Table 2.1

Contribution Rates in the New Pension Systems (December 2019)

Country	Type of System	Contribution Rate New System (% of taxable income) (*)									Tax Ceiling (***) (USD)
		Total	Individually-Funded Program					Public (PAYGO) Program			
			Contribution to individual account	Management Commission	Disability and Survival Insurance (**)	Others Items	Total Individually-Funded Program	Contribution	Disability and Survival Insurance	Total Public Program	
Latin America and the Caribbean											
Bolivia	Fully-funded (a)	12,71	10,00	0,50	1,71 (1)	0,50 (2)	12,71	-	-	-	18.560 (3)
Chile (3)	Fully-funded	12,77	10,00	1,24	1,53 (5)	-	12,77	-	-	-	3.011
Colombia (3)	Fully-funded	16,00	11,50	1,03	1,97	1,50 (6)	16,00	-	-	-	6.317 (7)
Costa Rica (3)	Fully-funded+ PAYGO System	14,41	4,25	(8)	-	-	4,25	10,16	(9)	10,16	No ceiling
El Salvador (3)	Fully-funded	15,00	8,05 (10)	1,04	0,91	5,00	15,00	-	-	-	6.500
Mexico (3)	Fully-funded+ PAYGO System	10,21	7,71 (11)	(12)	-	-	7,71	-	2,50 (13)	2,50	3.359 (14)
Peru (4) (15)	Fully-funded	12,95	10,00	1,60 (A)	1,35	-	12,95	-	-	-	No ceiling (16)
		11,62		0,27 (B)			11,62				
Dominican Republic (3)	Fully-funded	9,97	8,00	0,50	1,00	0,47 (17)	9,97	-	-	-	5.091 (18)
Uruguay (3)	Fully-funded + PAYGO System	22,50 (19a)	11,53 (19a)	1,00	2,47	-	15,00	22,50 (19b)	(20)	22,50	4.649
Asia											
Kazakhstan (3) (21)	Fully-funded + PAYGO System	up to 15 (22)	up to 15 (22)	(23)	NA	NA	up to 15 (22)	NA	12,5% (24)	12,5% (24)	5.487 (25)

Source: FIAP.

Includes information of FIAP member countries updated to Dec. 2019

See notes (1) to (25) in the Appendix.

(*) Weighted averages by the number of contributors. In addition to the contributory programs, several countries also have non-contributory pension programs.

(**) The disability and survival insurance premiums shown here do not consider the coverage of professional risks, i.e. risks directly related to the work performed.

(***) Data and exchange rate used to 31 December 2019 (unless otherwise stated):

- Bolivia: 1 USD = BOB 6.86
- Colombia: 1 USD = COP 3,277.14
- Costa Rica: 1 USD = CRC 570.09
- Chile: 1 USD = CLP 744,62
- Mexico: 1 USD = MXN 18.8642 (FIX exchange rate)
- Peru: 1 USD = PEN 3.317
- Dominican Republic: 1 USD = DOP 52.9601
- Uruguay: 1 USD = UYU 37.336
- Kazakhstan: 1 USD = KZT 382.75

(a) Bolivia: Although in December 2010 was established the creation of the Public Management Body, in charge of the administration of the Integrated Pension System, up to December 2019 this institution was not operating and the pension funds remained under the administration of private AFPs.

Table 2.1

(1) Bolivia: This is the common risk insurance premium (fully financed by the worker). The common risk insurance is the collective and joint and several insurance covering the members of Mandatory Social Security [dependent and self-employed workers] against accidents and diseases of common origin outside the workplace, which could cause disability or death.

(2) Bolivia: This is the Worker's Solidarity Contribution, which is 0.5% of taxable income. This contribution was established by Law No. 065 of 2010 for all workers earning more than BOB 13,000 (USD 1,895 to December 31,2018).

(3) Bolivia: The rules and regulations impose a tax ceiling of 60 minimum wages. The minimum wage was BOB 2,122 to December 2019.

(4) The former pension systems are still functioning in these countries, but new members entering the labor market can only enroll in such systems in some of them (Colombia, Peru). The contribution rates to the public pension systems are shown in Table 2.3.

(5) Chile: The Disability and Survival Insurance commission (SIS) of 1.53% is applicable to all self-employed and voluntary workers; the cost of the SIS for self-employed workers is to the expense of the employer. Pursuant to the Pension Reform Law No. 20.255, the changes to the SIS affecting income accrued as of July, 2009, and which therefore affected the contributions paid in August, 2009, came into effect on July 1, 2009. The financing of the SIS initially continued to be to the expense of workers in companies with less than 100 employees, whereas government agencies and companies with more than 100 contributing employees had to finance the SIS contribution of all their employees, with the exception of young workers receiving pension subsidies. The situation changed as of July 1, 2011: employers became liable for the payment of the SIS for all dependent workers. The first public bidding of the SIS in July 2009 established that the cost of the SIS for the AFPs would be 1.87% of the gross income of workers, whereas in the second bidding process in May, 2010, a premium of 1.49% of the taxable income of workers was established. The third bidding process in April 2012 established a premium of 1.26% of the taxable income of workers; in the fourth bidding process (held in May 2014), the premium was reduced to 1.15%; in the fifth bidding process (held in May 2016), the premium increased to 1,41%; and in the sixth bidding process (held in May 2018) the premium increased to 1.53%. Bidding takes place every two years, so the seventh bidding process is scheduled for May, 2020.

(6) Colombia: This percentage goes to the Minimum Pension Guarantee Fund of the individually funded system (RAIS). Furthermore, members receiving a monthly income equal to or greater than four minimum monthly wages must contribute an additional minimum amount of 1% of their contribution base income, which will be destined to the Pension Solidarity Fund. The applicable percentages are as follows:

>=4 y <16	1%
>=16 y <18	1,2%
>=17 y <18	1,4%
>=18 y <19	1,6%
>=19 y <20	1,8%
>=20	2,0%

(7) Colombia: The rules and regulations stipulate a tax ceiling of twenty-five minimum wages (SMLV). The minimum wage was 1 SMLV= 828,116 COP to December, 2019.

(8) Costa Rica: As of January, 2011, changes in the rules and regulations established a new system of commissions on the balance (% of the managed funds), with a cap of 1.10% of the fund, which is gradually decreasing to 0.35% by 2020. Due to this regulation this cap was reduced to 0.5% of the fund as of January, 2017. In practice, as of December 2019, all the Complementary Pension Operators (OPCs) charged the maximum commission on the balance (0.5%), except for Caja Costarricense del Seguro Social (CCSS) which charged 0.48% of the fund.

(9) Costa Rica: The amount of total contributions in 2019 includes the following percentages of contribution: 3.84% contributed by the worker, 5,08 contributed by the employer and 1,24% contributed by the State (10.16% in total). The public system is responsible for the coverage of the disability and survival insurance. Part of the contribution destined to this program is used for such coverage. Nonetheless, the country's legislation does not differentiate the percentage of contributions paid for the different benefits granted by the public program. This is why there is no available information on the percentage of income destined to the payment of the disability and survival insurance.

(10) El Salvador: At the end of September, 2017, a reform of the pension system was approved. Among other measures, the reform established that the total contribution to the system of individul accounts is 15% of the worker's salary, with 7.25% charged to the worker and 7.75% to the employer. The worker's contribution goes entirely to the so-called Individual Pensions Savings Account (CIAP) of the worker. Part of the 7.75% contributed by the employer is used for paying the AFPs commission and the disability and survival insurance premium (the sum of both of them is a maximum of 1.9% of salary); another part (5%) goes to the so-called Solidarity Guarantee Account (CGS), and another part (0.75%) to the worker's CIAP. In this way, a total of 8.1% goes to the CIAP (0.85% financed by the employer and 7.25% by the worker). Between 2017 and 2027, 5% of the contribution will go to the CGS; between 2028 and 2037 it will drop to 4.5%, and between 2038 and 2043 it will be 4% (it will drop to 3% between 2044 and 2049 and will only be 2% as of 2050). The CIAP will always receive the worker's 7.25% contribution. What will vary, as well as the amounts earmarked for the CGS, are the employer's contributions. From 2017 to 2018, employers will deposit 0.75% in the CIAP, and 0.8% in 2019 (the contribution will increase to 0.85% between 2020 and 2027, and to 1.35% between 2028 and 2037; from 2038 to 2043, the employer's contribution to the CIAP will be 1.85% of the worker's salary, 2.85% between 2044 and 2049, increasing to 3.85% as of 2050).
(11) Mexico: The 7.71% rate comprises the 6.50% paid in jointly by the worker (1.125%), the employer (5.15%) and the State (0.225%), and the Social Contribution (also paid in by the State), which progressively drops from approximately 5.7% for one minimum wage to 0.4% for the ceiling of 15 Units of Measure and Update (UMAs), for each day of work, updated in accordance with the table contained in Article 168, paragraph IV of the Social Security Law reformed in 2009. Table 2.1 provides the example of a contributor who earns 5 times the UMA, so that this Social Contribution is 1.21% of his salary as of December, 2019.
(12) Mexico: The Afores only charge commissions on the managed balance as of March, 2008. The average commission on the annual balance as of December, 2019 was 0.98% (weighted managed funds).
(13) Mexico: The disability and survival insurance is managed by the Mexican Social Security Institute (IMSS), and the premium paid for its financing is 2.5% of the taxable income of the worker (0.625% paid in by the worker; 1.75% by the employer; and 0.125% by the State).
(14) Mexico: The legislation establishes a taxable income of 25 Units of Measure and Update (UMAs).
(15) Peru: The Private Pension System (SPP) Reform Law No. 29.903 introduced a new " Commission on the Balance" system denominated "Mixed Commission" in 2013, for a transitory period of 10 years. Members of the SPP had the option of remaining in the "Commission on Income (Flow)" system or automatically switching to the "Commission on the Balance" system (which includes a transitory period denominated "Mixed Commission"), between January 2 and May 31, 2013. Individuals who still had doubts, and therefore decided to remain in the " Commission on Income" system, had between June 1 and November 30 of 2013 to acquire further information, revoke their decision, and switch to the new "Commission on the Balance" system. Members who did not exercise this option were automatically switched to the "Commission on the Balance" system. It must be pointed out that during the transition from the "Commission on the Balance" system, the "Mixed Commission" will have two components over a period of 10 years: (a) a commission on the new fund, starting on April 1, 2003, and at the same time (b) a commission on income (flow), which will gradually diminish and reach zero (0) within 10 years, so that all members who opted for the "Commission on the Balance" will pay commissions only on the accumulated balance in their AFP by 2023. Table 2.1 shows the following commissions for the income accrued in the month of December, 2019: (A) The Commission on Management of Mandatory Contributions, Insurance Premium and Mandatory Contribution Rate of those members who remain in the "Commission on Income" system (the weighted average is calculated on the basis of the number of members in the Commission on Income system).
(B) The Commission on Management of Mandatory Contributions, Insurance Premium and Mandatory Contribution Rate of those members who switched to the "Mixed Commission" system. Table 2.1 only shows the weighted average of the portion of the "Commission on Income"; to December 2019, the weighted average of the portion of the "Commission on the Balance" (annual %) was 1.12% of the balance (the weighted average of both the commission on income and the commission on the balance is calculated on the basis of the number of members in the mixed commission system).
(16) Peru: There is only a taxable income ceiling for the payment of the disability and survival insurance premium (PEN 9,665.33, aprox. USD 2,914 in December 2019).
(17) Dominican Republic: Of this percentage, 0.40% is destined to the Social Solidarity Fund; and 0.07% is destined to financing the operation of the Superintendency of Pensions.

(18) Dominican Republic: The law stipulates a tax ceiling of 20 national minimum wages. For contribution, tax exemption and sanctions purposes the minimum national wage is the simple average of two legal private sector minimum wages established by the National Salary Committee of the Ministry of Labor.

(19a) Uruguay: The contribution rates shown in Table 2.1 are percentages of the contributions corresponding to the individually funded and PAYGO programs (unlike the rest of the rates shown for other countries which show a percentage of the taxable income or nominal salary of the worker). The employer's pension contribution (7.5% of contributions) is only applicable to the PAYGO program. The pension contribution rate for workers is 15% of total contributions. The amount of the contributions that the worker pays into each system (Public or Individually Funded) depends on his income or nominal salary bracket and the option chosen. The contribution paid to the individually funded system includes the commission on management, as well as the disability and survival insurance premium. Table 2.1 shows the average values of commissions and premiums in the system to December 2019. There are different levels of taxable income for calculating the contributions destined to each program, as detailed below:

1. **Level 1:** Comprises workers whose nominal salary is up to USD 1,550 per month (Level 1 ceiling). There are two options at this level:

a. If workers did not opt for the provisions of article 8 of Law 16.713, all contributions must be paid into the PAYGO system (contribution to the individually funded system = 0). In this case, the level 1 ceiling (USD 1,648) is the ceiling for contributions to the PAYGO system applicable to the contributions of the worker and the employer. Supposing that the worker has a salary equal to the Level 1 ceiling (USD 1,550); in this case he contributes: 15% * USD 1,550 = USD 234. Whereas the employer contributes: 7.5% * 1,550 = USD 117.
b. If workers voluntarily opt for Article 8, members can contribute 50% of their personal contributions to the individually-funded system, and the other 50% to the public PAYGO system. In this case, the amount on which the worker's contribution to the individually funded and PAYGO systems is calculated is 50% of his salary up to the Level 1 ceiling (i.e., 0.5 * USD 1,550 = USD 775). The amount of the worker's salary on which the employer's contribution is calculated (only to the PAYGO system) is the salary up to the Level 1 ceiling (USD 1,550). Assuming that the worker's nominal salary is equal to the Level 1 ceiling (USD 1,550), the calculation of the contributions to each system is as follows: the contribution of the worker to the individually funded system = 0.15 * USD 775 = USD 117; the contribution of the worker to the PAYGO system = 0.15 * USD 775 = USD 117; total contribution of the worker = USD 234 = 15% of the total salary on which the contributions to the individually funded and PAYGO systems are calculated (USD 1,550). The employer, however, contributes only to the PAYGO system: 7.5% * USD 1,550 = USD 117.

2. **Level 2:** Includes workers whose nominal salary is between the Level 1 ceiling (USD 1,550) and the Level 2 ceiling (USD 2,325). There are two options at this level:

a. If workers did not opt for the provisions of article 8, they will contribute 15% of their salaries up to USD 1,550 to the PAYGO system, and 15% of what exceeds USD 1,550, up to USD 2,325, to the individually funded system. In this case, the worker's salary on which the contribution to the PAYGO system is calculated is the Level 1 ceiling (USD 1,550). The salary on which the contribution to the individually funded system is based, in turn, is the nominal salary of the worker minus the Level 1 ceiling. Supposing that the worker has a salary equal to the Level 2 ceiling (USD 2,325) ,the salary on which the contribution to the individually funded system is based is: USD 2,325 - USD 1,550 = USD 775. So in this case, the worker contributes: 15% * USD 1,550 = USD 234 to the PAYGO system; and: 15% * USD 775 = USD 117 to the individually funded system. The employer, on the other hand, contributes : 7.5% * the Level 2 ceiling (USD 2,325) = USD 174 only to the PAYGO system.

b. If workers voluntarily opt for Article 8, they can pay in 50% of their total contribution (15%) on a maximum salary of USD 1,550 to the individually funded system, and the remaining amount to the PAYGO system. In this case, the amount of the worker's salary on which the contribution to the individually funded system is calculated is 50% of the Level 1 ceiling (i.e.: 0.5 * USD 1,550 = USD 775). The worker's salary on which the contribution to the PAYGO system is calculated is his nominal salary minus 50% of the Level 1 ceiling (USD 775). Supposing that the nominal salary is equal to the Level 2 ceiling (USD 2,325), the salary on which the contribution to the individually funded system is based is 50% * USD 1,550 = USD 775 and the contribution is 15%*USD 775 = USD 117. The salary on which the contribution to the PAYGO system is based is USD 2,325 - USD 775 = USD 1,550, so the worker contributes: 15%* USD 1,550 = USD 234. Meanwhile, the employer contributes (only to PAYGO system): 7,5%* USD 2,325 = USD 174.

3. **Level 3**: Workers who are in the taxable income bracket exceeding USD 2,325 per month and up to a maximum of USD 4,649 (maximum taxable wage base). In this case, workers must contribute 15% on income up to the Level 1 ceiling (USD 1,550) to the PAYGO system and to the individually funded system on the remaining income (regardless of whether or not they opted for Art. 8 of Law 16.713). Workers are not required to contribute to the individually funded or PAYGO systems on amounts greater than the maximum taxable ceiling (USD 4,649). In this case, for example, if the worker earns a nominal salary equal to the Level 3 ceiling (USD 4,649), he will contribute to the individually funded system: 15% * (USD 4,649 - the Level 1 ceiling) = 15% * USD 3,099 = USD 464; and to the PAYGO system: 15% * the Level 1 ceiling = 15% * USD 1,550 = USD 234. Thus, the worker's total contribution will be: USD 698 = 15% of the total salary on which the contribution to the individually funded and PAYGO systems was calculated (USD 4,649). The employer, on the other hand, contributes only to the PAYGO system: 7.5% * the Level 3 ceiling (USD 4,649) = USD 349.
(19b) Uruguay: The situation of workers whose salary is less than USD 1,648 per month and who have not opted for Art. 8 of Law 16.713 is described. This means that these workers are not enrolled with a Pension Savings Fund Manager (AFAP), and therefore their entire contribution is paid into the PAYGO system (22.5%: 15% by the worker and 7.5% by the employer). It must be pointed out that the total contribution rate to the pension system is not the sum of the total contribution to the individually funded system and the total contribution to the PAYGO system (these are exclusive situations since the worker can opt for the aforementioned Art. 8 of Law 16.713).
(20) Uruguay: Coverage for disability and death is received from both systems complementarily. Contributions to the PAYGO program cover the disability and survival benefits, without there being any explicit calculation of the percentage of the contribution to the PAYGO program that is earmarked for the payment of such benefits. It must be pointed out that the PAYGO system generates its own benefits in cases of disability, and death that are complementary to those generated by the individually funded system, which are generated considering the salaries on which the contributions to the individually funded system are calculated. The disability and death benefits of the PAYGO system are not financed with the insurance premium charged by the AFAPs.
(21) Kazakhstan: It is important to mention that on June 21, 2013, a pension reform law was approved stipulating the following: (i) The 11 pension funds (10 private funds and the State GNPF) will merge into the State-managed Unified Accumulative Pension Fund, UAPF; (ii) All investments will be held in custody by the National Bank of Kazakhstan; ; (iii) The retirement age for men and women will be equalized (the retirement age for women will increase to 63 years by 2027, at the rate of six months per year since 2018); (iv) For workers in industries with heavy-duty and hazardous work, the retirement age will be reduced from 58 to 50, and employers must contribute five additional percentage points to their individual accounts as of January 1, 2014; (v) There will be a Pension Assets Management Board, chaired by the President of the Republic, which will act as an advisory and consulting agency, among other matters, to recommend a list of financial instruments in which the resources of the UAPF can be invested; and (vi) the minimum return guarantee on investments will remain unaltered. The Government will also consider the following modifications at a future date: (i) Increase the mandatory contribution rate to the UAPF from 10% to 15% (the increase will be funded by the employer); (ii) The State will finance the contribution of 10% in the case of dependent women on maternity leave (it currently only finances 4%). Ordinance No. 356 of the President of the National Bank of the Republic of Kazakhstan, dated September 24, 2013, approved the reception-transmission calendar for the pension assets and liabilities of the Accumulative Pension Plans (AFPs) within the framework of the agreement on pensions in the UAPF. Thus, the transfer of pension assets from the APFs to the UAPF began as of October 11, 2013.
(22) Kazakhstan: The mandatory contribution rate is 10% of the worker's income. Employers in industries with hazardous working conditions only must contribute an additional 5% of the worker's income to the respective individual accounts of workers.
(23) Kazakhstan: the Pension Fund's commissions in 2019 are 0.015% of the pension assets and 5% of the investment return per month.
(24) Kazakhstan: State Social Insurance Fund (SSIF) is responsible for disability and survival insurance. The employer pays social tax 9,5% for disability and survival insurance (comprising of 6% social tax and 3,5% social contribution to the SSIF), plus 3% mandatory medical insurance contributions (comprising of 2% paid by employer and 1% paid by employee).
(25) Kazakhstan: According to the legislation, the maximum tax base for mandatory pension contributions is 50 minimum wages. In 2019 the minimum wage was KZT 42,000.