

Table 2.2

Structure of Contribution Rates in the New Pension Systems (December 2019, % of taxable income)

Country	Individually-Funded Program (1)				Public Program (PAYGO)				Total	Total	Total	Total Pension
	Worker	Employer	State	Total	Worker	Employer	State	Total	Worker	Employer	State	System
Latin America and the Caribbean												
Bolivia	12,71	-	-	12,71	-	-	-	-	12,71	-	-	12,71
Chile	11,24	1,53 (2)	-	12,77	-	-	-	-	11,24	1,53	-	12,77
Colombia (3)	4,00	12,00	-	16,00	4,00	12,00	-	16,00	4,00	12,00	-	16,00
Costa Rica	1,00	3,25	-	4,25	3,84	5,08	1,24	10,16 (4)	4,84	8,33	1,24	14,41
El Salvador	7,25	7,75	-	15,00	-	-	-	-	7,25	6,75	-	15,00
Mexico	1,125	5,15	1,435 (5)	7,71	0,625	1,75	0,125	2,5 (6)	1,75	6,90	1,56	10,21
Peru (7)	12,95 (A)	-	-	12,95	-	-	-	-	12,95	-	-	12,95
	11,62 (B)	-	-	11,62	-	-	-	-	11,62	-	-	11,62
Dominican Republic (8)	2,87	7,10	-	9,97	-	-	-	-	2,87	7,10	-	9,97
Uruguay (9)	15,00	-	-	15,00	15,00	7,50	-	22,50	15,00	7,50	-	22,50
Asia												
Kazakhstan	10,00	5 (10)	-	up to 15	(11)	(11)	(11)	(11)	10,00	5 (10)	-	up to 15

Source: FIAP.

See notes (1) to (11) in the Appendix.

Table 2.2

(1) When pertinent, the percentages paid into the individual accounts are added to the percentages paid in commissions to the pension fund managers, the cost of the disability and survivors insurance, and other admissible items.

(2) Chile: As of July, 2011, all employees must finance the cost of the disability and survivors insurance for their workers, by law. Although the employees of male and female workers pay 1.53% of their taxable income, the cost of insurance for men is 1.53% and for women 1.11%. The difference between these values (0.42 percentage points) is deposited into the individual accounts of female contributors.

(3) Colombia: The total contribution to the individually funded program includes the percentage destined to the Minimum Pension Guarantee Fund (1.5% of the taxable income of the worker, 75% of which is financed by the employer and 25% of the worker).

(4) Costa Rica: The public system is responsible for the coverage of the disability and survival insurance. Part of the total contribution destined to this program (10,16%) includes the premium for this insurance. It is important to note that the country's legislation does not differentiate the percentage of contributions paid for the different benefits granted by the public program, and this is why there is no available information on the percentage of income destined to the payment of the disability and survival insurance.

(5) Mexico: In Mexico there is a Social Contribution paid in additionally by the State, which 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. That is why, considering the above assumption, the total contributed by the State as of December 2019 amounts to: 0.225% + Social Contribution (1.21%) = 1.435%.

(6) Mexico: The 2.5% is the contribution of the worker, employee and the State for the constitution of the Technical Reserves for the payment of the Disability and Survival Insurance directly managed by the state, pursuant to articles 146, 147 and 148 of the Sixth Section of the Disability and Life Insurance Financial Regime of the Social Security Law (DOF-16-01-2014).

(7) 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. Table 2.2 shows the following for the income accrued in the month of December, 2019:

(A) The structure of contribution rates, considering the Commission for the Management of Mandatory Contributions, the Insurance Premium and the Mandatory Contribution Rate of those members remaining in the " Commission on Income" system.

(B) The structure of contribution rates, considering the Commission for the Management of Mandatory Contributions, the Insurance Premium and the Mandatory Contribution Rate of those members who switched to the "Mixed Commission" system.

(8) Dominican Republic: The total contribution to the individually funded program (9.97% of the taxable income of the worker) includes the percentage destined to the Social Solidarity Fund (0.4% of the taxable income of the worker) and the percentage destined to financing the operations of the Superintendency of Pensions (0.07% of the taxable income of the worker). These two previously mentioned items, amounting to 0.47% of the taxable income of the worker, are fully financed by the employer.

(9) Uruguay: The column dealing with the individually funded system shows the situation of workers in that system (Law 16.713). The contribution rate for workers is 15% of taxable income (for both the individually funded and PAYGO systems). The amount of contributions destined by the worker to the system (public PAYGO or individually funded) depends on his wage bracket and the option chosen [see details in the note (18a) table 2.1]. The column dealing with the public PAYGO system shows the situation of workers whose taxable income is less than US\$ 1,648 per month and who have not opted for Art. 8 of Law 16.713, which 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) [see details in Note 18b of Table 2.1]. It must be pointed out that the total contribution rate of workers to the system is not the simple sum of the contribution rate to the individually funded system and the contribution rate to the PAYGO system (the direct sum would be 30%); in fact, the total contribution rate of workers to the system is 15%, and in each regime this percentage is distributed differently, depending on income levels and the option taken (whether or not they opted for Art. 8 Law 16,713). Furthermore, 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; in fact, the total contribution rate to the system is 22.5%.

(10) Kazakhstan: Employers in industries with hazardous working conditions must contribute an additional 5% of the worker's income to the respective individual accounts of workers. So, in industries with hazardous working conditions, the total contribution rate is 15%; and in industries with normal working conditions, the total contribution rate is 10%.

(11) Kazakhstan: Pension payments under the PAYGO system are financed from the state budget; there is no specific contribution rate for worker/employer.