social pension regime.

Maintains the separation of the complementary pension entities, in closed and open ones, with the following particularities:
 - The plans of the closed entities (non-profit entities) may be instituted by sponsors (they contribute to the pension plans) and by institutors (they do not contribute to the pension plans).
 - The plans of the open entities are operated solely by entities constituted under the form of anonymous societies, guaranteeing the operation continuity of the entities previously constituted as non profit entities that comply to certain requirements.
- In addition it establishes that the rules and regulations, coordination, supervision, review and control of the complementary pension entities will have to be ruled by a specific law.
- In relation to the technical aspects of the operations of the benefit plans, the following characteristics are presented:
- Complementary pension entities may only instruct and operate previously approved plans.
 - Benefits plan independence.
 - Plan operation under the mode of defined benefit, defined contribution and variable contribution.
 - Complementary pension entities may contract re-insuring operations.
 - The benefit plans of the closed entities need to foresee the following: proportional deferred benefit; portability; total rescue of the contributions, discounting the administrative costs; affiliate's faculty to maintain the contribution level in case of losing the received salary.
 - The plans set forth by open entities may be individual and collective. The later have a great similarity with the plans of the closed entities.
 - **Temporary Measure N° 2.222 (04 September 2001)**
Regulates the income tax over complementary social security. The measure ignores the fact that the pension funds do not have contributive capacity on their own and represent patrimony that pertains to over two million workers, that cannot be penalized more than once in their right to obtain a fair

retirement. In addition, it treats in an uneven manner entities involved in the same complementary social security.

BULGARIA

During the year 2001 several different regulations were approved about the Bulgarian pension funds, amongst which we can highlight:

- Term and procedure regulations to transform the Pension Companies, Voluntary Pension Funds and Mandatory Complementary Pension Funds.
- Condition and procedure regulation for the creation of an Investment Guarantee Fund with capital from the Pension Companies.
- Regulate the creation of a Pension Reserve for the Universal Pension Funds.

COLOMBIA

In December 2001, the Reform to the Colombian Pension System was presented to Congress. The most important aspects and that substantially modify the pension regime are:

1. Increase in the retirement age of the General Pension System:
Women - 58 years (2014) – 60 years (2020)
Men - 63 years (2014) – 65 years (2020)
2. Increase in the amount of weeks required to have access to the old - age pension, as of year 2014, in a transition up to year 2020: 1.250 weeks for the people affiliated to the Medium Premium Regime (RPM) and 1.400 weeks for those tied to the Individual Savings Regime. (RAI).
3. Increase in the period over which the base payment income is calculated of the pensions for the RPM affiliates, going from 10 to 20 years.
4. Reduction of the benefits. To have access to the highest replacement rate in the RPM (85% of the average income of the last 20 years), as of the year 2020 it will not be required to have 1.400 weeks of contributions but you will have to have 1.750.

5. Increase of the contributions in three points for the General Pension System.
6. Eliminates the State Guarantee over the minimum pension for affiliates to RAI and creates the Minimum Pension Guarantee Fund of RAI, by means of transferring to the mentioned fund all the additional contribution points of the affiliates to this regime. It sets forth in a legal way that there is a prohibition for the Government in the sense that it cannot, by budgetary means, pay any guarantee missing.
7. Reduction of the commissions of the administrators of the General Pension System in one point, going from 3,5% to 2,5% of the base contribution income.
8. Eliminates the right of the public employees, and those of administrative career to freely select the Social Security regime of their preference and obliges correlatively to link to the ISS.
9. In regards to pension bond matters introduces reforms that point to reduce the value of the bonds.

COSTA RICA

- **Decree N° 8.108 (06 August 2001)**
Reforms the article 49 of Law 7.983, which indicated that 50% of the profits of the operators, constituted as anonymous societies of public capital, had to be credited to the individual accounts of the Mandatory Complementary Pension Regime, in proportion to the total amount accumulated in each of them. The modification indicates that the net profits of the public capital operators to be distributed have to go to the affiliates of the public operators and not amongst all the affiliates to the system.
- Derogates article 43 of the Regulation of Law 7.983, in reference to the charge for services of the centralized collecting service, which indicated that the Costarrican Social Security Entity will charge the authorized entities a commission calculated over the base of a percentage applicable to the amounts collected, by the services it will grant by means of the Centralized Collection System. Such percentage will be calculated to cost of the

services granted. The derogation of that article is based that the same had no support in the Law, notwithstanding the Centralized Collecting System continues deducting a 0,91%, of the contributions to the Operators.

CHILE

- **Law N° 19.768 makes Voluntary Social Security Savings more flexible (07 November 2001)**

From the perspective of the affiliates, the most important change is that there now is the possibility that the workers withdraw at any age and for any purpose, the savings destined to voluntary contributions and to the ones maintained in Voluntary Social Security Savings Plans. These withdrawals may be partial or total.

The workers may pay in voluntary contributions into their individual capitalization accounts in any of the AFP funds or deposits of Voluntary Social Security Savings in the saving plans offered by the banks; life insurance companies; mutual funds, investment or housing administrators. The deposits of Voluntary Social Security Savings can be directly made in the authorized institutions or at the AFP. The revenue that the voluntary savings plans generate will not be subject to taxes, while they are not withdrawn.

The AFP will have the right to a retribution based on commissions paid by the affiliates for the administration of the convened deposits, of the voluntary contributions and due to the transfers of deposits convened of Voluntary Social Security Savings to the authorized institutions.

- **Law N° 19.728 creates an Unemployment Insurance (19 May 2001)**

Establishes the mandatory character of the Unemployment Insurance for the dependent workers governed by the Labor Codes. It will be mandatory for those initiating or reinitiating activities, and optional for the ones that are currently working.

It will be financed by three parties, over the base of a contribution in charge of the worker of a 0,6% of the taxable salary, a contribution in charge of the employer equivalent to 2,4% of the taxable income (both with a ceiling of 90 UF) plus a contribution in charge of the Government that will annually reach to a total of 225.792 UTM³, that will be entered in 12 monthly quotas. For the effects of taxes and collecting, the contributions will have social security character.

The worker's contribution (0,6%) plus 1,6% of the taxable salary coming from the employer will be monthly credited for a period of maximum 11 years in each labor relationship, in an individual account owned by the worker that will be called Unemployment Individual Account.

The remaining 0,8 % of the workers income that the employer has to pay for, as well as the fiscal contribution will constitute the Solidary Unemployment Fund.

An Anonymous Society, denominated Unemployment Funds Administrator Society, will administrate the insurance and that will be governed as per dispositions in the Law and will have to have a minimum capital of 20.000 UF. It will correspond to the society to collect the contributions; update and invest the resources of the Individual Unemployment Accounts and the Solidary Unemployment Fund and pay the benefits that the Law establishes.

- **Law Project that creates a Multi-Fund System.**

This project establishes that the AFP might administrate five pension funds, with different investment structures for each one of them, increasing from two to five the alternatives. Each fund will differentiate itself from the other in relation to the yield income profit obtained in the long term and based on its own stability.

This is a reform that grants liberty to the affiliates to choose between several pensions funds, choosing the one that better adjusts to his preferences of yield income profit and risk.

3 UTM: Unidad Tributaria Mensual – Monthly Tax Base Unit.

It is expected that the fund with highest investment in variable income becomes particularly attractive for young affiliates, while the fund with a high fixed income component, becomes attractive for affiliates close to retiring and with reluctance to risks.

At the close of this Annual Report the project was approved by the National Congress and is expected to be in force during 2002.

ECUADOR

- **Law N° 55 (30 November 2001)**
On 30 November 2001 the Law that reforms the Social Security System of Ecuador was published, and which within contemplates the reform of the Pension System. This Law establishes a mixed pension regime that combines the intergenerational solidarity and the mandatory individual savings.

EL SALVADOR

- **Reform to the Law of Pension Savings System (13 December 2001)**
 1. **Patrimonial Regulations:** establishes that the minimum net patrimony can never be lower to 3% of the value of the Administrated Pension Fund, without exceeding US\$ 10 million. Likewise, it modifies the Special Guarantee Contribution, passing it from a fixed percentage to a variable percentage, without exceeding 3% of the size of the Pension Fund.
 2. **Investment Regulations:** increases the limits for instruments issued by the Government; recognizes the possibility of investing in instruments derived from assets title processes and investment in assured mortgage markets and transfers the limit regulation for entrepreneurial groups and risk capital to ruling norms.
 3. **Benefit Regulations:** establishes a limit for the survivorship pensions. The addition of the amount of them cannot exceed 100% of the reference pension. In addition it establishes that the Transfer Certificate, that represents the Government debt with the workers for their contributions in the foregoing pension regime, will be paid in 15 yearly installments, instead of in one single payment at the time of

retirement. It also sets the rules to facilitate the dematerialization of the Transfer Certificate.

4. **Other Reforms:** Clear rules are established to carry out the court charge of the unpaid contributions to the Pension Funds. Have incorporated reforms in the form and have consigned in the law aspects that earlier had a level of rules and instructions.

SPAIN

- **Law 24/2001 – Accompanying Law 2002 (27 December 2001)**
A series of regulations were approved, by means of Law 24/2001 of Fiscal, Administrative and Social Order Measures, known as Accompanying Law 2002.

This law carries out modifications to the Pension Plans and Funds Law, to the Law of Taxes over Income of Physical Persons (IRPF) and to the Law of Taxes over Societies (IS), amongst other norms.

With respect to the IRPF Law were carried out fiscal modifications so much to the Individual Plans as to the ones of Employment. For example:

- Allow that any contributor may enter contributions to pension plans, with independence of the origin of his income.
- Allow individual entrepreneurs to carry out contributions in favor of themselves in the Pension Plans established in their companies.
- Allow the companies to carry out contributions to Employment Pension Plan beneficiaries, without fiscally recording them.
- Deduct 10% of the Societies Tax for entrepreneurial contributions to Employment Pension Plans.
- Raise the maximum limit of the contributions to Pension Plans in favor of disabled up to 22.838,46 Euros.
- Eliminates the percentage limits of contributions to Pension Plans (of 25% and

40%). The maximum contribution limits are raised (up to 22.838,46 Euros, for participants of 65 years or more) and unfold the limits of contributions between the entrepreneurial and the participant contributions.

In the same manner the Accompanying Law generates modifications in the pension plans and funds law, as for example in:

- Pension Plan Modes - Employment System: May include as affiliates the personnel with labor relationship of special character and also the worker partners and of work in the employment plans promoted by co-operative societies, independently from the social security regime that may be applicable to them.
- Pension Plan Control Commission. Sets the possibility of directly designating the members of the commission of the Employment System, by the agreement negotiating Commission, members that may be the same and coincide.
- Elimination of the Commission in the Individual System Pension Plans, assuming the promoter such functions.
- Creates the position of Participant Defender in the Individual System Plans, whose function is the one of deciding and resolving about claims of the participants and beneficiaries against the managing entities.
- Allows mobilization of economic rights of the beneficiaries in the Individual System Pension Plans.
- Integration into one pension fund. The Employment Pension Plans have to integrate into the Pension Funds that exclusively include Employment Pension Plans.
- Make the investment policies of the Pension Funds more flexible, in relation with its investment in Collective Investment Institutions, in values not quoted, in small and middle- sized companies and in capital-risk assets.
- Widens the delegation possibility for investment management of the Pension Funds that are managed by an Administrator.

To date it was only limited to offshore assets.

- Legalizes contracting of Pension Plans by electronic means.

MEXICO

During the year 2001 several modifications were made to the Mexican pension system, amongst which we can highlight:

1. Establish modifications and add general rules under which the Retirement Funds Administrators (AFORE) and the Operating Companies of the National Data Base SAR for the worker registration will be governed. Also modify the forms for registration requests and establish the requirements that allow higher judicial security in the worker's identification.
2. General rules that establish the procedure to which the Operating Companies of the National Data Base SAR, the AFORE and the Service Granters will have to adequate themselves for the reimbursement of payments made without legal justification.
3. Sets general rules by which the information of the AFORE, the Retirement Funds Specialized Investment Companies (SIEFORE), Credit Institutions and Operating Companies of the National Data Base SAR, will have to deliver to the National Commission for Retirement Savings System (CONSAR).
4. General rules that establish measures and procedures to prevent, detect and fight within the AFORE acts or operations that may be placed on suppositions of illegal origin.

The main objective of these measures is to establish the terms and conditions under which AFORE will have to report to the Finance and Public Credit Secretary those deposits or disposition of voluntary contributions that due to their characteristics are identified as relevant, unusual or worrisome operations.
5. General rules that establish the investment regime of the SIEFORE.

6. Establish minimum requirements that the AFORE will have to observe in order to implement an adequate integral risks administration in managing the resources and investments of the SIEFORE.

manner in the SPP by means of a Complementary Bond issued by the ONP. This applies to the affiliates that gather the requirements to access to an anticipated pension at the SPP.

PERU

- **Supreme Decree 155-2001-EF (July 2001)**
Authorizes the SPP affiliates that move to permanently live in another country to request the transfer of the individual capitalization account balance to the new country of residency.
- **Supreme Decree 164-2001-EF (July 2001)**
Approves the regulations that establish an anticipated pension regime for workers affiliated to the SPP that carry out works that are a risk for life and health.
- **Law 27.601 (December 2001)**
Prorogation of the mandatory contribution of 8% until 31 December 2002.
- **Law 27.617 (01 January 2002)**
Modifies the Private Pension System Law:
 - Eliminates the requirement of the 6 months prior to affiliation to the SPP in order to obtain the Recognition Bond.
 - Establishes the minimum pension for affiliates older than 65 years, with a minimum of 20 years of contributions in both systems, with a wage not less to the minimum vital wage and that comply with the fact of being born at the latest on 31 December 1945.
 - Creates a Special Anticipated Pension Regime for unemployed affiliates for over 12 months and that have a minimum age of 55 years. The pension will have to be higher to 30% of the average salaries received during the last 60 months, properly updated with the IPC, or will have to be higher than two minimum vital wages.
 - The affiliated workers before 2 February 2002 that at the moment of affiliating themselves fulfilled the requirements to have access of an anticipated retirement in the SNP, may retire in an anticipate

DOMINICAN REPUBLIC

- **Law N° 87-01 for Social Security (10 May 2001)**
Establishes the new Pension System, based on a savings and individual capitalization regime.

URUGUAY

- **Decree 41/001 (07 February 2001)**
Grants faculty to the Social Security Bank to affiliate to the new social security system all those active workers, older than 40 years of age that having opportunely chosen that system were not incorporated on 1 April 1996.
- **Decree 126/001 (09 April 2001)**
Establishes the rights and guarantees of the affiliates in cases there are AFAP mergers.
- **Law N° 17.445 (31 December 2001)**
 - a) Establishes modifications to Law N° 16.713, in reference to the treatment under determined conditions, of the voluntary savings and convened with the affiliates as part of their hereditary assets. Likewise, it establishes that said sums are not subject to collective insurance premium payment for disability and death.
 - b) Sets forth the possibility of the affiliate to retire under the New regime when becoming 65 years of age, even when he has not generated the common retirement cause nor stopped his activity.
- 1. The Re-adjustable Foment Unit (UF) was created by means of Supreme Decree N° 40, of 2 January 1967. It established that the Bank and Financial Institution Superintendence would every quarter determine the value of the UF, indexing the value of the UF corresponding to the current quarter, in accordance with the variation experimented by the Consumer Price Index

between the second month of the previous quarter and the second month of the current quarter.

2. Base Contribution Salary (S.B.C.): conformed by the payments made in cash per daily installment and its gratifications, perceptions, nourishment, housing, premiums, commissions, grants in species and any other amount or grant offered to the worker for his services.
3. UTM: Unidad Tributaria Mensual - Monthly Tax Base Unit.

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