

Table 1.1

**Countries that have reformed their individually-funded savings systems  
(December 2019)**

Country	Year (*)	Type of System		
		Single (1)	Mixed Integrated (2)	Mixed Competitive (3)
<b>Latin America</b>				
Chile	1981	•		
Peru	1993			•
Colombia	1994			•
Uruguay (a)	1996		•	
Bolivia (b)	1997	•		
Mexico	1997	•		
El Salvador	1998	•		
Costa Rica	2000		•	
Panama (***)	2000		•	
Dominican Republic	2003	•		
Curaçao (****)			•	
Honduras (c)	2016		•	
<b>Central and Eastern Europe</b>				
Hungary (d)	1999		•	
Poland (e)	1999		•	
Sweden	1999		•	
Bulgaria (f)	2002		•	
Latvia	2001		•	
Croatia	2002		•	
Estonia	2002		•	
Kosovo	2002	•		
Russian Federation	2003		•	
Lithuania	2004		•	
Slovakia	2005		•	
Macedonia	2006		•	
Romania	2008		•	
United Kingdom	2012		•	
Turkey (g)	2017		•	
Armenia	2018		•	
Georgia (h)	2019		•	
Czech Republic (**)			•	
Ukraine (**)			•	
<b>Asia</b>				
Australia	1992	•		
Kazakhstan (i)	1998	•		
Hong-Kong	2000	•		
China (j)	1997	•		
India (***)	2004			
Brunei	2010		•	
<b>Africa</b>				
Nigeria	2005	•		
Ghana (**)			•	
Egypt (****)		•		
Malawi (**)		•		

Source: FIAP.

(\*) Year in which the mandatory pension system started operating.

(\*\*) Reform approved but not yet fully implemented.

(\*\*\*) Reform for civil servants.

(\*\*\*\*) Reform proposed but not yet approved or implemented.

See notes (1) to (3) and (a) to (i) in the Appendix.

**Table 1.1**

**(a) Uruguay:** The law establishing the mixed system was promulgated on 3/09/95 but the system started operating on 01/04/96.

**(b) Bolivia:** While the enactment of the Law No. 065 of Pensions, on December 10, 2010, established the creation of the Public Management Body for Long-term Social Security, as a National Strategic Public company in charge of the administration of the Integrated Pension System (SIP), establishing a transition period for the start of activities in which the Pension Fund Administrators (AFP) continue to perform all its functions. The same Law establishes that the SIP is composed of the Contributory Scheme, the Semi Contributory Scheme and the Non-Contributory Scheme. In addition, this Act established a "Solidarity Contribution", funded by the worker. Bolivia is classified in this Table 1.1 as a "Single" system, because the current system is based on individual funding (the PAYGO system is closed), regardless of whether it is administered by private entities or by a State agency.

**(c) Honduras:** The Framework Law of the Social Security System came into effect on September 4, 2015. Pursuant to this law, the Private Contribution System (RAP) will be transformed into an AFP, for managing the savings of the workers enrolled in this regime, through individual accounts. This AFP will start operating in June, 2016, and must compete with other existing private fund managers (workers can opt to remain in the AFP of the RAP or transfer their funds to another AFP in the market). It must be pointed out that under the new Social Security system, workers make a consolidated contribution of 6.5% to the Disability, Old Age and Death regime (IVM, public PAYGO system) (3.5% paid by the employer; 2.5% by the worker, 0. and 5% by the State). Contributions to an individually funded account ( in the AFP of the RAP or any other) are Voluntary for workers who earn up to HNL 8,882.3 (approx. USD 364). Those who surpass that salary threshold, mandatorily contribute 6% on the excess salary (up to a ceiling of three minimum wages) to an individually funded account ( managed by the AFP of the RAP or any other private fund manager).

**(d) Hungary:** A 2010 amendment to the social security law terminated the diversion of contributions to second-pillar individual accounts and automatically transferred account balances to the social insurance program (unless an account holder opted out). Since 2009, participation in the individual account program is voluntary.

**(e) Poland:** On February 1, 2014, a pension reform was adopted which, among a serie of changes, established the following: (i) enrollment in the individually funded pillar is voluntary for new workers entering the labor market; (ii) members already enrolled in the individually funded pillar can opt out and contribute only to the PAYGO pillar.

**(f) Bulgaria:** On December 19, 2014, the government approved a series of measures that modify the Social Security Code, which state that as of January 1, 2015: (i) enrollment in the individually funded pillar is voluntary for new workers entering the labor market; and (ii) members already enrolled in the individually funded pillar can opt out and contribute only to the PAYGO pillar. The new legislation is not put into practise as its consequences are subject to public discussion.

**(g) Turkey:** The government approved an amendment to the private pension system law whereby all dependent workers under 45 (in the public and private sectors), will be enrolled in private defined contribution plans (voluntary private occupational pension system) as of January 1, 2017. Enrollment in these plans was strictly voluntary prior to the reform. The basic features of the new system are: (i) workers will automatically contribute 3% of their gross salaries to the private plans selected by their employers (the authority has the power to increase the rate of the worker's contribution rate to 6% or reduce it to 1% in the future); (ii) workers can opt out of the system within the first 2 months after automatic enrollment (with due reimbursement of their contributions and return on investments); (iii) the State will make a matching-contribution of 25% of the contribution of the worker and will make an additional one-off contribution of TRY 1,000 (approx. USD 189) for those who choose not to opt out of the plan in the first two months.

**(h) Georgia:** On September 1, Georgia's government approved the Accumulated Pension System (APS), with implementation set for January 1, 2019. The government created the new mandatory individual account program to supplement the existing flat-rate universal old-age state pension, promote capital market development, and stimulate economic growth. To fund the individual accounts, employees and employers will each contribute 2 percent of gross monthly earnings up to 60,000 tlari (USD 23,000), and the government will contribute 2 percent of earnings up to 24,000 tlari (USD 9,200) plus 1 percent of earnings above 24,000 tlari up to 60,000 tlari. For most earners, the total contribution rate will be 6 percent of gross monthly earnings. Self-employed persons who participate must pay both the employee and employer contributions.

**(i) Kazakhstan:** After a pension reform in 2013 all private pension funds (and all thier assets) were integrated in one public fund – Unified Accumulative Pension Fund.

**(j) China:** Refers to a mandatory individual accounts pilot plan for formal workers which began in 2001 in the province of Liaoning. Individual accounts currently operate only in a small group of provinces, although they are expected to be implemented countrywide in future.

**(1) Single System:** Membership of the system is mandatory for dependent workers in most cases. Mexico is different in that it has a multiple administration (private, public, cooperatives, etc.) and benefits can be defined or undefined during the transition period , since workers who were members of the PAYGO system at the time of the reform can choose, at the time of retirement, between the amount accumulated in the individual accounts or attention calculated on the basis of the rules and regulations or perform PAYGO system. In these countries, the members of the former system had several options: in Chile they were given a deadline for deciding on whether they would stay or switch; in El Salvador only one intermediate age group has the same option (older members must stay, but younger members must switch); and in Mexico all members of the former system must mandatorily switch to the new system, and in the case of the transition generation who choose the benefit according to the rules of the previous system, the Federal Government will absorb the funds accumulated in the individual account and will be fully responsible for the payment of the pension.

**(2) Mixed Integrated System:** The individually funded and the PAYGO systems coexist. The contribution as a percentage of the worker's income is distributed among both regimes. Membership of one of the two regimes is mandatory depending on age and the level of income (Uruguay), on age (Bulgaria and Poland) and by type of work (Bulgaria).

**(3) Mixed Competitive System:** The individually funded and PAYGO regimes complete. Workers (those who were enrolled at the time of the reform as well as those entering the labor market) are obligated to choose one of these regimes. The worker's contribution is fully paid into the chosen regime.