



**COMPARED REGULATIONS SERIES**

**NON-CONTRIBUTORY PENSION PROGRAMS  
IN FIAP COUNTRIES<sup>1</sup>**

**PART I: LATIN AMERICA**

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## I. INTRODUCTION

The aim of this paper is to describe the regulations of “Non-Contributory Pension” programs in the Latin American countries that belong to FIAP and for which information is available. These are Bolivia, Brazil, Colombia, Costa Rica, Chile, El Salvador, Mexico, Peru, the Dominican Republic and Uruguay<sup>2</sup>. In a further report we shall include information concerning the remaining countries belonging to FIAP.

The “minimum income” mechanisms in social security seek to provide a quantity of money that is sufficient to avoid people falling into any kind of high-risk situation (risk of poverty, lack of protection, or other). This is what is commonly known as the “First Pillar” or “Pillar Zero” of a social security system. In order to avoid confusion in terminology, in this report we shall refer to benefits of this type as “Non-contributory Pensions”.

It is worth noting that in some countries the pay-as-you-go pension system is known as the “First Pillar”. In this report, however, there is no reference to pay-as-you-go systems, since they are contributory systems, by definition.

For all purposes, a program is understood to be non-contributory in character when it provides defined benefits, generally funded out of the public purse, and steers funds towards people in situations of poverty or some other high-risk position. These programs can basically be sub-divided into Guaranteed Minimum Pensions (PMG) and the so-called “Social Pensions”. Social Pensions, in turn, can be sub-divided into “universal” and “targeted or welfare” pensions. Targeted pensions may be called welfare pensions, since their being granted is subject to an examination of the income of the individual or family, on the basis of which the need for such a pension is confirmed.

PMGs are granted to people whose accumulated funds in contributory schemes are below a minimum considered to be necessary to avoid poverty in old age. Although PMGs are granted on the basis of prior contribution requirements, they are considered as a type of non-contributory pension in the sense that their beneficiaries do not “pay” for their pension. This is paid to them by the State.

The final aim of Social Pensions, meanwhile, is to guarantee a minimum level of resources but, unlike the PMGs, they are unrelated to any prior contribution to the system on the part of the beneficiaries. In general, these pensions are financed by the State with general taxes.

The analysis of the non-contributory programs is made on the basis of five aspects: the benefits provided, the level of coverage achieved in the population, the eligibility requirements, the management and the type of financing. For this reason the paper is arranged as follows: after this Introduction, Chapter II explains the methodology used in the work; Chapter III gives a comparative analysis of the non-contributory pension

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<sup>2</sup> Curaçao and Panama are among the Latin American countries that are members of FIAP. Information about these countries is not included in this report however, because there was no information available on the subject. Furthermore, as of the date this report is published, Brazil is no longer a FIAP member, but that country is included in the report because available information dating from before it ceased to be a member was found for it, and it is useful to show this data in the light of the experience that it leaves for other countries. The cut-off date for this publication is December 2010.

programs; and Chapter IV describes the features of each non-contributory program in each of the countries. The paper concludes with a Statistical Appendix.

## **II. METHODOLOGY**

The aim of this study is to describe the regulations of the “Non-contributory Pension Programs” in the Latin American countries that belong to FIAP and for which information is available: Bolivia, Brazil, Colombia, Costa Rica, Chile, El Salvador, Mexico, Peru, the Dominican Republic and Uruguay.

To achieve this objective, a survey was made of the programs of “Non-contributory Pensions” in 10 FIAP countries in Latin America, namely: Bolivia, Brazil, Colombia, Costa Rica, Chile, El Salvador, Mexico, Peru, the Dominican Republic and Uruguay. An analysis was then made of the information provided by the Associations of Pension Fund Administrators, and of the information available on the Web of the supervisory bodies concerned with non-contributory pensions in each country.

A program is understood to be non-contributory for all purposes when it provides defined benefits, is financed out of the public budget and steers resources to people in situations of poverty or some other position of high risk. These programs can be subdivided basically into Guaranteed Minimum Pensions (PMGs) and the so-called “Social Pensions” or “Welfare Pensions”.

The document describes five aspects of the regulations of Non-contributory Pension Programs; a) the benefits provided by each program, b) eligibility requirements, c) number of beneficiaries in each program (population coverage), d) how the program is managed and e) how it is financed. The information is complemented with relevant statistics about developments in the amount of benefits provided, the number of beneficiaries and fiscal cost of each program.

We are grateful for the information and comments provided by FIAP’s member associations and we also thank the team of people working at that institution for collecting and analysing the information.

### III. COMPARATIVE ANALYSIS OF NON-CONTRIBUTORY PENSIONS

An analysis is given below of the non-contributory pension programs in the Latin American countries for which we have information, on the basis of the following aspects: (i) Benefits granted and how they are managed; and (ii) Population coverage and financing.

In Table N° 1 it is possible to see a survey of the non-contributory pension programs operating currently in each country analysed. It is shown there whether the programs involved are targeted or universal (and the instrument used in targeting, where relevant). Also shown are the risks covered by each program, the organism(s) responsible for providing and managing each of the programs, the monthly amount of the monetary benefit in each case and the relative weight of these programs' benefit, compared with that of the contributory systems.

Table N° 2, meanwhile, shows some quantitative coverage measurements of the non-contributory pension programs, such as the number of beneficiaries in each program, and what weight they have as a percentage of the beneficiaries of the contributory pension systems (and as a fraction of the adult population aged 65 or over). Also shown there is an approximation of the annual expenditure on non-contributory pension programs as a percentage of GDP, and the sources of financing for each program.

#### *i. Types of benefits provided and management of the non-contributory pension programs (see Table N° 1)*

In the countries analysed, the non-contributory pension programs grant universal or targeted (welfare<sup>3</sup>) monetary benefits to guard against the risks of poverty in old age, handicap and disability.

Some programs also take certain groups of the population into account, which are exposed to special socio-economic risk. In Colombia, for example, the Pension Contribution Subsidy Program (*Programa de Subsidio de Aporte a Pensión - PSAP*) subsidises payments to the General Pension Scheme of the poor population in informal urban and rural sectors, and among disabled workers and communal mothers. Another example is Mexico, with the "Oportunidades" Human Development Program (*Programa de Desarrollo Humano Oportunidades*), which offers support in education, health, nutrition and income in cases of extreme poverty. Along the same line, the Care Program for Senior Citizens in Rural Areas (*Programa de Atención a los Adultos Mayores en Zonas Rurales*), also in Mexico, covers the risk of inadequate diet among senior citizens in the rural sector.

Another case exists in the Dominican Republic, where the Solidarity Pension of the Subsidised System covers part of the risk of poverty among unemployed single mothers. It must be mentioned, however, that no payments of this benefit have yet been made, because the subsidised system has not yet come into effect.

On looking at the monthly amounts of the benefits granted by the various non-contributory pension programs, we discover that in absolute terms, these oscillate

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<sup>3</sup> "Welfare" or "Targeted" refers to the fact that the granting of the benefit is subject to confirmation of the income or resources of the individual or beneficiary family.

between a minimum of USD 14 (in the case of Mexico with the Care Program for Senior Citizens in Rural Areas) and a maximum of USD 173 (in the case of Colombia with the Minimum Pension of the Individual Savings Scheme (*Régimen de Ahorro Individual - RAI*)).

In Colombia, Costa Rica, Chile, Peru and Uruguay there are non-contributory pension programs whose monetary benefits are generally within a range greater than 48% and less than 66% of the average amount of the benefits in the contributory system. Thus, Chile stands out, with its Disability Solidarity Pension Contribution (Disability APS) (*Aporte Previsional Solidario de Invalidez – APS-Invalidez*) being the most generous non-contributory program of all the countries analysed. This benefit is part of the System of Solidarity Pensions (*Sistema de Pensiones Solidarias - SPS*), introduced by the pension reform of the year 2008. It provides an amount per beneficiary equivalent to 65.7% of the average monthly pension granted by the contributory AFP system. Following this in importance is the Minimum Pension of the Disability, Old-Age and Death Scheme (*Régimen de Invalidez, Vejez y Muerte - IVM*) in Costa Rica, where the amount is equivalent to 56.85% of the average pension per beneficiary in the Contributory IVM Scheme. Next in importance comes the Non-contributory Old-Age and Disability Pension Program (*Programa de Pensiones No Contributivas a la Vejez e Invalidez - PNC*) of Uruguay, where the average benefit is equivalent to 56.38% of the weighted average of retirement and other pensions in the contributory system. After these come: the Minimum Old-Age Pension of the Private Pension System (*Pensión Mínima de Vejez del Sistema Privado de Pensiones - SPP*) in Peru, (equivalent to 54.4% of the average amount of retirement, disability and survivorship pensions paid by the SPP), the Basic Solidarity Pension (*Pensión Básica Solidaria*) for Old Age and Disability (Old-Age PBS and Disability PBS) in Chile [equivalent to 53.43% of the average pensions paid in the AFP system]; and the Minimum Pension of the RAI in Colombia [equivalent to 49.67% of the weighted average benefit of the contributory system (RAI + Average Premium Scheme (*Régimen de Prima Media - RPM*))].

In all the countries analysed, the non-contributory pension programs are targeted, with the exception of the guaranteed minimum pensions (which are universal in the sense that there is no means test for those who meet the eligibility requirements [age, years of contribution to the system, etc.] before the State will pay them, and with that of the Dignity Annuity (*Renta Dignidad*) program in Bolivia. This latter program, which replaced the old Solidarity Bond (Bonosol) and began to pay benefits as from February 2008, provides a monthly monetary benefit for life which is universal (there is no socio-economic income test for receiving it), to all those who meet the eligibility requirements (Bolivians or naturalised citizens over 60 years of age).

All the targeted programs have in common the use of a targeting instrument to make an appropriate selection of the beneficiaries towards whom the non-contributory benefit is aimed. So for example, we have the case of Chile, where a change was made in the Social Protection Record (*Ficha de Protección Social - FPS*) in the year 2010, introducing the new Technical Targeting Instrument (*Instrumento Técnico de Focalización - ITF*) for solidarity pensions, in order to achieve timely identification of those individuals and families whose high-risk characteristics make them a priority as recipients of social protection.

As regards the management of the non-contributory pension programs, it may be seen that, in all cases, the granting of the benefits is in the hands of institutions that belong to the State or are part of a government department, in some cases with the participation of Pension Fund Administrators (AFPs) in the management process (as is the case of the majority of guaranteed minimum pensions and also the Dignity Annuity in Bolivia).

***ii. Population coverage and financing of non-contributory pension programs (see Table N° 2)***

The level of protection provided by the non-contributory pension programs is determined not only by the size of the benefits, but also by the extent of the coverage (coverage in terms of population, in other words, the number of beneficiaries). Table N° 2 shows that, in absolute terms, the three programs with the largest number of beneficiaries are in Brazil (the Beneficio de Prestação Continuada [BPC] had over 2 million 400 thousand beneficiaries as of December 2006); in Mexico (the “70 Plus” (*70 y Más*) program) had an active roll of somewhat over 2 million beneficiaries in the year 2009; and in Bolivia (the Dignity Annuity (*Renta Dignidad*) had somewhat over 770 thousand beneficiaries as of December 2009).

It may be seen that the weight of the beneficiaries in the non-contributory programs varies considerably from one country to another (and from one program to another within each country), both when measured as a percentage of the population aged 65 and over and when considered in relation to the number of beneficiaries in the contributory pension systems. The indicator presents a maximum level in Bolivia with the Dignity Annuity: the number of beneficiaries of this program represents over 1.6 times the population of adults aged 65 years and over, and more than 23 times the number of beneficiaries in the contributory AFP system. At the other extreme is the Guaranteed Minimum Pension in Mexico, where the population coverage represents scarcely 0.07% of the population aged 65 or over, and 0.15% of the beneficiaries in the contributory Afores system. Meanwhile, also in Mexico, the “70 Plus” program behaves in exactly the opposite manner, representing a much greater weight; the population coverage is equivalent to almost 33% of the population of adults aged 65 or over, and slightly over 71% of the beneficiaries of the contributory Afores system.

The programs have similar weights in the cases of Costa Rica and Chile. In Costa Rica the Basic Amount Non-contributory Pension Scheme (*Régimen No Contributivo de Pensiones por Monto Básico - RNC*) has a population coverage of a little more than 35% of the population aged 65 or over and almost 65% of the number of beneficiaries in the contributory system. In Chile, meanwhile, within the new System of Solidarity Pensions (SPS), the Old-Age Basic Solidarity Pension (Old-Age PBS) is the one with the greatest weight: its beneficiaries in December 2009 represented slightly over 24% of the population aged 65 or over and slightly more than 55% of the beneficiaries of the AFP pension system.

The financing of the non-contributory pension programs comes in some cases from State funds, charged against general revenue: El Salvador, Mexico, the Dominican Republic (the Nonogenarians’ Program) and Uruguay.

Meanwhile, in other countries specific taxes have been defined as the source of financing. In Bolivia, for example, the Dignity Annuity is currently funded with 30% of

the resources received from the Direct Tax on Hydrocarbons (*Impuesto Directo a los Hidrocarburos* - IDH)<sup>4</sup>, and in Costa Rica the law stipulates that the Basic Amount Non-Contributory Pension Scheme (RNC) can be financed in part by a tax charge on spirits and cigarettes<sup>5</sup>.

In other cases, specially designed funds or accounts have been designed to finance non-contributory pensions. For example, in Brazil the Beneficio de Prestação Continuada (BPC) is funded with transfers from the federal treasury, via the National Social Assistance Fund (FNAS). In Colombia, meanwhile, the Minimum Old-age Pension Guarantee Fund (FGMP), which is financed with 1.5% of the member's base salary on which contributions are paid, allows pay-outs of Guaranteed Minimum Pension in the Individual Savings Scheme (RAI), while the Pension Contribution Subsidy Program (PSAP) and the Senior Citizens' Social Protection Program (PPSAM) are financed with money from the Solidarity and Subsistence Sub-accounts of the Solidarity Pension Fund (FSP), respectively. Following the same line, in Chile the Pension Reserve Fund was created in 2006, and the Pension Reform in 2008 earmarked this instrument to finance the government debts resulting from the benefits of the System of Solidarity Pensions (PBS and APS)<sup>6</sup>. In Bolivia, the solidarity component of the minimum pension is financed through the Basic Savings Account, which is itself financed with the payment of 10% of the difference of the total earned by people who earn more than 60 national minimum wages and the contribution of the claims accounts paid by employed workers, the self-employed and the employers (common risk, occupational risk and labour risk). In the Dominican Republic, meanwhile, in the case of wage-earners who correspond to the contributory system, the guaranteed minimum pension is charged to the system itself, and is taken out of the regular monthly payments that make up the Social Solidarity Fund (FSS), which is financed with 0.4% of the worker's contribution wage (payable by the employer).

In the countries analysed, the annual expenditure implied by the non-contributory pension programs varies between 0.001% of the GDP (the Guaranteed Minimum Pension in Mexico) and 2.67% of the GDP (the Dignity Annuity in Bolivia). After the Dignity Annuity in Bolivia, the programs that are most expensive for the public purse are: the Guaranteed Minimum Pension in Chile (0.54% of the GDP in 2006); the Beneficio de Prestação Continuada (BPC) in Brazil (0.45% of the GDP in 2006); the Non-contributory Old-age and Disability Pension Program (PNC) in Uruguay (0.44% of the GDP in 2006) and the Old-Age Basic Solidarity Pension (Old-Age PBS) in Chile (0.35% of the GDP in the year 2009).

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<sup>4</sup> Funding also comes from the National General Treasury (TGN), municipalities, prefecture and the indigenous people's fund; and from the dividends of capitalised public companies.

<sup>5</sup> In addition, as stated in the financial report of the Bill that set up the Pension Reform, the other sources of financing are: a) resources freed up by the reduction in State commitments with the old Pension System; b) resources from redeployment of funds, efficiency in expenditure and economic growth; and c) part of the interest on the State's financial assets.

<sup>6</sup> Other resources come from 20% of the total income of the Social Development and Family Allowances Fund (FODESAF), income from the electronic lottery of the Social Protection Committee and transfers from the Ministry of Finance.

**Table N° 1**

Country	Name of the non-contributory programa	Risks covered	Organism Responsible for granting and managing it	Monthly amount of the benefit of the non-contributory program (1)	Average monthly benefit of the contributory system (2)	(1)/(2)	Targeted or Universal?	Instrument used in Targeting
Bolivia	Renta Dignidad - Dignity Annuity	Poverty in Old Age	AFP's, using the Renta Dignidad Database(BORD), pay the benefit through payment points and the Armed Forces. The Pensions and Insurance Supervision and Control Authority (Autoridad de Fiscalización y Control de Pensiones y Seguros (APS))	BOB 200 (USD 29) (a) BOB 150 (USD 22) (b)	USD 2.792	1,04%	Universal	n.app.
	Minimum Pension from the SSO	Poverty in Old Age	APS	BOB 676, 67 ( USD 97)		3,47%	Universal	n.app.
Brazil	Renda Mensal Vitalicia (RMV) - Monthly Life Annuity	Poverty in Old Age; Disability	Instituto Nacional del Seguro Social (INSS) National Social Insurance Institute	USD 164,04 (c)	USD 1.110	14,77%	Targeted	Family income test carried out by the National Social Insurance Institute (INSS)
	Beneficio de Prestação Continuada (BPC)	Poverty in Old Age; Disability		USD 164,09 (d)		14,78%	Targeted	
Colombia	Minimum Pension (PM) from the RAI	Poverty in Old Age; Disability; Survivorship	AFP's + Oficina de Bonos Pensionales del Ministerio de Hacienda y Crédito Público	USD 173 (e)	USD 348	49,67%	Universal	n.app.
	Programa de Subsidio de Aporte a Pensión (PSAP) - Pension Contribution Subsidy Program	Poverty in the informal sector (urban and rural); Community mothers; Disability	Consorcio Prosperar Hoy	USD 17 (f)		4,77%	Targeted	Socio-economic test applied by Consorcio Prosperar Hoy
	Programa de Protección Social al Adulto Mayor (PPSAM) Senior Citizens' Social Protection Program	Extreme poverty	Consorcio Prosperar Hoy	USD 18 (g)		5,07%	Targeted	Sistema de Selección de Beneficiarios (SIGBEN) Beneficiary Selection System
Costa Rica	Régimen No Contributivo de Pensiones por Monto Básico (RNC) Basic Amount Non-contributory Pension Scheme	Poverty in Old Age; Disability	Pensions Department of the Caja Costarricense del Seguro Social (CCSS) Costa Rican Social Insurance Fund	USD 33 (h)	USD 174	18,89%	Targeted	Ficha de Información Social (FIS) Social Information Record
	Minimum Pension in the Régimen de Invalidez, Vejez y Muerte (IVM) - Disability, Old age and Death Scheme	Poverty in Old Age; Disability; Survivorship		USD 99 (i)		56,85%	Universal	n.app.
Chile	State-Guaranteed Minimum Pension (PMGE)	Poverty in Old Age; Disability; Survivorship	AFP's + Insurance Companies + Superintendence of Pensions + General Treasury of the Republic	USD 135 (j)	USD 277	48,58%	Universal	n.app.
	Basic Solidarity Old-Age Pension (Old-Age PBS)	Poverty in Old Age	Instituto de Previsión Social (IPS, Ex INP) Social Pensions Institute	CLP 75.000 (USD 148) (k)		53,43%	Targeted	Instrumento Técnico de Focalización (ITF) Technical Targeting Instrument
	Basic Solidarity Disability Pension (Disability PBS)	Disability		CLP 75.000 (USD 148) (l)		53,43%	Targeted	
	Old-Age Solidarity Pension Contribution (Old-Age APS)	Poverty in Old Age		CLP 25.478 (USD 50) (m)		18,05%	Targeted	
	Disability Solidarity Pension Contribution (Disability APS)	Disability		CLP 92.181 (USD 182) (n)		65,70%	Targeted	
El Salvador	Minimum old-age, disability and survivorship pension	Poverty in Old Age; Disability;	State + AFP's	n.d	430	n.d	Universal	n.app.
	Program of welfare pensions	Poverty in Old Age;	State	USD 50		11,63%	Targeted	n.a
Mexico	Guaranteed Minimum Pension (PMG)	Poverty in Old Age	Instituto Mexicano del Seguro Social (IMSS) Mexican Social Insurance Institute	MXN 1.644 (USD 128) (ñ)	USD 1.464	8,74%	Universal	System of beneficiary selection based on the household's socio-economic characteristics, applied by the Social Development Office (SEDESOL)
	Opportunities' Human Development Program	Extreme poverty	Secretaría de Desarrollo Social (SEDESOL) Social Development Office	MXN 305 (USD 24) (o)		1,64%	Targeted	
	"70-plus Program"	Poverty in Old Age		MXN 500 (USD 39) (p)		2,66%	Targeted	
	Care Program for Senior Citizens in Rural Areas	Dietary poverty among senior citizens in the rural sector		MXN 175 (USD 14) (q)		0,96%	Targeted	
Peru	Minimum Old-Age Pension of the SPP and the SNP	Poverty in Old Age	AFP's + Oficina de Normalización Previsional (ONP) - Pension Standardization Office	USD 151 (r)	USD 278	54,40%	Universal	n.app.
Dominican Republic	Nonagenarians Program	Poverty in Old Age	Secretaría de Estado de salud Pública y Asistencia Social (SESPAS) State Public Health and Social Assistance Office	n.a	n.app (s)	n.a	Targeted	Economic means test applied by the State Public Health and Social Assistance Office (SESPAS)
	Guaranteed Minimum Pension in the Contributory Scheme (PMG)	Poverty in Old Age	AFP Reservas (public)	n.app (s)		n.a	Universal	
	Solidarity Pension in the Subsidised Scheme	Poverty in Old Age; Poverty among unemployed single mothers; Severe disability	n.app (t)	n.app (t)		n.a	Targeted	n.a
Uruguay	Program of Non-Contributory Old-Age and Disability Pensions (PNC)	Poverty in Old Age; Disability	Banco de Previsión Social (BPS)	USD 102 (u)	USD 181	56,38%	Targeted	Family income test applied by the Banco de Previsión Social (BPS)

n.app: Not Applicable

n.a: Not Available

## Notes to the Table N° 1

- (a) Bolivia: monthly sum corresponding to people over the age of 60 who are not collecting any pension, retirement benefit or other income from the Government. In order to convert BOB to USD the exchange rate for 31.12.2009 is used: 1 USD = BOB 6.97.
- (b) Bolivia: monthly sum corresponding to people over the age of 60 who collect a pension, retirement benefit or some income from the Government. In order to convert BOB to USD the exchange rate for 31.12.2009 is used: 1 USD = BOB 6.97.
- (c) Brazil: real average monthly amount of the RMV benefit as of December 2006.
- (d) Brazil: real average monthly amount of the BPC benefit as of December 2006.
- (e) Colombia: the PM of the RAI is equivalent to 100% of the Legal Monthly Minimum Wage currently in force (SMLMV). The amount of the benefit shown is its real value as of January 2006 and takes into account the SMLMV of the urban sector, in force in January 2006.
- (f) Colombia: amount corresponds to the real average monthly subsidy of the PSAP in the year 2006.
- (g) Colombia: amount corresponds to the real average monthly subsidy of the PPSAM in the year 2006.
- (h) Costa Rica: amount corresponds to the real average pension of the RNC in December 2006.
- (i) Costa Rica: amount corresponds to the real minimum pension in force in December 2006.
- (j) Chile: amount corresponds to the real average minimum pension in December 2006, with state guarantee for the three types (Old-Age, Disability and Survivorship), representative of the three age bands (under 70 years, between 70 and 74 years, and 75 years or over).
- (k) Chile: amount corresponds to monthly Old-Age PBS fixed by regulation for the period between 1st July 2009 and 30th June 2010. To convert this amount to USD the exchange rate set by the Central Bank of Chile on 31.12.2009 is used: 1 USD = CLP 506.43. The amount of the Old-Age PBS, as from 1st July 2010, will be readjusted automatically by 100% of the variation in the CPI of the last 12 months counting from the previous readjustment. When the variation in the CPI is over 10%, the readjustment will be immediate, even though 12 months have not yet passed.
- (l) Chile: amount corresponds to the monthly Disability PBS fixed by regulation for the period included between 1st July 2009 and 30th June 2010. In order to convert this amount to USD the exchange rate set by the Central Bank of Chile on the 31.12.2009 is used: 1 USD = CLP 506.43. The amount of the Disability PBS, as from 1st July 2010, will be readjusted automatically by 100% of the variation of the CPI of the last 12 months counting from the previous readjustment. When the variation of the CPI is over 10%, the readjustment will be immediate, even though 12 months have not yet passed.
- (m) Chile: amount corresponds to the average Old-Age APS per beneficiary as of December 2009, calculated as the total amount paid in Old-Age APS divided by the total number of benefits paid at that date. In order to convert this amount into USD the exchange rate set by the Central Bank of Chile on 31.12.2009 is used: 1 USD = CLP 506.43.
- (n) Chile: amount corresponds to the average Disability APS per beneficiary as of December 2009, calculated as the total amount paid out in Disability APS, divided by the total number of benefits on that date. In order to convert this amount into USD the exchange rate set by the Central Bank of Chile at of 31.12.2009 is used: 1 USD = CLP 506.43.
- (ñ) Mexico: amount corresponds to the value of a General Minimum Wage in Force in the Distrito Federal as of December 2009 (which, by law, is equivalent to the amount of the PMG). In order to convert this amount to USD the exchange rate on 31.12.2009 is used: 1 USD = MXN 12.8631.
- (o) Mexico: amount corresponds to the monthly monetary benefit for senior citizens, fixed by law for the period between January and June 2010. In order to convert this amount into USD, the exchange rate as of 31.12.2009 is used: 1 USD = MXN 12.8631.
- (p) Mexico: the amount corresponds to the monthly monetary benefit for senior citizens fixed by regulation. In order to convert this amount into USD the exchange rate on 31.12.2009 is used: 1 USD = MXN 12.8631.
- (q) Mexico: the sum provided by this program amounts to MXN 2,100 annual (USD 163 as of December 2009). The monthly amount shown is the result of dividing this annual amount by 12 months. In order to convert this amount to USD the exchange rate as of 31.12.2009: 1 USD = MXN 12.8631.
- (r) Peru: the amount corresponds to the real average old-age PM of the SPP as of December 2006.
- (s) Dominican Republic: the PMG of the contributory scheme, by regulation, is equivalent to 100% of the lowest legal minimum wage. However, no PMG payments have yet been made because the contributory scheme is of recent date.
- (t) Dominican Republic: the Solidarity Pension of the subsidised scheme, by regulation, is equivalent to 60% of the public minimum wage. However none of these pensions have yet been paid, because the subsidised scheme has not yet been applied.
- (u) Uruguay: amount corresponds to the real average benefit of the old-age and disability PNC as of December 2006.
- (2) In Bolivia this includes the weighted average amount of all the benefits provided by the Mandatory Long-Term Social Insurance as of December 2006. In Brazil it includes the average monthly amount of the benefits of the voluntary complementary contributory scheme, as of December 2006. In Colombia it includes the weighted average pension of the RAI and the RPM (weighted by the number of pensioners in each scheme in relation to the total) as of December 2006. In Costa Rica it includes the average pension per beneficiary of the Disability, Old-Age and Death Scheme (IVM) of the year 2006. In Chile this includes the average of the pensions paid in the AFP system in the month of December 2006. In El Salvador it includes the weighted average amount of the pensions paid by the AFP, for old-age, disability and survivorship, in the year 2009. In Mexico, it includes the weighted average monthly amount of the pensions paid out by the IMSS in Old-Age, Early Retirement, Total Disability and Survivorship in the year 2009. In Peru it includes the average amount of the retirement benefits, disability pensions and survivorship pensions paid by the SPP as of December 2006. In Uruguay it includes the weighted average amount of retirement benefit and pension in the contributory pension system, as of December 2006.

**Table N° 2**

Country	Name of the non-contributory program	Quantitative Coverage				Annual expenditure on the non-contributory pension program as % of the GDP (4)	Sources of finance for the non-contributory program	
		N° of beneficiaries in the non-contributory program (1)	Population aged 65 and over (2)	N° of beneficiaries in the contributory system (3)	(1) / (2)			(1)/(3)
Bolivia	Renta Dignidad - Dignity Annuity	772	462	33	166,86%	2360,24%	2,67%	30% of resources received from the Direct Tax on Hydrocarbons (DH), from the National General Treasury, municipalities, prefecture and indigenous fund + Dividends from capitalised public companies
	Minimum Pension (PM) of the SSO	12			2,65%	37,53%	n.app.	Through the Basic Pension Account, which is financed with a contribution of 10% of the difference in the total earned by people who earn more than 60 national minimum wages and the contribution from the claims accounts paid by members whether employed, self-employed or employers (common risk, occupational risk)
Brazil	Renda Mensal Vitalicia (RMV) Monthly Life Annuity	446	11,641,048	546,976,000	3,83%	0,08%	0,08%	Income from social security contributions
	Benefício de Prestação Continuada (BPC)	2,477,485			21,28%	0,45%	0,45%	Transfers from the federal treasury via the National Social Assistance Fund (FNAS)
Colombia	Minimum Pension Guarantee from the RAI (GPM)	6	2,349,204	713	0,00%	0,84%	n.a	Minimum Old-Age Pension Guarantee Fund (FGPM), which is financed with 1.5% of the member's basic contribution wage. The Disability and Survivorship GPM is financed by the insurance companies via the Disability and Survivorship Pension Insurance.
	Programa de Subsidio de Aporte a Pensión (PSAP) Pension Contribution Subsidy Program	197			8,37%	27,58%	0,029%	Resources from the Solidarity Sub-account of the FSP
	Programa de Protección Social al Adulto Mayor (PPSAM) Senior Citizens' Social Protection Program	214			9,13%	30,09%	0,019%	Resources from the Subsistence Sub-account of the FSP
Costa Rica	Basic Amount Non-contributory Pension Scheme (RNC)	90	255	140	35,39%	64,55%	0,01%	20% of the total income of the Social Development and Family Allowances Fund (FODESAF) + Tax on spirits and cigarettes + Resources from the electronic lottery of the Social Protection Committee + Transfers from the Ministry of Finance.
	Minimum Pension in the Disability, Old-Age and Death Scheme (IVM)	41			15,87%	28,94%	0,21%	Accumulated reserve capital + Contributions from the employer, the worker and the state + Results of reserve fund investments + other income and donations.
Chile	State-Guaranteed Minimum Pension (PMGE)	482	1,650,077	724	29,20%	66,57%	0,54%	Pension Revaluation Fund
	Basic Solidarity Old-Age Pension (Old-Age PBS)	399			24,17%	55,11%	0,35%	Pension Reserve Fund + Resources freed up by reduction in State commitments to the old pension system + resources from redeployment of funds, efficiency in expenditure and economic growth + Part of the interest on the Government's financial assets.
	Basic Solidarity Disability Pension (Disability PBS)	212			12,86%	29,32%	0,19%	Idem
	Old-Age Solidarity Pension Contribution (Old-Age APS)	238			14,42%	32,89%	0,03%	Idem
	Disability Solidarity Pension Contribution (Disability APS)	9			0,53%	1,21%	0,01%	Idem
El Salvador	Minimum old-age, disability and survivorship pension	350	433	36	80,83%	959,98%	0,003%	Resources from the Central Government out of general revenue
	Program of welfare pensions	n.a			n.a	n.a	n.a	Revenue
Mexico	Guaranteed Minimum Pension (PMG)	4	6,298,708	2,869,556	0,07%	0,15%	0,001%	Resources from the State out of general revenue
	"Opportunities" Human Development Program	n.a			n.d	n.d	0,003%	Idem
	"70-plus" Program	2,050,626			32,56%	71,46%	0,10%	Idem
	Care Program for Senior Citizens in Rural Areas	n.a			n.a	n.a	n.a	Idem
Peru	Minimum Old-Age Pension from the SPP and the SNP	2	1,540,750	63	0,11%	2,61%	0,003%	AFP members: Resources from the Individual Funding Account + Recognition Bond. When these resources are exhausted, the State provides a Complementary Minimum Pension Bond. ONP members: contributions from the State and the state guarantee.
Dominican Repub	Nonagenarian Program	n.a	539	839	n.a	n.a	n.a	Resources from the State out of general revenue
	Guaranteed Minimum Pension from the Contributory Scheme (PMG)	n.a (*)			n.app	n.app	n.app.	In the case of wage-earners who correspond to the contributory scheme, the PMG is paid out the the system itself, from the regular monthly contributions that make up the Social Solidarity Fund (FSS), this being financed with 0.4% of the wage on which the worker's contribution is based (to be paid by the employer)
	Solidarity Pension of the Subsidised Scheme	n.app (**)			n.app	n.app	n.app.	Idem
Uruguay	Program of Non-contributory Old-Age and Disability Pensions (PNC)	69	454	636	15,29%	10,90%	0,44%	Resources from the State out of general revenue

n.app: Not Applicable.

n.a: Not Available.

(1) Bolivia: in the case of the Renta Dignidad, this corresponds to the number of beneficiaries in the month of December 2009, and in the case of the PM of the SSO, corresponds to the number of payments under this item in the year 2009; Brazil: this corresponds to the number of beneficiaries of RMV and BPS in December 2006; Colombia: in the case of the GPM, this corresponds to the number of people who made use of the Minimum Pension Guarantee Fund in the year 2009, while in the case of the PSAP and the PPSAM, it corresponds to the number of beneficiaries as of December 2006; Costa Rica: this corresponds to the number of beneficiaries of the RNC and the PM of the IVM as of June and December 2006, respectively; Chile: in the case of the PMGE this considers the number of beneficiaries of that benefit in December 2006, while for the Old-Age and Disability PBS and Old-Age and Disability APS the number taken into account is that of the benefits paid as of December 2009; El Salvador: in the case of the Minimum Pension, this concerns the number of people who were receiving it at the end of 2009; Mexico: in the case of the PMG this corresponds to the approximate total number of beneficiaries receiving this benefit in the year 2005, while in the case of the "70-plus" Program it corresponds to the active register of beneficiaries in the year 2009; Peru: this corresponds to the total number of people receiving PM benefits from the SPP in December 2006; Uruguay: this corresponds to the number of PNC beneficiaries in December 2006.

(2) Bolivia: data corresponds to a forecast as of December 2009 (Source: UDAPE, Bolivia); Brazil, Colombia, Costa Rica, Chile, Mexico, Peru, Dominican Republic and Uruguay: data corresponds to a forecast produced by FIAP for the year 2006 on the basis of CELADE population forecasts; El Salvador: data corresponds to information provided by the Central Reserve Bank "Economic Indicators 2005-2009".

(3) Bolivia: this corresponds to the total number of pensions paid by the individually-funded system as of December 2009; Brazil: this corresponds to the annual number of benefits provided by the voluntary complementary contributory scheme (Source: Consolidated Statistical Bulletins, ABRAPP); Colombia: this corresponds to the number of pensioners in the RAI and in the RPM (Source: Consolidated Information Centre of Asofondos (CICA)); Costa Rica: data corresponds to the pensioners in the Disability, Old Age and Death Scheme (IVM) as of June 2006; Chile: this considers the total number of pensions paid by the AFP system in the year 2009; El Salvador: this corresponds to the total number of pensions paid by the AFP system in the year 2009; Mexico: this corresponds to the total number of pensions paid by the Afores system in the year 2009; Peru: this corresponds to the total number of pensions paid by the SPP in the year 2006; Dominican Republic: this corresponds to the total number of pensions paid by the individually-funded system in the year 2009 (only disability and survivorship pensions for the moment); Uruguay: this corresponds to the total number of retirement benefits and pensions paid as of December 2006.

(4) Bolivia: takes into account the total amount paid on Renta Dignidad between February 2008 and February 2010 as a % of nominal GDP in 2009; Brazil: takes into account the total annual expenditure on RMV and BPS in 2006 as a % real GDP in 2006 (base 2006); Colombia: takes into account the total annual expenditure paid on PSAP and PPSAM in 2006 as a % of real GDP in 2006 (base 2006); Costa Rica: takes into account the total annual expenditure on RNC and PM of IVM in 2006 as a % of real GDP in 2006 (base 2006); Chile: the case of the PMGE considers the total annual expenditure on this benefit in 2006 as a % of real GDP in 2006 (base 2006) while in the case of Old Age-PBS and Disability and Old-Age and Disability APS considers the total amount paid for each type of benefit in 2009 as a % of nominal GDP in 2009; El Salvador: takes into account the total annual expenditure on PM 2009, as a % of nominal GDP of the same year; Mexico: in the case of the PMG the total annual expenditure for this concept in 2005 as a % of nominal GDP in 2009 is considered, while in the case of the "Opportunities" Human Development Program is considered the total amount of resources for the component exerted on the Old-Age component as a % of nominal GDP in 2008, while in the case of the "70 Plus" Program is considered the total amount awarded for this program in 2009 as a % of nominal GDP in 2009; Peru: is considered the total annual expenditure on the concept of the PM of the SPP in 2006 as a % of real GDP in 2006 (base 2006); Uruguay: the total annual spending on Non-contributory Old-Age and Disability Pensions (PNC) is considered in 2006 as a % of real GDP in 2006 (base 2006).

(\*) Dominican Republic: not yet disbursed PMG payments since the contributory regime is recent.

(\*\*) Dominican Republic: there have not yet been any pay-outs on this pension because the subsidised scheme has not yet come into operation.

## IV. NON-CONTRIBUTORY PENSIONS BY COUNTRY

In this section there is a description of the non-contributory pension programs in the countries for which there is information. This is based on five attributes: (i) Benefits; (ii) Eligibility requirements; (iii) Population coverage; (iv) Management; and (v) Financing. The relevant statistics quoted in this section are to be found in the Statistical Appendix of this document.

### 1) Bolivia<sup>7 8</sup>

The non-contributory pensions are currently made up of the so-called “Dignity Annuity” and the long-term Mandatory Minimum Social Insurance Pension (*Pensión Mínima de Seguro Social Obligatorio* - SSO).

The Dignity Annuity scheme was created by Law N° 3791 in December 2007. The Dignity Annuity replaced the minimum pension scheme that existed until the year 2007, the so-called Solidarity Bond (Bonosol). The Bonosol was regulated by Law N° 2427, passed on 28<sup>th</sup> November 2002.

The regulations that regulate the SSO Minimum Pension are Law N° 3785, statutory Supreme Decree N° 29423 and Resolutions 198/08, 243/09 and 435/08, Circular 04/2010.

#### 1.1 Dignity Annuity

##### a. Benefits

The Bonosol was an annual, lifetime benefit which was also universal, meaning that it was granted without any socio-economic test. This benefit was paid from the year 2003 to the year 2007, being replaced from the year 2008 onwards by the Dignity Annuity, which is a monthly, lifetime universal benefit. In the period 2003-2006, the Bonosol granted an annual benefit of USD 227, which is equivalent to 5.71% of the average annual wage in the economy, 30.8% of the annual minimum wage and 9.26% of the average pension provided by the contributory system<sup>9</sup>.

Since February 2008, with the Dignity Annuity, two different amounts of benefit are received:

- i. People over 60 years of age who are not paid a pension, retirement benefit or any income by the government receive BOB 2,400 (approx. USD 344 as of

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<sup>7</sup> On 10<sup>th</sup> December 2010 the new pension law was passed (see [here](#)). This will set up a fund (the Solidarity Fund) to guarantee a minimum pension for employees with low incomes or self-employed workers who do not meet the requirements for the complete contributory pension. These pensions will amount to 70% of the national minimum wage (in 2010, BOB 476 or USD 66) and will require at least 10 years' contributions, with an increase of 6% for each year of additional contribution. This change in the law must be taken into account but it is not included in the analysis of this report because, although its cut-off date is December 2010, the benefits referred to in the new pension law come into effect as from the year 2011.

<sup>8</sup> For purposes of converting from BOB to USD, the following exchange rate is used, as of 31/12/2009:  
1 USD = BOB 6.97.

<sup>9</sup> The contributory system is taken to mean the Long-term Mandatory Social Insurance System (SSO).

December 2009) per year. BOB 200 may be collected each month (approx. USD 29 as of December 2009).

- ii. People over 60 years of age who are paid a pension, retirement benefit or some income from the government receive BOB 1,800 (approx. USD 258 as of December 2009) per year, which is paid to them monthly (BOB 150, approx. USD 22, as of December 2009).

#### *b. Eligibility requirements*

The requirements demanded by the law today in order to qualify for the Dignity Annuity are the following:

1. To be a Bolivian or naturalised citizen and resident in the country.
2. To be currently 60 years old or more.

#### *c. Population coverage*

As of December 2003, the beneficiaries of the Bonosol numbered 411,058. Since then the total number of beneficiaries has risen at an annual rate of approximately 3.38%, amounting to 454,168 in December of the year 2006.

In the period 2003-2006 the Bonosol gave out benefits to 435,077 people on average, which was equivalent to 18 times the number of beneficiaries of the contributory system and 107% of the population of senior citizens aged 65 and over.

In February 2008, the month when the Dignity Annuity began to be paid, the number of beneficiaries amounted to 330,574. By December 2008 this figure had already risen to 687,962. In February 2010 the beneficiaries numbered 782,660.

#### *d. Management*

The Dignity Annuity is managed by the AFPs through the Dignity Annuity Database (*Base de Datos de la Renta Dignidad* - BDRD). The BDRD contains the universe of beneficiaries of the Dignity Annuity, and the Supervision and Control Authority for Pensions and Insurance (*Autoridad de Fiscalización y Control de Pensiones y Seguros* - APS) regulates, controls and supervises the correct management of that database<sup>11</sup>.

The applicant who meets the eligibility criteria has to present his/her ID card to the AFP, where the information is compared with the BDRD. If that information is not the same, then an updating of the information must be carried out. If the information is identical, then the AFP, via the payment points and the Armed Forces, must pay the Dignity Annuity in cash, within the time and in the ways stipulated by the APS.

#### *d. Financing*

The Bonosol was financed out of the Collective Capitalization Fund (*Fondo de Capitalización Colectiva* - FCC). The FCC is a fund consisting of resources that come

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<sup>11</sup> As from the 2009 financial year, a bidding process was called for the payment, won by a company made up of an insurance company and an investment fund-management firm (SAFI).

from the capitalization of public companies (shares and the dividends that these produce)<sup>12</sup>. The assets of the FCC were earmarked exclusively for the payment of the Bonosol and for funeral expenses<sup>13</sup>.

In the year 2003, expenditure on Bonosol amounted to USD 94.62 million, which represented 1.07% of the GDP. In the following years, expenditure on Bonosol tended to rise, and by December 2006 it represented some USD 103.09 million, a figure equivalent to 1.04% of the GDP.

The Dignity Annuity is currently financed with 30% of the resources received from the Direct Tax on Hydrocarbons (*Impuesto Directo a los Hidrocarburos* - IDH), from the General Treasury of the Nation (*Tesoro General de la Nación* - TGN), from municipalities, prefecture and the indigenous people's fund; and the dividends of capitalized public companies. Between February 2008 and February 2010 the expenditure on Dignity Annuity (total amount paid) amounted to BOB 3,271 million (approx. USD 469 million as of December 2009), which is equivalent to approximately 2.67% of the GDP of the year 2009.

## ***1.2 Minimum Pension<sup>14</sup>***

### *a. Benefits*

The Minimum Pension is the solidarity pension paid by the long-term Mandatory Social Insurance (SSO) to policy-holders who meet the requirements stipulated for that purpose and, on their death, to their dependents to the second degree, in the proportions that correspond to them according to the regulations, either temporarily or for life.

The amount of the Minimum Pension is equivalent to the Minimum Wage that was in force when Law N° 3785 (2007), (BOB 525, approx. USD 75.32), an amount that will be updated at the beginning of each accounting period on the basis of the annual variation of the Housing Development Accounting Unit (*Unidad de Fomento a la Vivienda* - UFV). So the Minimum Pension for the financial year 2010 is BOB 676.67 (approx. USD 97.08).

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<sup>12</sup> Law of Capitalization N° 1544 (March 1994).

<sup>13</sup> All citizens who die while in receipt of the Bonosol benefit are entitled to the funeral expenses benefit.

<sup>14</sup> The minimum pension forms part of the semi-contributory pension scheme, which, according to the terms of this document, comes into the category of non-contributory pension as a Guaranteed Minimum Pension, since it has an individual account component (contributory) and a solidarity component, which aims to ensure that the member or his/her dependents receive pensions that are over a given amount. The difference compared with other systems is that the solidarity component is not funded by the State: instead the creation of a Basic Pension Account has been approved (Law N° 3785 of the year 2007), which is funded with 10% of the difference of the total earned by people who earn over 60 minimum national wages (where this difference is positive) and the contribution from the claims accounts paid by employees, self-employed workers and employers (common risk, occupational risk and labour risk) in one of two ways: a single contribution from the claims accounts for a stipulated amount and a monthly contribution of 20% of the claims accounts registered in that period.

#### *b. Eligibility requirements*

The requirements stipulated by the law in order to qualify for the Minimum Pension of the SSO are:

1. To be 60 years old or more.
2. To have contributed to the SSO, the Pay-as-you-go System or both for 180 periods or more.
3. To have a Reference Pension that is less than the Minimum Pension.

#### *c. Population coverage*

In the year 2009, according to the information published by the Supervision and Control Authority for Pensions and Insurance (APS), the number of payments made under the heading of Minimum Pension was 12,270.

#### *d. Management*

The management of the SSO Minimum Pension is carried out by the State, via the Supervision and Control Authority for Pensions and Insurance (APS).

#### *e. Financing*

The Minimum Pension forms part of the semi-contributory pension scheme, since it has an individual account component (contributory) and a solidarity component, with the aim of ensuring that the member and his/her dependents receive pensions that are higher than a given amount. The difference with other systems is that the solidarity component is not funded by the State, but through the Basic Pension Account (created by Law N° 3785 in 2007), which is financed with the contribution of 10% of the difference of the total earned by people who earn more than 60 national minimum wages (where this difference is positive) and the contribution from the claims accounts paid by employees, self-employed workers and employers (common risk, occupational risk and labour risk) in one of two ways: a single contribution from the claims accounts for a given amount and a monthly contribution of 20% of the claims accounts registered in that period. As of December 2009, the balance of the Basic Pension Account amounted to BOB 439,069 thousand (approx. USD 62,944 thousand).

## 2) Brazil

The non-contributory pensions have two components: the Monthly Life Annuity (*Renda Mensal Vitalicia* - RMV), and the Continual Payment Benefit (*Beneficio de Prestação Continuada* – BPC). The RMV is established in Law N° 6,179 (1974). The BPC is regulated by the LOAS<sup>15</sup> Law (1993).

### 2.1 Monthly Life Annuity

#### a. Benefits

The RMV is a monthly monetary benefit of a fixed amount, designed for people who are 70 years of age or over and for the disabled, who are unable to provide for themselves or be provided for by their family. The amount of the benefit is equivalent to the monthly minimum wage currently in force<sup>16</sup>. In 1995 the last applications for the benefit of this program were received. At present, only benefits that were granted up to the year 1995 are being paid.

As of December 2002, the average monthly amount of the RMV was USD 66.8. This amount has been increased year by year, reaching USD 164.04 per month in December 2006. On average, between the years 2002 and 2006, the RMV provided a monthly benefit of USD 112.74, equivalent to 35.66% of the average wage in the economy and 11.38% of the average pension provided by the contributory system<sup>17</sup>.

#### b. Eligibility requirements

In order to qualify for the RMV benefit, it was necessary to meet the following requirements:

- (i) To be 70 years old or more or disabled.
- (ii) To have proof of at least 12 months' social security contributions in the course of the working life.
- (iii) To demonstrate that he/she lacks the means of subsistence, either personally or as a family.

#### c. Population coverage

As of December 2002, the total number of beneficiaries of RMV was 673,834. Since then the total number of beneficiaries has been falling at an annual rate of 9.78%, reaching a level of 446,409 people in December 2006.

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<sup>15</sup> Lei Orgânica da Assistência Social (Law N° 8742 (1993)).

<sup>16</sup> This amount has been in force from the 1988 Constitution onwards. Before that date the amount was half a minimum wage.

<sup>17</sup> The contributory system has two components: (i) the Mandatory Social Insurance, managed by the (INSS); (ii) The voluntary complementary scheme, managed by the Closed Complementary Pension Institutions (*Entidades Cerradas de Previsión Complementaria*). In this exercise, only the average benefits of the second component were included.

In the period 2002-2006 the RMV has granted benefits to 387,997 people on average, equivalent to 0.12% of the beneficiaries of the contributory system and 5.11% of the population of senior citizens 65 or over.

#### *d. Management*

Currently the management and payment of the RMV benefit is in the hands of the National Social Insurance Institute (*Instituto Nacional del Seguro Social - INSS*).

#### *e. Financing*

This benefit is financed out of income originating from social security contributions.

In the year 2002 the total expenditure on RMV amounted to USD 540.13 million, which represented 0.11% of the GDP for that year. From then on, the trend in expenditure on RMV has been rising, reaching some USD 878.74 million in December 2006, a figure equivalent to 0.08% of GDP.

## **2.2 Continual Payment Benefit**

#### *a. Benefits*

The BPC is a benefit granted as from the year 1996 to replace the RMV. It consists of a guaranteed minimum monthly wage for the disabled and for people aged 65 or more.

In December 2002 the average monthly amount of the BPC was USD 66.92. This amount has been increasing year by year, reaching USD 164.09 in the month of December of the year 2006. On average, between the years 2002 and 2006, the BPC has provided a monthly benefit of USD 112.93, equivalent to 35.72% of the average wage in the economy and to 11.4% of the average pension provided by the contributory system.

#### *b. Eligibility requirements*

In order to qualify for the BPC it is necessary to meet the following requirements:

- (i) To be disabled<sup>18</sup> or to be 65 years old or more.
- (ii) The applicant must have a family income per capita of no more than 25% of the legal minimum wage.
- (iii) None of the members of the applicant's family may be receiving other social security benefits or be a beneficiary of unemployment insurance.

#### *c. Population coverage*

In December of the year 2002, the total number of BPC beneficiaries was 1,560,854. Since then the total number of beneficiaries has been growing at an annual rate of approximately 12.24%, reaching 2,477,485 in December of the year 2006.

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<sup>18</sup> According to the LOAS Law (Decree 1744 (1995)), "disabled" is understood to refer to a person who is unable to work and lead an independent life, which is quite a broad category.

In the period 2002-2006, the BPC has provided benefits to 2,015,591 people on average, which is equivalent to 0.45% of the beneficiaries of the contributory system and 18.52% of the population of senior citizens aged 65 or more.

#### *d. Management*

The management of the program is decentralised. In other words, the INSS, the MPAS<sup>19</sup>, the municipalities and the local authorities all take part. The administrative process for obtaining the BPC is as follows:

- (i) Applicants must present a declaration issued by an authority (judge, local police chief, or municipal administrator) containing information about the per capita income of the candidate's family and the other requirements stipulated by the law.
- (ii) A social worker from the municipal administration receives these declarations and sends the documentation to the regional office of the INSS<sup>20</sup>.
- (iii) The INSS analyses the documents and issues an authorisation to grant the benefit. Candidates for the BPC on disability grounds then undergo a medical examination.
- (iv) The BPC is paid by the INSS through commercial banks and post offices.

#### *e. Financing*

The program is financed by transfers from the federal treasury, via the National Social Assistance Fund (FNAS<sup>21</sup>). Since 1996, the most important source of this fund is the COFINS<sup>22</sup>, a tax reserved by the 1988 Constitution to fund the Social Security budget.

In the year 2002 the total expenditure on BPC amounted to USD 1,253.35 million, which represented 0.25% of the GDP that year. From then on there has been an upward trend in expenditure on BPC, reaching about USD 4,878.38 million in December 2006, a figure equivalent to 0.45% of the GDP.

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<sup>19</sup> Ministerio da Previdência e Assistência Social.

<sup>20</sup> In any case, the candidate is not obliged to apply through the local authority. He/she can do so directly at the INSS.

<sup>21</sup> Fundo Nacional de Assistência Social.

<sup>22</sup> Contribuição para o Financiamento do Seguridade Social.

### 3) Colombia

The non-contributory pensions consist of three components: the Minimum Pension Guarantee (*Garantía de Pensión Mínima - GPM*), the Pension Contribution Subsidy Program (*Programa de Subsidio de Aporte a Pensión - PSAP*), and the Senior Citizens' Social Protection Program (*Programa de Protección Social al Adulto Mayor - PPSAM*).

The GPM is regulated by Law 100 (1993), and the other two programs by Law 797 (2003).

#### 3.1 The Minimum Pension Guarantee<sup>23</sup>

##### a. Benefits

The GPM is a monthly sum of money granted to people who have not managed to save the capital needed to reach the minimum pension currently in force. In the case of the old-age, disability and survivorship, the minimum monthly pension is fixed at an amount equal to 100%<sup>24</sup> of the legal minimum monthly wage currently in force (*salario mínimo legal mensual vigente - SMLMV*). In the Individual Saving Scheme (*Régimen de Ahorro Individual - RAI*) the GPM is granted for old age, disability and survivorship.

In the year 2002 the minimum pension amounted to USD 153 per month. This amount has been increasing year by year, reaching USD 173 per month in the year 2006. Between 2002 and 2006 the average minimum monthly pension was USD 156, equivalent to 63.37% of the average wage in the economy and 56.80% of the average pension provided by the contributory system<sup>25</sup>.

##### b. Eligibility requirements

It is necessary to meet the following requirements in order to qualify for the old-age GPM:

- (i) Men and women of 62 and 57 years of age, respectively, at least.
- (ii) Contributions must have been paid for at least 1,150 weeks, without achieving the minimum pension currently in force<sup>26</sup>.

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<sup>23</sup> As regards the GPM, it is important to discriminate between two types of Guarantee. On the one hand, in the Old-Age mode of the Individual Saving Scheme (RAI) there is an "explicit" Guarantee, in other words there is a fund created for this purpose. In the case of the disability and survivorship modes and in the Average Premium Scheme (*Régimen de Prima Media - RPM*), there is no explicit Guarantee as such; however, these have to fit in with the minimum limits laid down by the Law, in which a pension lower than a minimum wage cannot be granted. Due to the approach of this present document, we refer in it only to the explicit GPM, because the subject of the RPM subsidies is not touched upon.

<sup>24</sup> The GPM, though it is fixed at 100% of the SMLMV, is fixed for purposes of controlling balances at 110% of the latter. In other words, if a person who is receiving a pension under the programmed withdrawal option has a balance in his/her account that is sufficient to purchase a life annuity of 110% of a minimum wage, the AFP must attempt to transfer him/her to the life annuity option. In GPM it is important to discriminate between the two types of Guarantee.

<sup>25</sup> It must be understood that the contributory system is made up of the Individual Saving Scheme (RAI) and the Average Premium Scheme (RPM). The former is managed by the AFPs and the latter by the Social Insurance Institute (ISS).

<sup>26</sup> As from the year 2009, for the RPM only, 25 weeks will be added each year until 1,325 is reached in the year 2015.

In order to be eligible for the disability GPM, it is necessary to meet the following requirements:

- (i) To have been declared disabled.
- (ii) To have paid contributions for at least 26 weeks at the point when the state of disability comes about, or, if no longer contributing to the system, to have paid contributions for at least 26 weeks in the year immediately prior to the moment when the state of disability comes about. In this case a differentiation must be made between disability as a result of illness and normal disability, because in principle the two cases used to have the same requirement, but ruling C 428/09 of the constitutional court modified the disability requirements in the case of illness to 50 weeks in the last 3 years. The Law also used to require a contribution density of over 20% from the time the member reached 20 years of age, and this was declared impossible to implement by that same ruling.

Finally, in order to be eligible for the survivorship GPM, the following requirements must be met:

- (i) To be a member of the family group of the old-age or disability pensioner who dies.
- (ii) To be a member of the family group of the member who dies, provided that he/she meets one of the following requirements: (a) he/she has paid contributions for at least 26 weeks at the time of death; or (b) if he/she has stopped paying contributions to the system, contributions have been paid for at least 26 weeks of the year immediately prior to the moment when the member's death occurs.

*c. Population coverage*

According to the information provided by the Colombian Association of Pension and Severance Fund Administrators (ASOFONDOS), the number of people who have taken advantage of the Minimum Pension Guarantee Fund (FGPM) is summarised below:

<b>Year</b>	<b>Women</b>	<b>Men</b>	<b>Total</b>
2003	13	15	27
2004	6	12	18
2005	9	9	18
2006	26	31	57
2007	16	33	49
2008	20	24	44
2009	2	4	6

*Source: ASOFONDOS, Colombia*

#### *d. Management*

The management and payment of the GPM of the RAI is in the hands of the Ministry of Finance and Public Credit (*Ministerio de Hacienda y Crédito Público*), via its Pension Bonds Office (*Oficina de Bonos Pensionales*).

The GPM begins to be paid when the balance in the member's individual account is less than the balance needed to achieve the minimum pension currently in force. In this case, the AFP must notify the Pension Bonds Office (OBP) when the balance in the individual account shows that this will be exhausted within the period of one year, taking the necessary steps to pay the guarantee.

#### *e. Financing*

The old-age GPM is financed out of the Minimum Old-age Pension Guarantee Fund (*Fondo de Garantía de Pensión Mínima de Vejez - FGPM*), which is funded with 1.5% of the wage on which the member's contributions are based.

The financing of the GPM for disability and survivorship is the responsibility of the insurers, via the Disability and Survivorship Pension Insurance (SIS)<sup>27</sup>.

There is no information available about annual expenditure on minimum pension.

### ***3.2 Pension Contribution Subsidy Program***

#### *a. Benefits*

The PSAP is designed to subsidise the contributions to the General Pension Scheme of wage-earning or self-employed workers in the rural or urban sector who lack sufficient resources to pay the whole of the contribution.

This program provides a differential subsidy from and during a period which varies between 600 and 800 weeks, depending on whether the beneficiary works in the informal rural or urban sector, is disabled, or is a community mother. The percentages of the subsidy are given in Table N° 1.

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<sup>27</sup> Source: Fasecolda Presentation "Life Annuities and the Minimum Pension Guarantee in the Individual Saving Scheme with Solidarity", OISS-APES International Congress, November 2005.

**Table N° 1**  
**Percentage of pension subsidies**  
**Solidarity sub-account**

Men and women aged between 35 and 65 years in the informal urban sector.	70% of the total contribution for up to 600 weeks
Men and women aged between 35 and 65 years in the informal rural sector.	90% of the total contribution for up to 480 weeks without transition scheme or 600 weeks without transition scheme.
Disabled workers between 20 and 65 years of age.	95% of the total contribution for up to 480 weeks without transition scheme or 800 weeks without transition scheme.
Community mothers with a minimum of one year's service.	80% of the total contribution for up to 480 weeks without transition scheme or 600 weeks without transition scheme.

Source: Consorcio Prosperar Hoy, Acosta<sup>28</sup> (2005)

In the year 2003 the average subsidy amounted to USD 11 per month. This amount has gradually increased year by year, reaching USD 17 per month in the year 2006. Between the years 2003 and 2006 the average monthly subsidy was USD 14, equivalent to 5.84% of the average wage in the economy, 9.44% of the minimum wage and 4.73% of the average pension provided by the contributory system.

*b. Eligibility requirements*

Workers must fulfil the following requirements in order to qualify for the subsidy:

- (i) Receive monthly income of no more than 1 SMLMV.
- (ii) Be between 55 and 65 years of age if enrolled in Social Insurance.
- (iii) Be over 58 years of age if enrolled in the RAI, provided that they do not have enough capital to finance a minimum pension.
- (iv) Be covered by the General Social Security Health System.
- (v) Take part in awareness workshops organized and run by the staff of Consorcio Prosperar Hoy.
- (vi) Fill in the Subsidy Application form provided in the regional Offices.
- (vii) Present the original and photocopy of their Citizen's ID card.
- (viii) Present a document proving the weekly contributions paid by the person (a minimum of 650 weeks).
- (ix) Certification issued by the Regional Disability Assessment Board, showing a loss of working ability of 50% or more in the case of disabled workers.
- (x) Have more than one year's involvement in the ICBF program (*Instituto Colombiano de Bienestar Familiar* - Colombian Institute of Family Welfare) as a community mother, where appropriate.

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<sup>28</sup> Olga Lucía Acosta (2005) How to finance first pillar schemes? FIAP Publication "The Strengthening of the New Pension Systems: The Role of each Pillar in the Solution of Pension Problems".

### *c. Population coverage*

In December 2002, the total number of beneficiaries of the PSAP was 265,002. Since then the total number of beneficiaries has been falling at an annual rate of about 7.19%, amounting to 196,579 people in December of the year 2006.

In the period 2002-2006 the PSAP has provided subsidies for 226,214 people on average, which is equivalent to 37.51% of the beneficiaries of the contributory system and 10.24% of the population of senior citizens aged 65 or over.

### *d. Management*

The fiduciary manager of the program is Consorcio Prosperar Hoy. The process for obtaining the subsidy is as follows:

- (i) After checking that they meet the requirements, people must take part in an awareness workshop run by the social workers of the Consorcio in offices designed for the purpose.
- (ii) Later, those interested in the subsidy must fill in an enrolment form, attaching : a) a copy of their identity document; b) a valid health card; c) a certificate of loss of working ability of over 50% (in the case of the disabled); d) the document proving membership of the ICBF, in the case of community mothers.
- (iii) Following this, the applicant must contact the Consorcio to find out whether or not he/she has been accepted as a beneficiary. In the case of being accepted, the payment of the subsidy will be made according to the type of beneficiary.

### *e. Financing*

The resources for this program are financed from the Solidarity Sub-account of the FSP. The resources of this sub-account come from:

- (i) 50% of the additional contribution, which consists of 1% of the contribution base, chargeable to those contributors to the General Pensions System whose contribution base is equal to or greater than 4 SMLMV.
- (ii) The resources contributed by territorial bodies for population coverage extension plans in their respective territories, or associations or federations for their members.
- (iii) Donations received, financial returns on their resources and, in general, other resources received under any heading.
- (iv) The value of the fine imposed by the Banking Superintendence on the AFP for failing to meet the sufficient level of net worth demanded by the law<sup>29</sup>.
- (v) The value of the fine imposed by the Ministry of Labour, Social Security or Health on the employer who infringes the worker's rights with regard to

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<sup>29</sup> According to Law 100 (1993) the fine amounts to 3.5% of the value of the monthly shortfall, without exceeding 1.5% of the amount required to meet that ratio, in each case of non-compliance.

his/her membership and choice of organizations in the Integral Social Security System<sup>30</sup>.

In the year 2003, the total expenditure on PSAP subsidies amounted to USD 29.95 million, which represented 0.032% of the GDP. From then on, the level of expenditure on these subsidies has been greater and stable, reaching some USD 39.19 million in December 2006, a figure equivalent to 0.029% of the GDP.

### ***3.3 Senior Citizens' Social Protection Program***

#### *a. Benefits*

The PPSAM has provided economic subsidy since December 2003 for senior citizens who are in a state of indigence or extreme poverty. The economic subsidy is paid in cash or in kind to cover basic and complementary social services. It is granted directly or indirectly in accordance with projects presented by the territorial institutions and approved by the ICBF.

In December 2003, the average subsidy amounted to USD 24 per month. This amount has decreased, reaching a level of USD 18 per month in the year 2006. Between the years 2003 and 2006 the average monthly subsidy was USD 22, equivalent to 8.93% of the average wage in the economy, 14.09% of the minimum wage and 7.23% of the average pension provided by the contributory system.

#### *b. Eligibility requirements*

In order to be eligible for the subsidy, the following requirements must be met:

- (i) To be Colombian.
- (ii) To be at least three years younger than the age required to qualify for the old-age pension for members in the General Pensions System.
- (iii) To be classified in levels 1 or 2 of the SISBEN<sup>31</sup> and lack sufficient income for subsistence. This means people who are in one of these situations: (a) they live alone and their monthly income is no more than half a SMLMV; (b) they live in the street and on public charity; (c) they live with their family and the family income is less than or equal to the SMLMV; (d) they live in a Welfare Centre for the Aged; (e) they attend a Day Centre as a user.
- (iv) To have lived on national territory for the past 10 years.

#### *c. Population coverage*

In December 2003 the total number of PPSAM beneficiaries was 35,102. Since then the total number of beneficiaries has risen at an annual rate of approximately 82.8%, amounting to 214,480 people in December of the year 2006.

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<sup>30</sup> According to Law 100 (1993), the amount of this fine can be no less than one SMLMV and no more than 50 times that wage.

<sup>31</sup> Beneficiaries' Selection System.

In the period 2003-2006, the PPSAM provided subsidies to 144,534 people on average, which is equivalent to 23.96% of the beneficiaries in the contributory system and 6.54% of the population of senior citizens aged 65 or over.

#### *d. Management*

The fiduciary manager of the program is Consorcio Prosperar Hoy. The program is carried out in a decentralised manner, through projects presented to the ICBF by the territorial institutions, and executed using cooperation and co-funding agreements.

The process laid down for obtaining the subsidy is the following:

- (i) The people, once they go through the SISBEN survey, are prioritised according to their level of need. Priority is given in allocating the subsidy to those who obtain most points as a result of meeting the largest number of criteria.
- (ii) Those accepted as beneficiaries receive resources from Consorcio in two ways: (a) direct economic subsidy in municipalities where there are banks or institutions authorised to provide postal giro services; (b) direct economic subsidy in municipalities where there are no banks or institutions authorised to provide postal giro services; (c) indirect economic subsidy when the beneficiaries live in Welfare Centres for the Aged, or are indigenous people living in reservations, or are users of Day Centres.
- (iii) Subsequently the applicant must contact Consorcio to find out whether or not he/she has been accepted as a beneficiary. In the case of acceptance, the subsidy is paid in accordance with the type of beneficiary.

#### *e. Financing*

The resources of this program are funded from the Subsistence Sub-account of the FSP. The resources in this sub-account come from:

- (i) 50% of the additional contribution, which consists of 1% of the contribution base, chargeable to those contributors to the General Pensions System whose contribution base is equal to or greater than 4 SMLMV.
- (ii) An additional contribution for contributors with an income equal to or greater than 16 SMLMV on their base contribution income, so: (a) from 16 to 17 SMLMV, it is 0.2%; (b) from over 17 to 18 SMLMV, it is 0.4%; (c) from over 18 SMLMV to 19 SMLMV it is 0.6%; (d) from over 19 SMLMV to 20 SMLMV it is 0.8% (e) over 20 SMLMV it is 1%.
- (iii) Payments from the National Budget, which cannot be less than those collected annually under items (i) and (ii), and are paid on the basis of the report on the fund in the period of validity of the year immediately preceding, updated on the basis of the variation of the consumer price index, certified by the DANE<sup>32</sup>.

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<sup>32</sup> National Administrative Statistics Department.

- (iv) The 1% contribution in the case of pensioners who accrue a monthly sum greater than 10 SMLMV, and the 2% contribution for those who accrue more than 20 SMLMV.

In the year 2003 the total expenditure on PPSAM subsidies amounted to USD 0.72 million, which represented 0.00078% of the GDP. In December 2006 the level of expenditure on these subsidies amounted to USD 26.49 million, a figure equivalent to 0.019% of the GDP.

#### 4) Costa Rica

The non-contributory pensions have two components: the Basic Amount Non-Contributory Pension Scheme (RNC), and the Minimum Pension (PM) of the Disability, Old-age and Death (IVM) Scheme.

The RNC is regulated by Law N° 5,662 of the year 1974, while the PM is governed by the IVM Insurance Regulations.

##### *4.1 Basic Amount Non-Contributory Pension Scheme*

###### *a) Benefits*

The RNC is a social assistance scheme which aims to provide economic help for all those people who are subsisting in conditions of extreme poverty and are unprotected by any of the contributory pension schemes that exist in the country.

In December of the year 2002 the RNC provided pensions worth USD 55 per month, on average. In December 2006 the average amount of these pensions was USD 33 per month. Between the years 2002 and 2006 the RNC has provided pensions worth USD 43 per month, on average, equivalent to 7.67% of the average wage in the economy, 13.83% of the minimum wage and 21.4% of the average pension provided by the contributory system<sup>33</sup>.

###### *b) Eligibility requirements*

The requirements to qualify for a pension under RNC are the following<sup>34</sup>:

- (i) To be Costa Rican by birth or naturalisation.
- (ii) The applicant must provide proof of a state of high economic risk, for which it is necessary to verify that:
  - a) His/her monthly per capita income is equal to, or less than 1.5 times the amount of the Basic Shopping Basket (CBA) established by the National Institute of Statistics and Censuses.
  - b) His/her monthly per capita income is less than, or equal to 50% of the amount of the minimum old-age pension in the IVM scheme.
  - c) He/she has only one property registered in his/her name, measuring no more than 400 m<sup>2</sup> in an urban area and 1000 m<sup>2</sup> in a rural area.
  - d) He/she must live at exactly the address declared.
- (iii) The applicant must qualify in one of the following risk groups:
  - a) People over 65 years of age, with or without dependents.

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<sup>33</sup> The contributory system in Costa Rica includes the Disability, Old-age and Death (IVM) scheme and the Mandatory Pension Scheme (of individual capitalisation). Given the fact that the latter began operating in May 2001 and is not yet paying pensions, the figure presented refers only to pensions paid in the IVM Scheme.

<sup>34</sup> Valverde (2002), "Los Programas de Asistencia Social en Costa Rica: El Régimen No Contributivo de Pensiones" in Bertranou F., Solorio C., and Van Ginneken W. (editors); *Pensiones no contributivas y asistenciales: Argentina, Brasil, Chile, Costa Rica y Uruguay*, ILO, Santiago – Chile. Also consulted: "Reglamento de Programa del Régimen No Contributivo de Pensiones".

- b) People declared disabled<sup>35</sup> by the Department of Disability Assessment of the Pensions Division Office.
- c) Unsupported widow(er)s, with or without dependents.
- d) Orphans under 18 years of age.

*c. Population coverage*

In December of the year 2002 the beneficiaries of the RNC numbered 107,435. This number fell in the following years at an annual rate of 4.23%, with the result that in December 2006, the beneficiaries totalled 90,370.

In the period 2002-2006, the RNC has granted pensions to 98,037 people on average, which is equivalent to 74.37% of the beneficiaries in the contributory system and 41.09% of the population of senior citizens aged 65 or over.

*d. Management*

The RNC is managed by the Costa Rican Social Insurance Fund (CCSS), through that institution's Pensions Division.

Applicants must fill in the corresponding pension application<sup>36</sup> and send it to the CCSS. The Board of the CCSS checks the application and applies the selection mechanisms that correspond to the requirements that have to be met by the applicant. Among these is an appointment with the Disability Assessment Department and the visit of the social workers appointed to carry out the Social Information Survey (FIS). Then the CCSS informs the applicant as to whether his/her request has been accepted.

If the application is accepted, the benefits start to be paid during the first five working days of the month following the decision. Pensions are paid for monthly periods in arrears.

*e. Financing*

The resources of the RNC consist mainly of 20% of the total income of the Social Development and Family Allowances Fund (FODESAF)<sup>37</sup>.

Other financial resources are:

- (i) Resources resulting from taxation on spirits and cigarettes<sup>38</sup>.
- (ii) Resources resulting from the electronic lottery of the Social Protection Committee<sup>39</sup>.
- (iii) Transfers from the Ministry of Finance, in accordance with the Law of Worker's Protection<sup>40</sup>.

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<sup>35</sup> This concerns people who, due to debilitation of their physical or mental state, lose 66% or more of their ability to generate income. Among these people there is a special group - cases of deep cerebral palsy - which is governed by Law N° 7125 of the year 1989.

<sup>36</sup> The process can now also be carried out by Internet.

<sup>37</sup> Law N° 5662 of the year 1974.

<sup>38</sup> Law N° 7972 of the year 1999.

<sup>39</sup> Law N° 7395 of the year 1994 (version 2002)

<sup>40</sup> Law N° 7983 of the year 2000 (version 2006).

In June 2002 the expenditure of the RNC on pensions amounted to USD5.89 million, which represented 0.02% of the GDP. In the following years the expenditure on RNC tended to fall, amounting in June 2006 to some USD3.13 million, a figure equivalent to 0.01% of the GDP.

## **4.2 Minimum Pension**

### *a. Benefits*

The PM of the IVM is a monthly sum of money that meets the need for a minimum of protection, allowing the pensioner to aspire to a standard of living on a level with minimum subsistence indicators<sup>41</sup>. The amount of the PM is the same in cases of disability, old age and the death of the insured.

In December 2002 the amount of the PM was USD154 per month. In December 2006 this amount was USD99 per month. Between 2002 and 2006 the average PM amounted to USD120 per month, which was equivalent to 21.55% of the average wage in the economy, 38.89% of the minimum wage and 60.16% of the average pension provided by the contributory system.

### *b. Eligibility requirements*

In order to qualify for the old-age PM it is necessary to meet the following requirements:

- (i) To be at least 65 years of age.
- (ii) To have 20 years of contributions or 240 monthly contribution payments.

In order to qualify for the disability PM, the insured must meet the following requirements:

- (i) To be declared disabled<sup>42</sup> by the Disability Assessment Commission.
- (ii) To be in one of the following situations:
  - a) To have paid in at least 180 monthly contributions on the date of the disability verdict, whatever the age of the insured.
  - b) To have paid in at least twelve contributions during the last 24 months before the declaration of disability if this occurs before 48 years of age, or have contributed a minimum of 24 payments during the last 48 months, if the disability occurs at 48 years of age or later. In both cases, the insured is also required to comply with the number of contributions corresponding to his/her age, according to the law.

Survivors who meet the requirements and conditions laid down in the law are entitled to the survivorship PM if the deceased was in any of the following situations:

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<sup>41</sup> Araya (2004), "La Pensión Mínima Existencial. Algunas particularidades de la Seguridad Social en Costa Rica".

<sup>42</sup> The rules of the IVM Scheme consider the insured to be disabled if he/she loses two thirds or more of his/her ability to perform his/her job, and also any person who is declared to be incurable or who has a fatal prognosis.

- (i) Was an old-age or disability pensioner.
- (ii) Had paid 180 monthly contributions.
- (iii) Had paid a minimum of 12 contributions during the last 12 months prior to his/her death.

*c. Population coverage*

In December 2002 the beneficiaries of the PM (Disability, Old age and Death) numbered 15,672. This number has increased in the following years at an annual rate of 26.79%, as a result of which the beneficiaries in December 2006 totalled 40,507.

In the period 2002-2006, minimum pensions were granted to 22,815 people on average, equivalent to 17.31% of the beneficiaries of the contributory system and 9.56% of the population of senior citizens aged 65 or over.

*d. Management*

The CCSS is in charge of managing the payment of the Minimum Pension of the IVM. In addition, the Minimum Pension is fixed annually by the Board of the CCSS.

*e. Financing*

The resources for financing the PM of the IVM<sup>43</sup> are the following:

- (i) Accumulated capital reserves.
- (ii) The contributions<sup>44</sup> that must be paid by the employer, the wage-earner, the self-employed worker, the voluntarily insured person and the State.
- (iii) The product of the investments of reserve funds.
- (iv) Other income that may have been collected and donations.

In December 2002, expenditure on minimum IVM pensions amounted to USD28.97 million, which represented 0.11% of the GDP, while in 2006 expenditure on minimum pensions reached USD48.13 million, a figure equivalent to 0.21% of the GDP.

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<sup>43</sup> These sources of funding are valid for all the benefits of the IVM Insurance.

<sup>44</sup> In the case of wage-earners, 10.50% is contributed on the total wages accrued for each worker, according to the following percentages: Employer: 5.75% of his/her workers' wages; Worker: 3.50% of his/her wage; State: 1.25% of the wages of all workers.

## 5) Chile<sup>45</sup>

The non-contributory pensions correspond to the System of Solidarity Pensions (SPS), which currently has two components: first, the Basic Solidarity Pension (PBS) and second, the Solidarity Pension Contribution (APS). Both components were instituted by Pension Reform Law N° 20,255 (2008).

The PBS and APS replaced the program of Welfare Pensions (PASIS<sup>46</sup>) and are gradually replacing the Minimum Pension program guaranteed by the State (PMGE<sup>47</sup>). The people who were receiving PMGE for old-age or disability as of 1<sup>st</sup> July 2006 will continue to receive that guaranteed pension. However, they will be able to opt for the SPS at any point, in accordance with the rules applicable to it. That choice can only be made once.

The following analysis includes the PMGE because the regulations still allow it to be paid to people who qualify and have not yet opted for the SPS.

### ***5.1 Minimum Pension Guaranteed by the State***

#### *a. Benefits*

The PMGE is a permanent monthly pension, paid for life, which comes in three versions: Old-age, Disability and Survivorship. The beneficiaries of PMGE are all those people who paid into the Social Pension Institute (IPS, formerly INP), whether employees, self-employed or voluntary, plus those in the AFP system who meet the necessary requirements.

In December 2002, the PMGE was granting an average benefit of USD91 per month. This amount has increased over the years: in December 2006 it amounted to USD135 per month. On average, between 2002 and 2006 the PMGE provided a monthly benefit of USD116, which is equivalent to 22.48% of the average wage in the economy, 51.81% of the minimum wage and 47.04% of the average pension provided by the contributory system<sup>48</sup>.

#### *b. Eligibility requirements*

The State guarantees the payment of minimum pension to all those members who meet the following requirements:

- i) The pensioner must be 60 or 65 years of age, or more, in the case of women and men respectively, except where the cause is disability.

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<sup>45</sup> For purposes of converting CLP to USD, the following exchange rates from the Central Bank of Chile are used, depending on the date concerned: 30.06.2009: 1 USD = CLP 529.07; 31.12.2008: 1 USD = CLP 629.11; 31.12.2009: 1 USD = CLP 506.43.

<sup>46</sup> The PASIS were created in the year 1975 by D.L. N° 869.

<sup>47</sup> The PMGE was set up in article 26 of Law N° 15,386 (1963) and later included in article 73 of D.L. 3,500.

<sup>48</sup> It is considered that the contributory system consists of the AFP system and the contributory systems of the IPS (ex INP), CAPREDENA and DIPRECA. However, in the analysis only the contributory pensions of the AFP system are included.

- ii) If a person receives more than one pension, the sum of these may not exceed twice the amount of the corresponding minimum pension<sup>49</sup>.
- iii) The sum of the beneficiary's assessable income may not exceed the amount equivalent to 11.14 minimum incomes.
- iv) To have 20 years' contributions in any of the pension systems (Old-Age PMGE).
- v) To have 10 years' contributions in any pension system or 2 years in the last five years prior to the event/accident, or be providing services in the case of an accident, or be a pensioner at the time of death (Survivorship PMGE).

#### *c. Population coverage*

In December of the year 2002 the total number of PMGE beneficiaries (AFP and INP) was 447, 975. Since then the total number of beneficiaries has been gradually rising at an annual rate of approximately 1.83%, amounting to 481,757 in December 2006. Of these, 70.82% corresponded to cases of old age and disability and 29.18% to survivorship.

In the period 2002-2006, the PMGE has provided benefits for 470,738 people on average, which is equivalent to 90.10% of the beneficiaries in the contributory AFP system and 30.48% of the population of senior citizens aged 65 or over.

#### *d. Management*

The institutions responsible for managing the PMGE are the AFPs, the Life Insurance Companies (CSVs), the Superintendence of Pensions (SP) and the General Treasury of the Republic.

The applicant must sign the "State Guarantee Application and Declaration" at the AFP or chosen CSV (in the case of life annuity pensioners). The AFP or CSV collects all the documentation stipulated in the law for these purposes and vouches for the fact that the applicant meets the requirements to qualify for the PMGE. Those institutions, with this information, also decide on the date as from which the state guarantee will accrue, depending on the pension option concerned.

The AFP or CSV passes on the PMGE request to the Superintendence of Pensions, which proceeds to issue the resolutions passed by the requirements.

Subsequently, the SP remits these resolutions to the General Treasury of the Republic and finally the Treasury hands over the money to the AFP so that it can make the PMGE payment.

#### *e. Financing*

The PMGE scheme is financed with money from the Pension Revaluation Fund<sup>50</sup>, the resources of which are entered in a special account held by the General Treasury of the Republic. That Fund consists of the following resources<sup>51</sup>:

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<sup>49</sup> If it is greater, he/she is not entitled to a minimum pension, but is to that of the corresponding calculation.

<sup>50</sup> Law N° 15,386 (1963) (National Congress Library)

<sup>51</sup> Law N° 17,289, article 1 (National Congress Library)

- i. An annual fiscal contribution included in the General National Budget<sup>52</sup>.
- ii. 10% of the surpluses occurring in the balances of the social pension institutions.
- iii. An additional permanent levy of 1% of the taxable incomes payable by employers and 1% of the same, payable by employees<sup>53</sup>.
- iv. A fiscal contribution, annually re-adjustable according to the variation of the IPC (Consumer Price Index) on 31<sup>st</sup> December of the year prior to the application of the annual revaluation.
- v. An additional 2% on the interest of non re-adjustable loans granted by the Social Security “Cajas” to their members.

In the year 2002, the total expenditure on PMGE amounted to USD491.67 million, which represented 0.68% of that year’s GDP (in pesos of the year 2006). From then on, expenditure on PMGE has tended to rise and by December 2006 this meant an outlay of some USD778.53 million, a figure equivalent to 0.54% of GDP.

## **5.2 Basic Solidarity Pension**

### **5.2.1 Basic Solidarity Pension for Old Age (Old-Age PBS)**

#### *a. Benefits*

The Old-Age PBS is the state-funded benefit accessible to people who have no pension rights in any pension scheme, either in their own right or as beneficiaries of survivorship pensions, and who meet the requirements in terms of age, targeting and residence described in Law 20,255.

They are compatible only with pensions granted under Laws N° 18,056 (grace and favour), 19,123 and 19,980 (Rettig), 19,234 (exonerations) and 19,992 (Valech), provided that these are less than the PBS, and in that case the amount of the benefit shall be the result of subtracting the pension(s) received by the applicant under the laws listed above from the Old-Age PBS.

From 1<sup>st</sup> July 2008 to 30<sup>th</sup> June 2009, the monthly amount of the benefit provided by the Old-Age PBS was CLP60,000 (approximately USD118 as of December 2009). From 1<sup>st</sup> July 2009 onwards the monthly amount has been CLP75,000 (approx. USD148 as of December 2009).

On 1<sup>st</sup> July 2010 the benefit was re-adjusted by the variation in the IPC for the previous 12 months, counting from 1<sup>st</sup> July 2009. As from that date, an automatic re-adjustment is being made of 100% of the IPC for the last 12 months, counting from the previous re-adjustment. When the variation in the IPC exceeds 10%, the re-adjustment is made immediately, even if 12 months have not yet passed.

The law also includes the so-called “Death Allowance”. Beneficiaries of the Old-Age PBS are entitled to the Death Allowance if they lack resources and have 8,500 points or less on the Social Protection Record. Its amount is 3 minimum monthly incomes (CLP

<sup>52</sup> Law N° 16,466, article 37.

<sup>53</sup> Law N° 14,171, articles 49 and 50.

495,000, approx. USD977 as of December 2009) for non-salary purposes, valid at the time of the originator's decease.

It is paid to the person who can vouch for the fact that he/she took charge of paying the funeral expenses, whether or not any matrimonial or blood relationship exists with the deceased. If the person who paid the expenses is someone other than the spouse, children or parents, he/she will only be entitled to withdraw up to the real amount of his/her expenditure, with a limit of three minimum incomes, with the remaining balance up to that amount being available for the surviving spouse, or if there is none, for the member's children or parents.

*b. Eligibility requirements*

The following requirements are stipulated in order to be eligible for the Old-Age PBS:

- i. To be at least 65 years old.
- ii. To have no entitlement to receive a pension in any pension scheme, whether in one's own right or as beneficiary of a survivorship pension.
- iii. To be able to prove 20 years residence in Chile, either continuously or non-continuously, since the age of 20 years; and for a period of no less than 4 of the 5 years immediately prior to the date of presenting the application to avail him/herself of the benefits.
- iv. To be a member of a family group belonging to the poorest percentage of the Chilean population, according to the scheme of graduated coverage presented in the following section.

*c. Population coverage*

The legal regulations have imposed the following scheme of graduated coverage for the Old-Age PBS:

Period	Coverage (% of the poorest population)	Accreditation
1 <sup>st</sup> July 2008 to 30 <sup>th</sup> June 2009	40%	11,734 points or less on the Social Protection Record
1 <sup>st</sup> July 2009 to 31 <sup>st</sup> August 2009	45%	12,185 points or less on the Social Protection Record
1 <sup>st</sup> September 2009 to 30 <sup>th</sup> June 2010	50%	12,666 points or less on the Social Protection Record
1 <sup>st</sup> July 2010 to 30 <sup>th</sup> June 2011	55%	1,100 points or less on the Technical Targeting Instrument (ITF) <sup>54</sup>
As from 1 <sup>st</sup> July 2011	60%	In accordance with future regulations.

Source: Superintendence of Pensions, Chile

<sup>54</sup> The 2008 law to reform the pension system (Law N° 20,255) stipulated a change in the targeting instrument of the Solidarity Pensions System, which, unlike the old Social Protection record (FPS) used to decide on beneficiaries, includes background information from various sources. The new instrument is called the "Technical Targeting Instrument" (ITF, described [here](#)). It has been in force since July 2010 and was set up as stipulated in D.S. N° 23 (2008) and Resolutions N° 155 and N° 164 issued by the Ministry of Labour and Social Security, both from the year 2010. The application of the ITF results in the so-called "Social Security Targeting Score" (PFP). It is possible [here](#) to see Circular N° 1706 issued by the Superintendence of Pensions, concerning the new method of accreditation for targeting solidarity pensions.

In July 2008, the month in which the Old-Age PBS started to be paid, the number of beneficiaries was 290,570. In June 2009, one year after this benefit began to be paid, the number of beneficiaries amounted to 377,068. In January 2010 the number of pensions paid was already over 400,000.

#### *d. Management*

The management of the Old-Age PBS is in the hands of the IPS.

The processing of benefits is free of charge. In order to receive the Old-Age PBS, the corresponding application must be signed in person at any IPS Centre, with the ID card. Third parties will have to present an instruction signed before a Notary or a Registry Office Official.

It is worth mentioning that as from 1<sup>st</sup> July 2008 the beneficiaries of the Old-Age Welfare Pension (Old-Age PASIS) began to receive the Old-Age PBS automatically (without needing to present an application).

#### *e. Financing*

With Law N° 20,128 (September 2006) on Fiscal Responsibility, the Pension Reserve Fund came into existence. Meanwhile, Law N° 20,255 (March 2008) which enacted the Pension Reform, earmarked this instrument for financing the fiscal obligations resulting from the benefits of the System of Solidarity Pensions (PBS and APS).

Furthermore, as is pointed out in the financial report of the bill that set up the Pension Reform, the other sources of funding are: a) resources freed up by the reduction in the State's commitments with the old Pension System; b) resources arising from redeployment of funds, efficiency in expenditure and economic growth; and c) part of the interest on the public treasury's financial assets.

During the first year after the Solidarity Pensions System came into effect (July 2009 – June 2009), the total amount of the benefits paid out on Old-Age PBS amounted to CLP 259,346 million (approx. USD490 million as of June 2009). Measuring the figures in calendar years: in the year 2008 the total amount of benefits paid was CLP122,385 million (approx. USD195 million as of December 2008), while in the year 2009, the public treasury's expenditure on this item amounted to CLP316,534 million (approx. USD625 million as of December 2009).

### **5.2.2 Basic Solidarity Pension for Disability (Disability PBS)**

#### *a. Benefits*

The Disability PBS is the State-funded benefit accessible to people who have been declared disabled and who have no pension rights in any pension scheme, either in their own right or as beneficiaries of a survivorship pension, and who meet the age, targeting and residence requirements given in Law N° 20,255.

The amount and re-adjustment of the Disability PBS is the same as that for the Old-Age PBS, as described in paragraph 6.2.1a.

The Disability PBS is incompatible with any other pension from any pension scheme.

The beneficiary of a Disability PBS will receive that benefit until the last day of the month in which he/she reaches 65 years of age. As from that date, he/she will be eligible for the Old-Age PBS.

*b. Eligibility requirements*

The following requirements must be met in order to be eligible for the Disability PBS:

- i. To have no pension rights under any pension scheme, whether in one's own right or as beneficiary of a survivorship pension.
- ii. To be at least 18 and under 65 years of age.
- iii. To have been declared disabled by the Medical Boards defined in D.L. 3,500 (1980).
- iv. To be able to prove 5 years of continuous or non-continuous residence in Chile in last 6 years immediately prior to the date of presenting the application to avail oneself of the benefits.
- v. To be a member of a family group that belongs to the poorest percentage of the Chilean population, according to the scheme of graduated coverage presented in the following section.

*c. Population coverage*

The graduated coverage scheme for the Disability PBS is the same as that of the Old-Age PBS (see paragraph 6.2.1c.).

In July 2008, the month when Disability PBS began to be paid, the number of beneficiaries amounted to 192,710. In June 2009, one year after payment of this benefit began, the number of beneficiaries amounted to 201,424. In January 2010 the number of pensions paid was already over 213,000.

*d. Management*

The management of the Disability PBS is the responsibility of the IPS.

The processing of benefits is free of charge. In order to receive the Disability PBS, the corresponding application must be signed in person at any IPS Centre, with the ID card. Third parties will have to present an instruction signed before a Notary or a Registry Office Official.

It is worth mentioning that as from 1<sup>st</sup> July 2008 the beneficiaries of the Disability Welfare Pension (Disability PASIS) began to receive their Disability PBS automatically (without needing to present an application).

## e. Financing

The same points as appeared in paragraph 6.2.1e are also valid here.

During the first year after the Solidarity Pensions System came into effect (July 2009 – June 2009), the total amount of the benefits paid out on Disability PBS amounted to CLP146,827 million (approx. USD278 million as of June 2009). Measuring the figures in calendar years: in the year 2008 the total amount of benefits paid was CLP70,508 million (approx. USD 112million as of December 2008), while in the year 2009, the public treasury's expenditure on this item amounted to CLP178,539 million (approx. USD353 million as of December 2009).

### 5.3 Solidarity Pension Contribution

#### 5.3.1 Solidarity Pension Contribution for Old Age (Old-Age APS)

##### a) Benefits

The Old-Age APS is a State-funded benefit that is open to people who have a Basic Pension (PB<sup>55</sup>) that is greater than zero and less than, or equal to the *Pensión Máxima con Aporte Solidario* (Maximum Pension with Solidarity Contribution) (PMAS<sup>56</sup>) and meet the age, targeting and residence requirements stipulated by Law N° 20,255.

According to the regulations, the amount of the PMAS varies according to the following calendar:

Period	PMAS (CLP)	PMAS (USD as of December 2009)
1 <sup>st</sup> July 2008 to 30 <sup>th</sup> June 2009	70,000	138
1 <sup>st</sup> July 2009 to 31 <sup>st</sup> August 2009	120,000	237
1 <sup>st</sup> September 2009 to 30 <sup>th</sup> June 2010	150,000	296
1 <sup>st</sup> July 2010 to 30 <sup>th</sup> June 2011	200,000	395
As from 1 <sup>st</sup> July 2011	255,000	504

Source: Superintendence of Pensions, Chile

The amount of the Old-Age APS depends on the amount of the PB, and its value is recalculated each time the value of the Old-Age PBS and PMAS is re-adjusted. The Old-Age APS is calculated according to the following formula:

$$APS = \left[ \begin{array}{l} PBS + \left[ 1 - \frac{PBS}{PMAS} \right] * PB - \Sigma(pensions\_received), \text{ if } PB < PBS \\ PBS - \left( \frac{PBS}{PMAS} \right) * PB, \text{ if } PB \geq PBS, \text{ if the pension received by programmed withdrawal, this amount must be corrected by a factor} \end{array} \right]$$

<sup>55</sup> The PB is the result of adding together the *Pensión Autofinanciada de Referencia* (Self-funded Reference Pension) (PAFE) and the survivorship pensions that are being received, according to D.L. N° 3,500 (1980), plus pensions received from schemes managed by the IPS, whether in one's own right or as beneficiary of a survivorship pension, and the survivorship pensions of Law N° 16,744. The PAFE is calculated as an immediate life annuity, without special coverage conditions, using the average implicit interest rate of the last six months on old-age or disability life annuities, as appropriate.

<sup>56</sup> The PMAS is that value above which the PB does not receive Old-Age APS.

In October 2008 the average amount of Old-Age APS per beneficiary (calculated as the total amount of Old-Age APS paid, divided by the total number of benefits paid) totalled CLP 169,829 (approx. USD335 as of December 2009). In December 2009, meanwhile, the average amount per beneficiary was CLP25,478 (approx. USD50 as of December 2009).

#### *b. Eligibility requirements*

The requirements that have to be met in order to be eligible for Old-Age APS are the following:

- i. To be at least 65 years of age.
- ii. To have a basic pension that is lower than the PMAS.
- iii. Not to be paying in to the Chilean Police Pensions Department (DIPRECA) or the National Defence Pension Fund (CAPREDENA) nor be receiving pensions under those schemes, either in one's own right or as a beneficiary of a survivorship pension.
- iv. To be able to prove 20 years' residence in Chile, either continuously or non-continuously, after the age of 20; and for a period of no less than 4 of the last 5 years immediately prior to presenting the application to avail oneself of the benefits.
- v. To be a member of a family group that belongs to the poorest percentage of the Chilean population, according to the following scheme of graduated coverage, as presented in the following section.

#### *c. Population coverage*

The graduated coverage scheme for the Old-Age APS is the same as for the Old-Age PBS (see paragraph 5.2.1).

In October 2008, the month in which Old-age APS started to be paid, the number of beneficiaries was 3,399. In September 2009, one year after this benefit began to be paid, the number of beneficiaries amounted to 27,203. In January 2010, the number of Old-Age APS payments made was already over 250,000.

#### *d. Management*

The management of the Old-Age APS is in the hands of the IPS.

The processing of the benefits is free of charge. In order to claim Old-Age APS, the application must be signed at any IPS Centre, with the ID card. If the person concerned is a member under D.L. 3,500, he/she may also apply to the AFP in which he/she is enrolled.

#### *e. Financing*

What appears in paragraph 5.2.1.e also applies in this case.

During the first year of Old-Age APS payments (October 2008- September 2009), the total amount paid out was CLP9,321 million (approx. USD17 million as of September 2009). Measuring the figures in calendar years, in 2008 the total amount paid out in

Old-Age APS was CLP1,162 million (approx. USD2 million as of December 2008), while in the year 2009, fiscal expenditure on this item amounted to CLP26,869 million (approx. USD53 million as of December 2009).

### ***5.3.2 Solidarity Pension Contribution for Disability (Disability APS)***

#### *a. Benefits*

The Disability APS is a monthly monetary contribution, paid by the state, for all those people who have been classified as disabled and who, having contributed to a pension system, can only finance a pension that is below the Old-Age PBS, and who meet the requirements laid down in the law.

The Disability APS is the difference between the Disability PBS and the disabled person's Basic Pension (PB).

The beneficiary of a Disability APS will receive that benefit until the last day of the month in which he/she reaches 65 years of age, after which date he/she will qualify for the Old-Age APS.

In October 2008, the average amount of the Disability APS per beneficiary (calculated as the total amount of Disability APS paid out, divided between the total number of benefits paid) was CLP159,756 (approx. USD315 as of December 2009). In December 2009, meanwhile, the average amount per beneficiary was CLP92,181 (approx. USD 182 as of December 2009).

#### *b. Eligibility requirements*

The requirements that must be met in order to qualify for the Disability APS are the following:

- i. To be at least 18 and less than 65 years of age.
- ii. To have been declared disabled by the Medical Boards defined in D.L. N° 3,500 (1980), or be receiving a disability pension.
- iii. To have a Basic Pension that is lower than the PBS.
- iv. Not to be paying in to the Chilean Police Pensions Department (DIPRECA) or the National Defence Pension Fund (CAPREDENA) nor be receiving pensions under those schemes, either in his/her own right or as a beneficiary of a survivorship pension.
- v. To be able to prove 5 years' residence in Chile either continuously or non-continuously in the last 6 years immediately prior to presenting the application to avail him/herself of the benefits.
- vi. To be a member of a family group that belongs to the poorest percentage of the Chilean population, according to the following scheme of graduated coverage, as presented in the following section.

*c. Population coverage*

The graduated coverage scheme for the Disability APS is the same as for the Old-Age PBS (see paragraph 5.2.1c).

In October 2008, the month in which Disability APS started to be paid, the number of beneficiaries was 446. In September 2009, one year after this benefit began to be paid, the number of beneficiaries amounted to 4,980. In January 2010, the number of Disability APS payments made was already over 9,600.

*d. Management*

The management of the Disability APS is in the hands of the IPS.

The processing of the benefits is free of charge. In order to claim Disability APS, the application must be signed at any IPS Centre, with the ID card. If the person concerned is a member under D.L. 3,500, he/she may also apply to the AFP in which he/she is enrolled.

*e. Financing*

What appears in paragraph 5.2.1.e also applies in this case.

During the first year of Disability APS payments (October 2008- September 2009), the total amount paid out was CLP2,841 million (approx. USD5 million as of September 2009). Measuring the figures in calendar years, in 2008 the total amount paid out in Disability APS was CLP153 million (approx. USD0.2 million as of December 2008), while in the year 2009, fiscal expenditure on this item amounted to CLP4,921 million (approx. USD10 million as of December 2009).

## 6) El Salvador

The non-contributory pensions consist of minimum old-age, disability and survivorship pensions (PM) and a special program of welfare pensions.

The PM guarantee is laid down in chapter XII of the Law of the Pension Savings System (*Sistema de Ahorro para Pensiones - SAP*) (1996), while the program of welfare pensions was set up by the government, as from the second half of 2009.

### 6.1 Minimum Pension

#### *a. Benefit*

The minimum pension is a monthly, life-long benefit granted by the State to members who are unable to accumulate sufficient savings by their own efforts to guarantee the payment of a pension that is at least equal to the minimum. It covers the risks of old age, disability and survivorship.

The amount of the minimum old-age and disability pension is set annually by the Ministry of Finance in the General State Budget, taking into account the relative variation in the average assessable wage in the System and the available resources of the Central Government. The amount of the minimum survivorship pension is determined as a percentage of the minimum old-age pension<sup>57</sup>.

There is no information available about the movements in the amount of the minimum pension over time.

#### *b. Eligibility requirements*

In order to qualify for the minimum old-age pension it is necessary to meet the following requirements:

- (i) Men and women to be 60 and 55 years of age or more, respectively.
- (ii) To have completed a minimum of 25 years' contributions registered at the time when the pension accrues, or later in the case of a retired member who continues to pay contributions.
- (iii) Not to be receiving income, including the pension, which is equal to or greater than the minimum wage currently in force.

In order to qualify for the minimum disability pension, it is necessary to meet the following requirements:

- (i) To be declared disabled by the Disability Classification Commission (*Comisión Calificadora de Invalidez – CCI*).
- (ii) To have registered a minimum number of contributions, in any of the following cases:

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<sup>57</sup> According to the reference pensions stipulated in article 121 of the SAP Law.

- a) Three years' contributions registered during the five years prior to the date of being declared disabled by a first decision.
  - b) To be contributing at the point when the disability was declared in the case of a common accident, provided that contributions were paid in at least six months of the last twelve and that the accident occurred after enrolment.
  - c) To have registered at least ten years' actual contributions at the date of becoming disabled, or later in the case of the recipient of a disability pension who continues to pay contributions.
- (iii) Not to be receiving income, including the pension, that is equal to or greater than the minimum wage currently in force.

Finally, for beneficiaries of survivorship pensions to qualify for the state minimum pension guarantee, it is necessary that:

- (i) The originating member has met one of the following requirements, depending on the case:
  - a) Three years' contributions during the five years prior to the date of decease.
  - b) To be paying contributions at the time of death in case of common accident, provided that at least six months' contributions were paid during the last twelve and that the accident occurred after enrolment,
  - c) To have registered a minimum of ten years' actual contributions at the date of decease.
- (ii) The beneficiaries of survivorship pension may not be receiving income, including the pension, that is equal to or greater than the minimum wage currently in force.

#### *c. Population coverage*

At the end of 2009, the number of people receiving this benefit was around the 350 mark.

#### *d. Management*

The PM guarantee is managed by the state, together with the AFPs. The latter are responsible for receiving the minimum pension applications from their members.

#### *e. Financing*

The PM is financed with resources from the Central Government out of general revenue.

The outlay so far under this item has been for very small amounts, which are of little significance as a proportion of the GDP. The following table shows the amounts (in USD) for the years 2005-2009:

<b>Year</b>	<b>Expenditure on Minimum Pensions payable by the State (Millions of USD)</b>
2005	\$0.02
2006	\$0.04
2007	\$0.083
2008	\$0.32
2009	\$0.59

Source: Salvadorian Association of Pension Fund Administrators (ASAFONDOS).

## ***6.2 Program of welfare pensions***

### *a. Benefit*

The program of welfare pensions consists of providing a monthly pension of USD 50. This program was set up by the government in the second half of the year 2009.

### *b. Eligibility requirements*

In order to qualify for the benefit granted by this program, it is necessary to belong to the over-70s population living in the 100 municipalities that have the highest poverty ratios in the country.

### *c. Population coverage*

The benefit provided by this program was thought out for an initial group of about 9,000 beneficiaries, a number that will increase gradually to include more municipalities in the program. There is no information currently available on the real number of beneficiaries.

### *d. Management*

The State is responsible for managing this program.

### *e. Financing*

The financing of this program is carried out with resources from the Central Government, out of general revenue. At present there is no information available about the fiscal cost associated with providing this benefit.

## 7) Mexico<sup>58</sup>

The non-contributory pensions have four components: the Guaranteed Minimum Pension (*Pensión Mínima Garantizada - PMG*), the “Oportunidades” Human Development Program (*Programa de Desarrollo Humano Oportunidades*), the “70-plus” Program (*Programa “70 y Más”*) and the Care Program for Senior citizens in Rural Areas (*Programa de Atención a los Adultos Mayores en Zonas Rurales*).

The PMG is provided for in the 1995 Social Insurance Law (article 172). The other three programs were set up by internal regulation of the Social Development Office (*Secretaría de Desarrollo Social – SEDESOL*) in the year 2006.

### 7.1 *Guaranteed Minimum Pension*

#### *a) Benefits*

The Guaranteed Minimum Pension (PMG) is an amount of money paid monthly by the government to workers who meet the requirements stipulated for retirement under the protection of the Social Insurance Law, but who have not accumulated sufficient resources in their personal AFORE accounts to purchase a life annuity or receive a pension under the programmed withdrawals option.

This pension is equivalent to the General Minimum Wage that was in force in the Distrito Federal at the point when the Social Insurance Law was enacted in 1997, and it is updated annually in the month of February in line with the National Consumer Price Index (INPC).

In December 2002 the value of a monthly Minimum Wage in the Distrito Federal, and consequently of the PMG, was MXN 1,265 (approx. USD 98 as of December 2009). In December 2009, this value amounted to MXN 1,644 (approx. USD 128 as of December 2009).

#### *b. Eligibility requirements*

In order to qualify for the PMG, it is necessary to have contributed for at least 1,250 weeks or 24 years, either continuously or non-continuously.

#### *c. Population coverage*

This number has increased gradually at an annual average rate of 47.69%, totalling approximately 4,300 people in the year 2005.

#### *d. Management*

Managing the PMG is the responsibility of the IMSS.

#### *e. Financing*

The State is responsible for financing the PMG with resources from general taxation.

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<sup>58</sup> For purposes of converting MXN to USD, the following exchange rates are used, according to the date concerned: 31.12.2009: 1 USD = MXN 12.8631; 31.12.2008: 1 USD = MXN 13.4226.

Looking at the number of PMG beneficiaries in the year 2005 and the Minimum Monthly Wage in the Distrito Federal at the same date, one finds that the estimated value of the State’s expenditure on the item PMG amounted to MXN 72 million in 2005 (approx. USD 6 million as of December 2009).

## 7.2 “Oportunidades” Human Development Program

### a. Benefits

The part of this program concerned with senior citizens provides a monthly monetary help of MXN 305 (approx. USD 24 as of December 2009) for people aged 70 or over who live in conditions of extreme poverty in urban and rural areas<sup>59</sup>. The amount of this benefit has been increasing since January 2006, the date on which it began to be paid, as shown in the following table:

Date	Monthly amount of the Benefit (MXN)	Monthly amount of the Benefit (USD as of Dec. 2009)
Jan - Jun, 06	250	19
Jul - Dec, 06	250	19
Jan - Jun, 07	260	20
Jul - Dec, 07	260	20
Jan - Jun, 08	270	21
Jul - Dec, 08	275	21
Jan - Jun, 09	295	23
Jul - Dec, 09	295	23
Jan - Jun, 10	305	24

Source: [www.oportunidades.gob.mx](http://www.oportunidades.gob.mx)

### b. Eligibility requirements

In order to qualify for the benefit, the following requirements must be met:

- (i) To be 70 years old or more and live in an urban or rural district with 10,000 inhabitants and over.
- (ii) The senior citizen’s family must be a beneficiary of the Program<sup>60</sup>.
- (iii) The senior citizen must attend the health services regularly (once every six months), the health staff being responsible for corroborating inability to do so.

### c. Population coverage

There is no information available on the number of senior citizens who are beneficiaries of the program nationwide.

<sup>59</sup> The “senior citizens” component of this program began operations in the year 2006.

<sup>60</sup> The “Oportunidades” Human Development Program has four other components, in addition to that designed for senior citizens: (i) education; (ii) health; (iii) food; and (iv) young people.

#### *d. Management*

The management of the program is in the hands of the Social Development Office (SEDESOL), via the National Coordination of the Human Development Program.

Beneficiary families must comply with their obligation to give the senior citizens the monetary support of the component which is earmarked for them.

#### *e. Financing*

This program is financed with federal resources taken from general taxes.

In the year 2008, the amount of resources used to pay benefits to senior citizens at national level amounted to MXN 358 million (approx. USD 27 million as of December 2008).

### **7.3 The “70-plus Program”**

#### *a. Benefits*

This is a program that provides benefits for senior citizens aged 70 and over in places with up to 30,000 inhabitants, with the aim of improving their quality of life. The beneficiaries of the program receive a monthly support of MXN 500 (approx. USD 39 as of December 2009), which is given out every two months<sup>61, 62</sup>.

A payment of MXN 1,000 (approx. USD 78 as of December 2009) is presented to the beneficiary’s representative when he dies.

#### *b. Eligibility requirements*

In order to receive support payment from the program, the senior citizens must:

- (i) Be 70 years old or over.
- (ii) Live in places with up to 30,000 inhabitants.
- (iii) Not be beneficiaries of Senior Citizen’s Support in the “Oportunidades” Human Development Program, or accept suspension in the event of being beneficiaries.

#### *c. Population coverage*

The program has nationwide coverage and attends senior citizens aged 70 years or more who live in places with up to 30,000 inhabitants, according to the Catalogue of Codes for Federal, Municipal and Local Entities (CENFEMUL) authorised by the Social Development Office (SEDESOL).

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<sup>61</sup> This program has only been in operation since May 2007.

<sup>62</sup> The beneficiaries can receive the support payments corresponding to all the two-monthly periods before they joined the program, provided they reached the age of 70 or more before the 1<sup>st</sup> January 2007.

In the year 2009 the active register of beneficiaries in this program amounted to over 2,050,626 senior citizens aged 70 or over, a figure 10.02% higher than that in 2008 (1,863,945 senior citizens were receiving the benefit).

#### *d. Management*

The SEDESOL, through the General Department of Care for Priority Groups and the SEDESOL Delegations, operates, manages and executes the program's resources.

The administrative process for obtaining the benefit is as follows:

- (i) Applicants must present the documentation required to prove their situation.
- (ii) The relevant authorities select the beneficiaries on the basis of the stipulated criteria.
- (iii) The beneficiaries must go in person to collect the support payments of the program at the place and within the deadlines set for that purpose, taking their official identification and the card that proves their beneficiary status.

#### *e. Financing*

This program is financed with resources from the Federal Government approved each year through the Expenditure Budget of the Federation (*Presupuesto de Egresos de la Federación –PEF*).

In the year 2009, the total amount awarded to finance the program was MXN 11,720 million (approx. USD 911 million as of December 2009), a figure that represents an increase of 31.36% compared with the amount granted in the year 2008 (MXN 8,922 million, approx. USD 694 million as of December 2009).

### **7.4 Care Program for Senior citizens in Rural Areas**

#### *a. Benefits*

This program grants an annual amount of MXN 2,100 (approx. USD 163 as of December 2009) to senior citizens aged 60 who live in highly disadvantaged rural areas. The aim of the program is to overcome poor nutrition among senior citizens<sup>63</sup>.

#### *b. Eligibility requirements*

In order to qualify for the program it is necessary to meet the following requirements:

- (i) To be over 60 years of age.
- (ii) To live in conditions of poor nutrition.
- (iii) To live in a rural locality with under 2,500 inhabitants and with a high or very level of disadvantage, according to the information on demographics and disadvantage provided by INEGA<sup>64</sup> and CONAPO<sup>65</sup>.
- (iv) Not to be receiving support from the "Oportunidades" Human Development Program, the Social Milk Supply Program<sup>66</sup> (*Programa de Abasto Social de*

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<sup>63</sup> This program only began operations in May 2007.

<sup>64</sup> National Institute of Statistics, Geography and Information Technology.

<sup>65</sup> National Population Council.

<sup>66</sup> This program is run by the Liconsa company.

*Leche*), the Nutritional Support Program<sup>67</sup> (*Programa de Poyo Alimentario*) or the “70-Plus Program”.

*c. Population coverage*

There is no information available about the number of beneficiaries in this program.

*d. Management*

The management of the program is in the hands of SEDESOL, through its Delegations in the States. The administrative process for awarding the benefit is similar to that of the “70-Plus Program”.

*e. Financing*

This program is financed with resources from the Federal Government, approved each year through the PEF.

There is no information available about the quantity of resources assigned to this program.

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<sup>67</sup> This program is run by the State-supported Diconsa company.

## 8) Peru

Although so far there is no program of non-contributory pensions as such<sup>68</sup>, at present the pension of the so-called “first pillar” consists of the Minimum Old-Age Pension (*Pensión Mínima* - PM) in both the Private Pension System (*Sistema Privado de Pensiones* - SPP) and in the National Pension System (*Sistema Nacional de Pensiones* - SNP). However, a person must have at least 20 years of contributions and be 65 years old in order to obtain the PM.

The minimum pension of the SPP is regulated by Law N° 27,617 (2001), while that of the SNP is regulated by Law N° 28,991 (2007).

### *a. Benefits*

The old-age PM has a reference value that is defined by law, representing a guarantee granted by the Peruvian State to those workers who, while meeting the requirements in terms of contribution and age, do not manage to achieve a pension of more than the minimum that has been stipulated.

As of December 2004, the average amount of the minimum pension in the SPP was USD 153.5. This amount has been increasing in local currency terms and shows a small increase in dollars, reaching USD 167 on average in December 2009.

### *b. Eligibility requirements*

Those people who meet the following requirements are eligible for the PM:

1. To have been born by 31<sup>st</sup> December 1945 at the latest.
2. To be a minimum of 65 years of age, and not be receiving a retirement pension at the point of presenting the application to the AFP.
3. To have a minimum of 20 complete years of actual contributions in total, between the SNP and/or the SPP.
4. That the aforementioned contributions have been calculated on the basis of the Minimum Living Wage (*Remuneración Mínima Vital-RMV*) on each occasion.

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<sup>68</sup> On 28<sup>th</sup> July 2010, the President of the Republic, Sr. Alan García, announced the creation of a non-contributory pension program for people over 75 years of age in situations of extreme poverty. The Minister of Economy and Finance, Mercedes Aráoz, stated that the Juntos Program would be used ( a social program directed towards the most vulnerable population, in situations of extreme poverty, risk and exclusion, providing a conditional monetary incentive of PEN 100 (approx. USD 35), for free use, for the representative (mother/father) of every household taking part) in order to allocate the resources of this program of non-contributory pensions. At the same time, the non-contributory benefit will be supplied only to people who are not enrolled in the pension system (public or private). The measure should cover about 163,731 senior citizens, who receive no pension and live on the charity of their relatives. The allowance would start to be paid once the design is defined (regulation of the procedure and financing of the benefit), a task that will be the responsibility of the Ministry of Economy and Finance (MEF). Minister Aráoz has stated that, depending on the progress of the design, this non-contributory pension could begin to be paid in the year 2010. According to the Minister, a minimum of PEN 17 million (approx. USD 5.9 million) was available for financing this benefit in the year 2010. This MEF will be looking at how to coordinate these funds with the Ministry of Women and Social Development (*Ministerio de la Mujer y Desarrollo Social* - MIMDES).

### *c. Population coverage*

In December 2009, according to information supplied by the Superintendence of Banking, Insurance and AFPs (*Superintendencia de Banca, Seguros y AFP – SBS*), the total number of PM beneficiaries was 2,096.

### *d. Management*

The institutions in charge of managing the PM are the AFPs and the Pension Normalization Office (*Oficina de Normalización Previsional – ONP*). The processing corresponds to the institution in which the member is registered at the moment of retirement.

If the person concerned is a member of an AFP, he/she requests the AFP to acquire the PM. Since there is a system of individual accounts, there is no need for the member to demonstrate the years of contribution. However, if the worker was in the SNP prior to enrolling in an AFP, he/she must produce the documentation necessary to prove the years of contribution in that system.

If the person concerned is a member of the SNP, he/she will apply for his/her PM at the ONP, where he/she must present evidence of having paid 240 contributions. After this evidence has been presented, the ONP checks the veracity of the documentation presented with the employers concerned. This process is normally tiresome and slow and in many cases may take several years, leading to mishaps which are revealed in an enormous number of complaints or lawsuits against the ONP on the part of the members.

### *e. Financing*

The PM is financed, in the case of AFP members, with the value of the member's Individual Funding Account (*Cuenta Individual de Capitalización – CIC*) and the value of his/her Recognition Bond (*Bono de Reconocimiento*), if such exists. When these resources are exhausted, the State guarantees that the worker will receive monthly payments towards that pension by means of a Complementary Minimum Pension Bond (*Bono Complementario de Pensión Mínima – BCMP*) issued by the ONP. It is easy to deduce that the cost to the State in this case is minimal, since between the contributions and yield a considerable part of the PM is covered.

In the case of those enrolled in the ONP, the PM is financed entirely with state contributions and the state guarantee, meaning that the contributions are used monthly to pay pensions. These contributions are insufficient to cover more than 30% of the pensions, so the State has to cover 70% of the pensions paid by the ONP.

There are no statistics available about the fiscal cost that the outlay on BCMP in the SPP has meant for the State, nor about the pay-outs on PM in the SNP.

## **9) Dominican Republic**

The non-contributory pensions have three components: the Nonagenarians Program (*Programa Nonagenarios*), the Guaranteed Minimum Pension of the Contributory Scheme and the Subsidised-Contributory Scheme (*Pensión Mínima Garantizada – PMG*) and the Solidarity Pension in the Subsidised Scheme.

The Nonagenarians Program came into existence by Executive Decree, while the PMG and Solidarity Pension were set up by Law N° 87-01 in the year 2001.

### ***9.1 Nonagenarians Program***

#### *a. Benefits*

This program grants a standard sum to people in the third age, subject to a means test.

There is no information available regarding the development over time of the amounts of benefits provided.

#### *b. Eligibility requirements*

In order to qualify for the benefit provided under this program, the following requirements have to be met:

- (i) To be 60 years old or over.
- (ii) To be in a state of poverty.

#### *c. Population coverage*

There is no information available regarding the development over time of the number of beneficiaries in this program.

#### *d. Management*

The program is managed by the State's Public Health and Social Assistance Office (*Secretaría de Estado de Salud Pública y Asistencia Social – SESPAS*).

#### *e. Financing*

This program is financed with State resources. There is no information available about the fiscal cost involved in this program.

## ***9.2 Guaranteed Minimum Pension of the Contributory scheme***<sup>69</sup>

### *a. Benefits*

The PMG of the Contributory Scheme is a monthly sum of money granted to old-age pensioners<sup>70</sup> whose personal accounts contain insufficient funds to be able to cover the minimum pension currently in force.

This pension is equivalent to 100% of the lowest legal minimum wage in the case of the contributory scheme. In the case of the subsidised-contributory scheme, this pension corresponds to 70% of the private minimum wage, index-linked in line with the increase in the private minimum wage<sup>71</sup>.

The Contributory scheme is still very recent, which is the reason why no old-age pensions have been granted so far and, consequently, no claims for PMG.

### *b. Eligibility requirements*

In order to qualify for PMG in both the contributory and subsidised-contributory schemes, it is necessary to meet the following requirements<sup>72</sup>:

- (i) To be over 65 years of age.
- (ii) To have low income.
- (iii) To have paid contributions in at least 300 months in any of the pension systems currently in force.
- (iv) The personal account must have insufficient resources to cover the minimum pension.

### *c. Population coverage*

For the reasons explained above, there are no PMG beneficiaries as yet.

### *d. Management*

As regards the PMG, the management of the Social Solidarity Fund (*Fondo Solidario Social – FSS*), which provides this in the first instance, corresponds to the public AFP (AFP Reservas), though the way to operate the application process has not yet been designed.

### *e. Financing*

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<sup>69</sup> Reference is only made to the PMG of the Contributory Scheme, because this is the only one actually operating. In the year 2001, Law 87-01 was approved, establishing a gradual introduction of the operations of the Contributory and Subsidised-Contributory schemes. At present the latter scheme has no regulations for application.

<sup>70</sup> This pension, therefore, does not extend to cases of disability or survivorship.

<sup>71</sup> Articles 53 and 74 of Law N° 87-01.

<sup>72</sup> Article 60 of Law N° 87-01.

The PMG for members of the contributory scheme is financed by separating off those who entered the pension system when over 45 years of age, who will benefit, in case of need, under the social programs indicated in the budget.<sup>73</sup>

According to article 56 of Law N° 87-01, which sets up the cost and financing of the contributory scheme in which all wage-earning workers are enrolled, the Social Solidarity Fund (FSS) is funded with 0.4% of the base wage used for calculating contributions, this being paid monthly. Article 60 of the same law states that the Dominican State will guarantee all members the right to a minimum pension. However, in the case of wage-earners who are in the contributory scheme, the funding will come from the monthly contributions as listed in article 56 and not out of the national budget. These are to be paid by the employer, as stipulated in article 61 of the same Law.

The above means that in the case of wage-earning workers included in the contributory scheme, solidarity occurs within their own group in the Dominican Republic, since the PMG is payable by the system itself out of the regular monthly contributions that make up the FSS.

Meanwhile, for independent and self-employed workers who correspond to the subsidised/contributory scheme, and also for the subsidised scheme to which people without contributory capacity belong, the financing for the PMG comes from the State, via the public budget.

As of today, the contributory scheme is the only one in operation. It began to accumulate contributions in July 2003 and no-one has so far qualified for the FSS, because, among other requirements, contributions have to have been paid for at least 300 months. Both the subsidised-contributory scheme and the subsidised scheme have regulations pending<sup>74</sup>.

For these reasons, and due to the existence of programs that are not yet fully installed in the Dominican Social Security System (*Sistema Dominicano de Seguridad Social – SDSS*), in fact there are not yet enough statistics available on PMG pay-outs in the various schemes.

The National Social Security Council (*Consejo Nacional de Seguridad Social – CNSS*) must however make estimates of the fiscal cost, to enable the Government to take the necessary steps to cover it.

### ***9.3 Solidarity Pension in the Subsidised Scheme***

#### ***a. Benefits***

This pension is a monthly sum of money equivalent to 60% of the minimum public wage and includes an extra pension for Christmas, granted as a benefit for the handicapped, unemployed or indigent population. In order to retain its purchasing

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<sup>73</sup> Decree N° 969-02 issued by the Executive on 19<sup>th</sup> December 2002, Chapter VI, Art. 115.

<sup>74</sup> Nevertheless, the Dominican State maintains and carries out social assistance programs directly. These are coordinated mainly by the so-called social cabinet, and include assistance programs of a different kind from those listed in Law 87-01. At the same time, solidarity pensions are offered as already stated in this document, and these are the responsibility of the Ministry of Public Health.

power, the Solidarity Pension is updated in line with the variation in the consumer price index.

The beneficiaries of the Solidarity Pension are entitled to the Basic Health Plan covered by the Dominican State.

Since the Subsidised scheme has not started operating and still lacks the Application Regulations corresponding to it, the Solidarity Pension has not yet started to be paid.

Nevertheless, the solidarity-pension type of assistance programs that have been provided traditionally continue to be offered, even though the specific implementation phases of the subsidised scheme have not been completed in the new social security system created by Law 87-01.

#### *b. Eligibility requirements*

In order to qualify for the Solidarity Pension, one of the following requirements must be met:

- (i) To be a person with a severe handicap<sup>75</sup>, of any age.
- (ii) To be over 60 years of age and lack sufficient resources to supply essential needs<sup>76</sup>.
- (iii) To be an unemployed single mother with children who are legal minors, and lack sufficient resources to meet their needs and guarantee their education.

#### *c. Population coverage*

For the reasons described above, there are as yet no beneficiaries of the Solidarity Pension.

#### *d. Management*

The management of the Solidarity Pension has still not been defined. The process will have to be defined in the Application Regulations of the Subsidised Scheme.

#### *e. Financing*

The Law states that the source of financing is the National Budget and so far no specific taxes have been defined for the purpose.

For the reasons expressed above, the disbursement phase of the Solidarity Pension has not yet begun (in the scheme defined specifically by Law 87-01), which means that the fiscal cost associated with it does not actually exist. The National Social Security Council (CNSS) must however make estimates of the fiscal cost to enable the

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<sup>75</sup> People are considered to be handicapped if they are permanently unable to perform a normal job, or have suffered a reduction of at least 50% in their ability to work; if they cannot guarantee their subsistence and have no right to another pension from the Dominican Social Security System (SDSS).

<sup>76</sup> The term “people with inadequate resources” is taken to mean those who have incomes that are less than 50% of the national minimum wage, provided that the per capita income in the family is also below that percentage.

Government to take the necessary measures. So far, the expenses under this item which are covered by the Dominican State are charged directly to the national budget via the institutions providing them.

## 10) Uruguay

The non-contributory pension (PNC) includes two components: old age and disability. This benefit corresponds to the Pay-As-You-Go system.

The PNC program was created by Law N° 6,874 (1919) and was also included in the pension reform enshrined in Law N° 16, 713.

### 10.1 Non-Contributory Pension

#### *a. Benefits*

The benefit provided by this pension corresponds to an economic benefit generated directly by individual people, regardless of their work activity or nationality<sup>77</sup>.

In December 2002, the PNC for old age and disability was providing an average benefit of USD 89 per month. In December 2006 this benefit reached USD 102 per month. On average, between the years 2002 and 2006 these pension have provided a monthly benefit of USD 92, equivalent to 19.5% of the average wage in the economy, 103.38% of the minimum wage and 55.87% of the average pension provided by the contributory system.

#### *b. Eligibility requirements*

In order to qualify for the PNC, the following requirements have to be met:

- (i) To be considered disabled<sup>78</sup> by the Baremo<sup>79</sup> (only in the case of the Disability PNC)
- (ii) To be at least 70 years of age<sup>80</sup> (only Old-Age PNC)
- (iii) To have checked the poverty-level of the applicant by applying an income test (a criterion that is more flexible for Disability PNC than for Old Age).
- (iv) Proof of family's economic insolvency.
- (v) Residence: Uruguayan are required to be in residence in order to keep the payment of the benefit, unless they are resident in Brazil or Argentina at a distance of no more than 5 km. from the border<sup>81</sup>.

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<sup>77</sup> Saldain D. and Lorenzelli M. (2002) "Estudio de pensiones no contributivas en Uruguay" in Bertraou F. Solorio C and van Ginnecken W. (editors). Pensiones no contributivas y asistenciales: Argentina, Brasil, Chile, Costa Rica and Uruguay, ILO. Santiago, Chile.

<sup>78</sup> Refers to a person who is absolutely incapable of carrying out any kind of paid work.

<sup>79</sup> These are norms for assessing the degree of disability. The 2002 revised version of these, applicable for the activities supported by the Banco de Previsión Social (BPS), incorporates all the experience acquired by Appraisals Experts, Technical Commissions, the Uruguayan Association of Insurers (*Asociación Uruguaya de Aseguradoras – AUDEA*) and the Faculty of Medicine.

<sup>80</sup> Law N° 16,713 (1995)

<sup>81</sup> Law N° 16,929 (1996)

### *c. Population coverage*

In December 2002 the beneficiaries of old-age and disability PNC totalled 64,170. This number has increased in the following years at an annual rate of 1.96%, amounting in December 2006 to 69,359.

In the period 2002-2006 the old-age and disability PNC have provided benefits to 66,118 people on average, which is equivalent to 10.24% of the beneficiaries in the contributory system and 14.81% of the population of senior citizens aged 65 and over.

### *d. Management*

Currently the management of the PNC program is under the auspices of the Banco de Previsión Social (BPS)<sup>82</sup>.

In the case of the Disability PNC, the applicant must take a medical certificate on a form provided by the BPS, vouching for his/her disability. Subsequently he/she will undergo medical examination in the corresponding Health Area. Once the BPS has proof of the disability and poverty, the pension may be charged by the applicant, or his/her legal representatives (in cases where the applicant is severely disabled).

In the case of the Old-Age PNC, the applicant must prove that he/she is at least 70 years old (with his/her ID card) and the BPS carries out an income test to check the degree of poverty. Payment of the pension occurs when the corresponding requirements have been checked.

### *e. Financing*

Currently the PNC program is financed by the State (General Revenues), by means of transfers under the heading of financial assistance.

In the year 2002, expenditure on PNC (Old-Age and Disability) amounted to USD 68.89 million, which represented 0.49% of the GDP. In the following years the expenditure on PNC has tended to rise, representing some USD 84.72 million in December 2006, a figure equivalent to 0.44% of GDP.

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<sup>82</sup> The BPS is the system's collection organism and also has the job of centralising information and keeping a record of the member's work history.

**STATISTICAL APPENDIX**  
**SIGNIFICANT STATISTICAL INFORMATION BY COUNTRY**

**I. BOLIVIA**

Year	BONOSOL (ANNUAL AMOUNT IN USD) (1)	AVERAGE MONTHLY WAGE (USD) (2)	MINIMUM MONTHLY WAGE (USD) (3)	AVERAGE ANNUAL WAGE (USD) (4)	MINIMUM ANNUAL WAGE (USD)(5)	BONOSOL BENEFIT AS % OF AVERAGE ANNUAL WAGE	BONOSOL BENEFIT AS % OF MINIMUM ANNUAL WAGE	AVERAGE BENEFITS CONTRIBUTORY AFP SYSTEM (USD/MONTH) (6)	BONOSOL BENEFIT AS % OF BENEFITS IN THE CONTRIBUTORY SYSTEM
2003	230	323	65	3,870	775	6.83%	34.09%	2,037	12.97%
2004	224	344	60	4,134	722	5.95%	34.09%	2,305	10.67%
2005	225	330	57	3,961	689	5.93%	34.09%	2,655	8.84%
2006	227	324	63	3,889	757	5.84%	30.00%	2,792	8.13%
Average 2003-2006	227	330	61	3,964	736	5.71%	30.80%	2,447	9.26%

(1) Source: Statistical Bulletin SPVS, various years  
(2) Source: Statistical Bulletin N° 16, AIOSFP  
(3) This corresponds to the national minimum Wage. Source: Ministry of Labour, Bolivia  
(4) This corresponds to the average monthly Wage for 12 months.  
(5) This corresponds to the minimum monthly Wage for 12 months.  
(6) This corresponds to the average amount of the benefits provided by the Long-term Mandatory Social Insurance. Source: own work based on SPVS Statistical Bulletins.

Prepared by: FIAP.

Year	N° of Bonosol Beneficiaries (1)	N° of Beneficiaries in the Contributory System (2)	Population aged 65 years and over (3)	Bonosol Beneficiaries over beneficiaries in contributory system	Bonosol Beneficiaries as % of population aged 65 years and over
2003	411,058	16,670	390,281	25	105%
2004	433,065	22,300	402,109	19	108%
2005	442,018	27,665	414,107	16	107%
2006	454,168	31,899	425,919	14	107%
Average 2003-2006	435,077	24,634	408,104	18	107%
Annual growth rate 2003-2006	3.38%				

(1) Source: Quarterly Statistical Bulletins SPVS, various years  
(2) This corresponds to the N° of pensions paid in the contributory system of the Long-term Mandatory Social Insurance (SSO). Source: Quarterly Statistical Bulletins SPVS, various years  
(3) Source: Dossier of Social and Economic Statistics, Volume N° 17, UDAPE, available on Internet at <http://www.udape.gov.bo/dossierweb2007/ntms/doss0701.htm>

Prepared by: FIAP.

Year	N° of Renta Dignidad Beneficiaries (1)
Feb-08	330,574
Mar-08	418,453
Apr-08	492,596
May-08	536,351
Jun-08	567,800
Jul-08	608,858
Aug-08	633,827
Sept-08	643,113
Oct-08	658,677
Nov-08	671,194
Dec-08	687,962
Jan-09	700,426
Feb-09	706,811
Mar-09	713,799
Apr-09	719,635
May-09	726,319
Jun-09	732,512
Jul-09	738,165
Aug-09	743,443
Sept-09	749,985
Oct-09	757,002
Nov-09	763,554
Dec-09	771,562
Jan-10	777,541
Feb-10	782,660

(1) Source: Pension Supervision and Social Control Authority (*Autoridad de Fiscalización y Control Social de Pensiones*)

Year	Total Annual Expenditure on Bonosol (1)	GDP (2)	Annual Expenditure on Bonosol as % of the GDP
2003	94.62	8,850.72	1.07%
2004	96.95	8,967.80	1.08%
2005	99.45	9,376.97	1.06%
2006	103.09	9,897.76	1.04%
Average 2002-2006	98.53	9,273.31	1.06%

(1) This corresponds to the annual amount of the Bonosol multiplied by the annual N° of its beneficiaries.  
(2) Source: own work based on Dossier of Social and Economic Statistics, Volume N° 17, UDAPE, available on Internet at <http://www.udape.gov.bo/dossierweb2007/ntms/doss0701.htm>

Prepared by: FIAP.

Year	Total Annual Expenditure on Renta Dignidad (BOB) (1)	Total Annual Expenditure on Renta Dignidad (USD as of December 2009) (1)	Total Annual Expenditure on Renta Dignidad (millions of USD as of December 2009) (1)
2008	1,630,172,350	233,884,125	234
2009	1,570,862,650	225,374,842	225
Up to February 2010	69,467,550	9,966,650	10
Total	3,270,502,550	469,225,617	469

(1) This corresponds to the total amount paid in each year. Source: Pension Supervision and Social Control Authority.  
Note: For purposes of converting from BOB to USD, the following exchange rate is used:  
31.12.2009: 1 USD = BOB 6.97

Prepared by: FIAP.

## II. BRAZIL

Year	Amount of Renda Mensal Vitalicia (RMV) (USD/month) (1)	Beneficio de Prestação Continuada (BPC) USD/month) (2)	AVERAGE WAGE (USD/month) (3)	MINIMUM WAGE (USD/month) (4)	RMV as % of AVERAGE WAGE	RMV as % of MINIMUM WAGE
2002	66.80	66.92	242.28	66.59	27.57%	100.32%
2003	93.55	93.87	271.90	93.27	34.41%	100.31%
2004	105.57	105.83	297.62	105.27	35.47%	100.28%
2005	133.73	133.96	353.58	133.35	37.82%	100.28%
2006	164.04	164.04	415.24	163.67	39.50%	100.23%
Average	112.74	112.93	316.12	112.43	35.66%	100.27%

- (1) This corresponds to the mean value of the benefits issued (N° of beneficiaries into total resources assigned) as of December each year. Source: FIAP on the basis of Statistical Bulletins from the Ministry of Social Security (BEPS) ([http://www.previdenciasocial.gov.br/pg\\_secundarias/previdencia\\_social\\_13\\_05-A.asp](http://www.previdenciasocial.gov.br/pg_secundarias/previdencia_social_13_05-A.asp))
- (2) This corresponds to the mean value of the benefits issued (N° of beneficiaries into total resources assigned) as of December each year. Source: FIAP on the basis of Statistical Bulletins from the Ministry of Social Security (BEPS) ([http://www.previdenciasocial.gov.br/pg\\_secundarias/previdencia\\_social\\_13\\_05-A.asp](http://www.previdenciasocial.gov.br/pg_secundarias/previdencia_social_13_05-A.asp))
- (3) This corresponds to the mean monthly nominal production of all workers with 10 working years or more. Source: Pesquisa Nacional por Amostra de Domicilios (Pnad), Brazilian Institute of Geography and Statistics (IBGE).
- (4) Source: Instituto de Pesquisa Económica Aplicada, IPEA

Prepared by: FIAP.

Year	BPC as % of Average Wage	BPC as % of Minimum Wage	Average Benefits of Contributory System (Average monthly amount in USD) (1)	RMV as % of Average Benefit in the Contributory System	BPC as % of Average Benefit in the Contributory System
2002	27.62%	100.49%	581.87	11.48%	11.50%
2003	34.53%	100.65%	897.06	10.43%	10.46%
2004	35.56%	100.53%	1,144.86	9.22%	9.24%
2005	37.89%	100.45%	1,217.29	10.99%	11.00%
2006	39.52%	100.26%	1,110.49	14.77%	14.78%
Average	35.72%	100.45%	990.31	11.38%	11.40%

(1) This corresponds to the average monthly amount of the benefits of the voluntary complementary contributory scheme. Source: Consolidated Statistical Bulletins, ABRAPP.

Prepared by: FIAP.

Year	N° of RMV Beneficiaries (1)	N° of BPC Beneficiaries (2)	Population aged 65 or over (3)	N° Beneficiaries Contributory System (4)	RMV Beneficiaries as % of Beneficiaries Contributory System	BPC Beneficiaries as % of Beneficiaries Contributory System	RMV Beneficiaries as % of Senior Citizens aged 65 or over	BPC Beneficiaries as % of Senior Citizens aged 65 or over
2002	673,834	1,560,854	10,124,491	459,397,000	0.15%	0.34%	6.66%	15.42%
2003	611,471	1,701,240	10,495,298	383,644,000	0.16%	0.44%	5.83%	16.21%
2004	551,093	2,061,013	10,879,686	408,136,000	0.14%	0.50%	5.07%	18.94%
2005	498,575	2,277,365	11,278,152	429,369,000	0.12%	0.53%	4.42%	20.19%
2006	446,409	2,477,485	11,641,048	546,976,000	0.08%	0.45%	3.83%	21.28%
Average 2002-2006	556,276	2,015,591	10,883,735	445,504,400	0.12%	0.45%	5.11%	18.52%
Annual rate of positive/negative growth	-9.78%	12.24%						

(1) Source: Prepared by FIAP on the basis of the Statistical Bulletins of the Ministry of Social Security – BEPS ([http://www.previdenciasocial.gov.br/pg\\_secundarias/previdencia\\_social\\_13\\_05-A.asp](http://www.previdenciasocial.gov.br/pg_secundarias/previdencia_social_13_05-A.asp))

(2) Source: Prepared by FIAP on the basis of the Statistical Bulletins of the Ministry of Social Security – BEPS ([http://www.previdenciasocial.gov.br/pg\\_secundarias/previdencia\\_social\\_13\\_05-A.asp](http://www.previdenciasocial.gov.br/pg_secundarias/previdencia_social_13_05-A.asp))

(3) Source: Prepared by FIAP on the basis of CELADE population forecasts ([http://www.eclac.cl/celade/proyecciones/basedatos\\_BD.htm](http://www.eclac.cl/celade/proyecciones/basedatos_BD.htm))

(4) This corresponds to the annual number of benefits provided by the voluntary complementary contributory scheme. Source: Consolidated Statistical Bulletins, ABRAPP

Prepared by: FIAP.

### III. COLOMBIA

Year	Minimum Pension (PM) of the RAI [USD/month] (1)	Pension Contribution Subsidy Program (PSAP) [USD/month] (2)	Senior Citizens' Social Protection Program (PPSAM) [USD/month] (3)	AVERAGE WAGE [USD/month] (4)	MINIMUM WAGE [USD/month] (5)	PM of the RAI AS % OF THE AVERAGE WAGE	PM of the RAI AS % OF THE MINIMUM WAGE	PSAP as % of the Average Wage
2002	153	n.a	n.app	269	153	57,00%	100%	n.a
2003	134	11	24	231	134	58,00%	100%	4,74%
2004	149	14	24	233	149	64,00%	100%	6,07%
2005	171	16	23	252	171	68,00%	100%	6,30%
2006	173	17	18	247	173	70,00%	100%	6,72%
Average	156	14	22	246	156	63,37%	100%	5,84%

n.a: Not Available.

n.app: Not Applicable

(1) The Minimum Pension of the RAI is equivalent to 100% of the Legal Monthly Minimum Wage Currently in Force (SMLMV). For purposes of the calculation, only the SMLMV of the urban sector in force in January each year is taken into account.

(2) This corresponds to the average monthly subsidy. Source: Prepared by FIAP on the basis of Document N° 70, National Council of Economic and Social Policy (CONPES), National Planning Department (DNP).

(3) This corresponds to the average monthly benefit. Prepared by FIAP on the basis of statistics from the General Department of Economic Security and Pensions, Ministry of Social Protection and from the National Council of Economic and Social Policy (CONPES), National Planning Department (DNP).

(4) Source: "Minimum wage, mean wage and private wage-earning employment in Colombia. An exploratory study on evasion, at the legal minimum", page 21. Available on: <http://www.banrep.gov.co/docum/ftp/borra484.pdf>

(5) Figure corresponds to the Legal Minimum Monthly Wage Currently in Force in January each year. Source: Monetary and Financial Statistics, Bank of the Republic.

Prepared by: FIAP.

Year	PSAP as % of the Minimum Wage	PPSAM as % of the Average Wage	PPSAM as % of the Minimum Wage	AVERAGE OF BENEFITS OF THE CONTRIBUTORY SYSTEM (AVERAGE MONTHLY AMOUNT IN USD) (1)	PM of the RAI AS % OF THE AVERAGE BENEFIT OF THE CONTRIBUTORY SYSTEM	PSAP as % of the Average Benefit of the Contributory System	PPSAM as % of the Average Benefit in the Contributory System
2002	n.a	n.a	n.app	280	54,72%	n.a	n.app
2003	8,18%	10,24%	17,66%	254	52,83%	4,32%	9,33%
2004	9,49%	10,20%	15,93%	303	49,32%	4,68%	7,86%
2005	9,27%	9,12%	13,40%	338	50,65%	4,69%	6,79%
2006	9,60%	7,14%	10,20%	348	49,67%	4,77%	5,07%
Average	9,22%	8,93%	14,09%	305	56,80%	4,73%	7,23%

n.a: Not Available.

n.app: Not Applicable

(1) This corresponds to the weighted average mandatory pension in the RAI and the RPM. It is weighted by the number of pensioners in each scheme in relation to the total. Source: Prepared by FIAP on the basis of data from the ASOFONDOS Consolidated Information Centre (CICA).

Prepared by: FIAP.

Year	N° Beneficiaries PSAP (1)	N° Beneficiaries PPSAM (2)	Population aged 65 years and over (3)	N° Beneficiaries Contributory System (4)	PSAP Beneficiaries as % of Contributory System Beneficiaries	PSAP Beneficiaries as % of Senior Citizens aged 65 years and over	PPSAM Beneficiaries as % of Contributory System Beneficiaries	PPSAM Beneficiaries as % of Senior Citizens aged 65 years and over
2002	265.002	n.app	2.079.378	505.689	52,40%	12,74%	n.app	n.app
2003	227.943	35.102	2.140.834	540.118	42,20%	10,65%	6,50%	1,64%
2004	233.664	138.836	2.204.108	606.334	38,54%	10,60%	22,90%	6,30%
2005	207.881	189.719	2.269.251	650.642	31,95%	9,16%	29,16%	8,36%
2006	196.579	214.480	2.349.204	712.828	27,58%	8,37%	30,09%	9,13%
<b>Average 2002-2006</b>	226.214	144.534	2.208.555	603.122	37,51%	10,24%	23,96%	6,54%
Annual rate of positive/negative growth 2003-2006	-7,19%	82,82%						

n.app: Not Applicable

(1) This corresponds to the N° of members of the Solidarity Sub-account who actually receive the pension contribution subsidy, as of December each year. Source: Document N° 105, National Council of Economic and Social Policy (CONPES), National Planning Department (DNP).

(2) This corresponds to the maximum N° of beneficiaries per year. Source: Document N° 105, National Council of Economic and Social Policy (CONPES), National Planning Department (DNP).

(3) Source: Own work based on CELADE population forecasts CELADE ([http://www.eclac.cl/celade/proyecciones/basedatos\\_BD.htm](http://www.eclac.cl/celade/proyecciones/basedatos_BD.htm))

(4) This corresponds to the number of pensioners in the RAI and in the RPM. Source: Asofondos Consolidated Information Centre (CICA).

Prepared by: FIAP.

Year	Total annual expenditure on PSAP [millions of USD] (1)	Total annual expenditure on PPSAM [millions of USD] (2)	Real GDP (2006=100) (4)	Total annual expenditure on PSAP as % of the GDP	Total annual expenditure on PPSAM as % of the GDP
2002	n.a	n.app	100.933	n.a	n.app
2003	29,95	0,72	92.183	0,032%	0,001%
2004	39,69	36,14	107.423	0,037%	0,034%
2005	39,63	50,15	128.177	0,031%	0,039%
2006	39,19	26,49	135.893	0,029%	0,019%
<b>Average 2002-2006</b>	37,12	28,37	112.922	0,033%	0,025%

n.a: Not Available.  
n.app: Not Applicable

(1) This corresponds to the amount of the monthly benefit of the PSAP multiplied by the number of beneficiaries and by 12.

(2) This corresponds to the total resources expended during each year. Source: Statistics for the Senior Citizens' Protection Program, May 2006, General Department of Economic Security and Pensions, Ministry of Social Protection.

(3) Source: Bank of the Republic, Colombia.

Prepared by: FIAP.

#### IV. COSTA RICA

Year	Basic Amount Non-Contributory Pension Scheme (RNC) [Average monthly amount in USD] (1)	Minimum Pension in the Disability, Old-Age and Death (IVM) Scheme [USD/month] (2)	AVERAGE WAGE [USD/month] (2)	MINIMUM WAGE [USD/month](4)	RNC BENEFIT AS % OF THE AVERAGE WAGE	RNC BENEFIT AS % OF THE MINIMUM WAGE
2002	55	154	520	372	10,54%	14,74%
2003	47	135	655	337	7,17%	13,95%
2004	42	116	594	299	7,05%	13,99%
2005	37	97	532	274	6,95%	13,50%
2006	33	99	484	262	6,80%	12,56%
Average 2002-2006	43	120	557	309	7,67%	13,83%

(1) This corresponds to the information for the month of June each year. Source: Statistical Yearbook for various years, Actuarial Office, Statistics Department, Costa Rican Social Insurance Fund (CCSS).

(2) Source: Pension Management Office of the Costa Rican Social Insurance Fund

(3) Figure corresponds to December each year. Source: International Association of Pension Fund Supervisors (AIOS).

(4) Figure corresponds to January each year. Source: Management Report for December 2006, Pension Management Office, Costa Rican Social Insurance Fund (CCSS).

*Prepared by: FIAP.*

Year	IVM Minimum Pension as % of the Average Wage	IVM Minimum Pension as % of the Minimum Wage	BENEFITS OF THE CONTRIBUTORY SYSTEM (AVERAGE MONTHLY AMOUNT) (1)	RNC BENEFIT AS % OF AVERAGE BENEFIT OF THE CONTRIBUTORY SYSTEM	IVM Minimum Pension as % of the Average Benefit of the Contributory System
2002	29,61%	41,40%	234	23,43%	65,82%
2003	20,55%	39,97%	217	21,63%	61,97%
2004	19,53%	38,78%	193	21,71%	60,18%
2005	18,17%	35,28%	180	20,59%	53,79%
2006	20,45%	37,81%	174	18,89%	56,85%
Average 2002-2006	21,55%	38,89%	200	21,40%	60,16%

(1) Figure corresponds to the month of June each year. It corresponds to the average pension paid in the Disability, Old-Age and Death (IVM) Scheme. Source: Prepared by FIAP on the basis of statistics from the Actuarial Office of the Costa Rican Social Insurance Office. The Mandatory Pension Scheme (Individual Fully-Funded Scheme) is not included because this system only came into operation in May 2001 and is not yet paying pensions.

*Prepared by: FIAP.*

Year	N° of RNC Beneficiaries (1)	N° of Beneficiaries of IVM Minimum Pension (2)	N° of Beneficiaries in Contributory System (3)	Population aged 65 or over (4)	RNC beneficiaries as % of beneficiaries in the Contributory System	RNC beneficiaries as % of senior citizen population aged 65 or over	Beneficiaries of Minimum IVM Pension as % of beneficiaries in the Contributory System	Beneficiaries of Minimum IVM Pension as % of senior citizen population aged 65 and over
2002	107.435	15.672	123.632	222.598	86,90%	48,26%	12,68%	7,04%
2003	101.595	17.330	126.678	230.310	80,20%	44,11%	13,68%	7,52%
2004	97.581	19.131	133.199	238.289	73,26%	40,95%	14,36%	8,03%
2005	93.202	21.437	135.652	246.544	68,71%	37,80%	15,80%	8,69%
2006	90.370	40.507	139.990	255.322	64,55%	35,39%	28,94%	15,87%
<b>Average 2002-2006</b>	98.037	22.815	131.830	238.613	74,37%	41,09%	17,31%	9,56%
Yearly rate of positive/negative growth 2002-2006	-4,23%	26,79%						

(1) Figure corresponds to the month of June each year. Source: Statistical Yearbook, various years, Actuarial Office, Statistics Department, Costa Rican Social Insurance Fund (CCSS).

(2) Figure corresponds to the total minimum pensions paid under the headings of disability, old age and death. Source: Pension Management Office of the Costa Rican Social Insurance Fund.

(3) Figure corresponds to the month of June each year. It only includes pensioners in the Disability, Old-Age and Death Scheme (IVM)

(4) Source: Prepared by FIAP on the basis of CELADE population forecasts.

Prepared by: FIAP.

Year	Total annual expenditure on RNC (1)	Total annual expenditure on Minimum IVM Pension (2)	Real GDP (2006=100) (3)	Total annual expenditure on RNC as % of the GDP	Total annual expenditure on Minimum Pension as % of the GDP
2002	5,89	28,97	26.291,70	0,02%	0,11%
2003	4,77	27,98	24.986,62	0,02%	0,11%
2004	4,09	26,64	23.628,57	0,02%	0,11%
2005	3,44	24,84	22.233,25	0,02%	0,11%
2006	3,13	48,13	22.577,79	0,01%	0,21%
<b>Average 2002-2006</b>	4,26	31,31	23.943,58	0,02%	0,13%

(1) Corresponds to the total amount paid out on RNC pensions as of June each year. Source: Statistical Yearbook for various years, Actuarial Office, Statistics Department, Costa Rican Social Insurance Fund (CCSS).

(2) This corresponds to the number of Minimum Pension (PM) beneficiaries, multiplied by the average amount of the PM and by 12.

(3) Source: Central Bank of Costa Rica

Prepared by: FIAP.

## V. CHILE

Year	PMGE(AVERAGE MONTHLY AMOUNT, USD/MONTH) (1)	AVERAGE WAGE [USD/MONTH] (2)	MINIMUM WAGE [USD/MONTH] (3)	PMGE BENEFITS % OF THE AVERAGE WAGE	PMGE BENEFITS % OF THE MINIMUM WAGE	AVERAGE BENEFITS IN CONTRIBUTORY AFP SYSTEM (US\$/MONTH) (4)	PMGE BENEFITS % OF BENEFITS OF THE CONTRIBUTORY AFP SYSTEM
2006	134,67	583,46	252,61	23,08%	53,31%	277,23	48,58%
2005	128,83	566,48	256,36	22,74%	50,25%	285,52	45,12%
2004	116,82	526,48	228,39	22,19%	51,15%	259,71	44,98%
2003	106,73	487,27	207,74	21,90%	51,38%	220,44	48,42%
2002	91,46	407,13	172,80	22,46%	52,93%	187,01	48,91%
<b>Average 2002-2006</b>	<b>115,70</b>	<b>514,16</b>	<b>223,58</b>	<b>22,48%</b>	<b>51,80%</b>	<b>245,98</b>	<b>47,04%</b>

(1) This amount corresponds to the average minimum pension with state guarantee, in its three versions (Old-age, Disability and Survivorship), representing the three age bands (under 70 years of age, between 70 and 74 years, and 75 years or over). Source of Information: Superintendence of Pensions (SP), Chile.

(2) This amount corresponds to the nominal mean wage, as of December 2006. Source of information: National Statistical Institute (INE), Chile.

(3) This amount corresponds to the minimum wage set by law, as of December 2006. Source of information: Statistical Bulletin N°97 from the SP, page 54.

(4) This amount corresponds to the average of the pensions paid in the AFP system as of December each year, which amounted to 8.08 UF. Source of information: Statistics from the SP on Internet.

Prepared by: FIAP.

Year	PMGE Beneficiaries (1)				Total PMGE Beneficiaries	N° of Beneficiaries in Contributory AFP System (2)	Population of senior citizens aged 65 years and over (3)	PMGE BENEFICIARIES AS % OF BENEFICIARIES IN CONTRIBUTORY AFP SYSTEM	PMGE BENEFICIARIES AS % OF THE POPULATION AGED 65 YEARS AND OVER
	Old-Age and Disability		Survivorship						
	N°	% of total for each year	N°	% of total for each year					
2002	326.401	72,86%	121.574	27,14%	447.975	429.173	1.443.269	104,38%	31,04%
2003	336.578	72,56%	127.264	27,44%	463.842	462.452	1.491.984	100,30%	31,09%
2004	337.538	70,46%	141.481	29,54%	479.019	540.324	1.542.343	88,65%	31,06%
2005	339.395	70,55%	141.701	29,45%	481.096	574.011	1.594.403	83,81%	30,17%
2006	341.174	70,82%	140.583	29,18%	481.757	606.342	1.650.077	79,45%	29,20%
<b>Average 2002-2006</b>	<b>336.217</b>	<b>71,45%</b>	<b>134.521</b>	<b>28,55%</b>	<b>470.738</b>	<b>522.460</b>	<b>1.544.415</b>	<b>90,10%</b>	<b>30,48%</b>
Annual growth rate 2002-2006					1,83%				

(1) Source: Statistical Bulletin of the Superintendence of Pensions N° 197 together with information provided by the statistics area of the Social Security Institute (IPS).

(2) This number corresponds to the total pensions paid out in the AFP system. Source of information: SP Statistics on Internet.

(3) This corresponds to an estimate of the population for the years 2002, 2003, 2004 and 2006. Source of information: <http://www.eclac.cl/celade/proyecciones/xls/chipobto.xls>.

Prepared by: FIAP.

Year	TOTAL ANNUAL EXPENDITURE ON PMGE [USD millions] (1)	Real GDP (2006=100) (2)	TOTAL ANNUAL EXPENDITURE ON PMGE AS % OF THE GDP
2006	778,53	144.711	0,54%
2005	743,73	133.911	0,56%
2004	671,51	111.157	0,60%
2003	594,07	91.891	0,65%
2002	491,67	72.234	0,68%
<b>Average 2002-2006</b>	<b>655,90</b>	<b>110.781</b>	<b>0,59%</b>

(1) This corresponds to the estimated expenditure on PMGE in the following way: (Average monthly amount of PMGE)\*(Total number of PMGE beneficiaries each year)\*12

(2) Source of information: Central Bank of Chile.

Prepared by: FIAP.

Date	Old-Age PBS and Disability PBS [CLP/month] (1)	Old-Age PBS and Disability PBS (USD/month)
From 1st July 2008 to 30th June 2009	60.000	118
From 1st July 2009 to 30th June 2010	75.000	148
From 1st July 2010 to 30th June 2011	75.000	148

(1) Source: Superintendence of Pensions, Chile.

Prepared by: FIAP.

DATE	OLD-AGE PBS		DISABILITY PBS		OLD-AGE APS		DISABILITY APS	
	NUMBER	AMOUNT CLP	NUMBER	AMOUNT CLP	NUMBER	AMOUNT CLP	NUMBER	AMOUNT CLP
July-2008	290.570	17.434.200.000	192.710	11.562.600.000	0	0	0	0
August-2008	292.136	17.528.160.000	194.304	11.658.240.000	0	0	0	0
September-2008	329.545	19.768.371.018	193.518	11.611.080.000	0	0	0	0
October-2008	340.883	22.142.510.096	193.041	11.636.042.168	3.399	577.249.219	446	71.251.256
November-2008	347.314	22.044.175.417	192.690	11.663.213.297	4.226	278.622.057	584	40.157.064
December-2008	358.445	23.467.261.041	194.451	12.376.334.603	4.485	306.253.747	700	41.366.664
January-2009	364.131	22.729.603.677	196.192	12.580.975.331	6.199	581.439.375	949	81.726.581
February-2009	366.991	22.667.397.420	197.256	12.552.548.963	7.180	454.102.652	1.180	90.903.886
March-2009	369.833	22.752.284.488	198.068	12.538.685.964	8.287	532.701.944	1.490	109.415.088
April-2009	371.972	22.741.680.691	198.891	12.647.880.087	9.630	755.788.001	2.041	188.982.485
May-2009	374.732	22.946.564.345	200.088	12.878.040.087	11.050	766.353.423	11.050	766.353.423
June-2009	377.068	23.123.443.858	201.424	13.121.358.190	12.190	745.615.064	3.020	217.408.373
July-2009	378.458	28.816.125.442	202.738	16.309.653.260	13.277	1.059.342.927	3.788	395.376.180
August-2009	379.265	28.968.742.634	204.743	16.826.389.660	14.655	1.316.309.549	4.438	410.332.854
September-2009	384.674	30.030.908.395	206.439	16.839.672.800	27.203	1.947.468.672	4.980	427.249.341
October-2009	391.967	30.666.096.494	208.340	17.239.808.763	169.034	7.687.299.065	6.918	756.872.664
November-2009	393.607	29.992.656.369	209.889	17.087.795.426	203.555	4.959.655.316	7.736	668.596.408
December-2009	398.828	31.098.135.497	212.205	17.916.680.753	237.978	6.063.286.133	8.766	808.060.161
January-2010	401.503	30.420.882.973	213.689	17.054.026.214	250.933	5.611.905.416	9.667	823.441.855

Source: Superintendence of Pensions, Chile.

Prepared by: FIAP.

Date	Total Expenditure on Old-Age PBS (CLP)	Total Expenditure on Old-Age PBS (CLP millions)	Total Expenditure on Old-Age PBS (USD millions)
July 2008 - June 2009	259.345.652.051	259.346	490
Year 2008	122.384.677.572	122.385	195
Year 2009	316.533.639.310	316.534	625
Date	Total Expenditure on Disability PBS (CLP)	Total Expenditure on Disability PBS (CLP millions)	Total Expenditure on Disability PBS (USD millions)
July 2008 - June 2009	146.826.998.690	146.827	278
Year 2008	70.507.510.068	70.508	112
Year 2009	178.539.489.284	178.539	353
Date	Total Expenditure on Old-Age APS (CLP)	Total Expenditure on Old-Age APS (CLP millions)	Total Expenditure on Old-Age APS (USD millions)
October 2008 - September 2009	9.321.246.630	9.321	17
Year 2008	1.162.125.023	1.162	2
Year 2009	26.869.362.121	26.869	53
Date	Total Expenditure on Disability APS (CLP)	Total Expenditure on Disability APS (CLP millions)	Total Expenditure on Disability APS (USD millions)
October 2008 - September 2009	2.840.523.195	2.841	5
Year 2008	152.774.984	153	0,2
Year 2009	4.921.277.444	4.921	10
Source: Superintendence of Pensions, Chile.			
Note: For purposes of converting CLP to USD the following actual exchange rates from the Central Bank of Chile are used, depending on the date concerned.			
Exchange rate on 30.06.09: 1USD = CLP 529.07			
Exchange rate on 31.12.08: 1USD = CLP 629.11			
Exchange rate on 31.12.09: 1USD = CLP 506.43			
Exchange rate on 30.09.09: 1USD = CLP 546.07			

Prepared by: FIAP.

Period	Maximum Pension with Solidarity Contribution (PMAS) [CLP]	Maximum Pension with Solidarity Contribution (PMAS) [USD]
1st July 2008 to 30th June 2009	70.000	138
1st July 2009 to 31st August 2009	120.000	237
1st Sept. 2009 to 30th June 2010	150.000	296
1st July 2010 to 30th June 2011	200.000	395
As from 1st July 2011	255.000	504

Source: Superintendence of Pensions, Chile.  
Note: For purposes of converting CLP to USD the actual exchange rate from the Central Bank of Chile in December 2009 is used: 1USD = CLP 506.43.

Prepared by: FIAP.

DATE	Average amount of Old-Age APS per beneficiary [CLP] (1)	Average amount of Old-Age APS per beneficiary (USD)
October-2008	169.829	335
November-2008	65.930	130
December-2008	68.284	135
January-2009	93.796	185
February-2009	63.245	125
March-2009	64.282	127
April-2009	78.483	155
May-2009	69.353	137
June-2009	61.166	121
July-2009	79.788	158
August-2009	89.820	177
September-2009	71.590	141
October-2009	45.478	90
November-2009	24.365	48
December-2009	25.478	50
January-2010	22.364	44

Source: Superintendence of Pensions, Chile.  
(1) Calculated as the total amount paid out in Old-Age APS divided by the total number of benefits paid.  
Note: For purposes of converting CLP to USD the actual exchange rate from the Central Bank of Chile in December 2009 is used: 1USD = CLP 506.43.

Prepared by: FIAP.

DATE	Average amount of Disability APS per beneficiary [CLP] (1)	Average amount of Disability APS per beneficiary (USD)
October-2008	159.756	315
November-2008	68.762	136
December-2008	59.095	117
January-2009	86.119	170
February-2009	77.037	152
March-2009	73.433	145
April-2009	92.593	183
May-2009	69.353	137
June-2009	71.990	142
July-2009	104.376	206
August-2009	92.459	183
September-2009	85.793	169
October-2009	109.406	216
November-2009	86.427	171
December-2009	92.181	182
January-2010	85.181	168
Source: Superintendence of Pensions, Chile.		
(1) Calculated as the total amount paid out in Disability APS divided by the total number of benefits paid.		
Note: For purposes of converting CLP to USD the actual exchange rate from the Central Bank of Chile in December 2009 is used: 1USD = CLP 506.43.		

*Prepared by: FIAP.*

## VI. MEXICO

Date	General Minimum Wage in Force in Distrito Federal (MXN/day)	General Minimum Wage in Force in Distrito Federal = PMG [MXN/month] (1)	General Minimum Wage in Force in Distrito Federal = PMG (USD/month)
Dec. 2002	42,15	1.265	98
Dec. 2003	43,65	1.310	102
Dec. 2004	45,24	1.357	106
Dec. 2005	46,8	1.404	109
Dec. 2006	48,67	1.460	114
Dec. 2007	50,57	1.517	118
Dec. 2008	52,59	1.578	123
Dec. 2009	54,8	1.644	128
Dec. 2010	57,46	1.724	134

Source: INEGI, México.  
 (1) This corresponds to the General Minimum Wage in Force as of each date, multiplied by 30.  
 Note: For purposes of converting MXN to USD the exchange rate for December 2009 is used: 1USD = MXN 12.8631.

Prepared by: FIAP.

Date	PMG Beneficiaries
Dec. 1997	190
Dec. 1998	900
Dec. 1999	1.300
Dec. 2000	1.700
Dec. 2001	2.200
Dec. 2002	2.800
Dec. 2003	3.500
Dec. 2004	4.000
Dec. 2005	4.300

Source: Mexican Social Insurance Institute (IMSS).

Prepared by: FIAP.

Date	Expenditure on PMG [MXN millions] (1)	Expenditure on PMG (USD millions)
2002	42	3
2003	55	4
2004	65	5
2005	72	6

Source: Prepared by FIAP on basis of information from INEGI and  
 (1) This corresponds to the number of PMG beneficiaries in each year multiplied by the monthly amount of the PMG and by 12.  
 Note: For purposes of converting MXN to USD the exchange rate for December 2009 is used: 1USD = MXN 12.8631.

Prepared by: FIAP.

Date	"Oportunidades" Human Development Program - Monthly amount of the	"Oportunidades" Human Development Program - Monthly amount of Senior
Jan - Jun, 06	250	19
Jul - Dec, 06	250	19
Jan - Jun, 07	260	20
Jul - Dec, 07	260	20
Jan - Jun, 08	270	21
Jul - Dec, 08	275	21
Jan - Jun, 09	295	23
Jun - Dec, 09	295	23
Jan - Jun, 10	305	24
Source: <a href="http://www.oportunidades.gob.mx">www.oportunidades.gob.mx</a>		
Note: For purposes of converting MXN to USD the exchange rate for December 2009 is used: 1USD = MXN 12.8631.		

*Prepared by: FIAP.*

State	Human Development Program - Amount of resources occupied on Senior Citizens (MXN, 2008)	Human Development Program - Amount of resources occupied on Senior Citizens (millions MXN,	"Oportunidades" Human Development Program - Amount of resources occupied on Senior Citizens (millions USD, 2008)
01 - Aguascalientes	1.848.380	2	0,14
02- Baja California	886.080	1	0,07
03- Baja California S	753.640	1	0,06
04- Campeche	3.793.805	4	0,28
05- Coahuila	3.361.660	3	0,25
06- Colima	2.529.960	3	0,19
07- Chiapas	27.660.420	28	2,06
08- Chihuahua	2.312.440	2	0,17
09- Distrito Federal	10.782.995	11	0,80
10- Durango	3.365.365	3	0,25
11- Guanajuato	18.119.380	18	1,35
12- Guerrero	22.680.400	23	1,69
13- Hidalgo	4.502.690	5	0,34
14- Jalisco	14.141.890	14	1,05
15- México	25.156.465	25	1,87
16- Michoacan	18.340.575	18	1,37
17- Morelos	10.106.100	10	0,75
18- Nayarit	2.057.790	2	0,15
19- Nuevo León	3.204.920	3	0,24
20- Oaxaca	24.378.625	24	1,82
21- Puebla	34.276.940	34	2,55
22- Querétaro	3.660.480	4	0,27
23- Quintana Roo	3.421	0	0,00
24- San Luis Potosí	11.815.500	12	0,88
25- Sinaloa	5.280.570	5	0,39
26- Sonora	5.173.030	5	0,39
27- Tabasco	6.470.310	6	0,48
28- Tamaulipas	9.327.790	9	0,69
29- Tlaxcala	5.958.550	6	0,44
30- Veracruz	47.518.425	48	3,54
31- Yucatán	24.350.860	24	1,81
32- Zacatecas	4.490.240	4	0,33
<b>Total</b>	<b>358.309.696</b>	<b>358</b>	<b>27</b>

Source: Statistical Yearbooks for 2009 for various States available on: [www.inegi.org.mx](http://www.inegi.org.mx)  
Note: For purposes of converting MXN to USD the exchange rate for December 2008 is used: 1USD = MXN 13,4226.

Prepared by: FIAP.

Indicators in the "70-Plus" Program "70 y Más"							
Amount of monthly benefit		Beneficiaries		Total amount granted in 2008		Total amount granted in 2009	
MXN	USD	2008	2009	MXN millions	USD millions	MXN millions	USD millions
500	39	1.863.945	2.050.626	8.922	694	11.720	911

Source: SEDESOL, Mexico.  
Note: For purposes of converting MXN to USD the exchange rate for December 2009 is used: 1USD = MXN 12.8631.

Prepared by: FIAP.

## VII. PERU

Year	Minimum Pension SPP [average monthly amount USD/month] (1)	Average Wage [USD/month] (2)	Minimum Wage [USD/month] (3)	Minimum Pension SPP as % of the Average Wage	Minimum Pension SPP as % of the Minimum Wage	Average of Benefits in Contributory System SPP [USD/month] (4)	Minimum Pension SPP as % of Contributory System Benefits SPP
2002	n.a	776,87	128,15	n.a	n.a	201	n.a
2003	n.a	803,22	142,35	n.a	n.a	213	n.a
2004	153,51	840,25	145,28	18,27%	105,66%	223	68,85%
2005	143,82	772,92	136,98	18,61%	104,99%	265	54,36%
2006	151,02	812,85	155,96	18,58%	96,83%	278	54,40%

(1) Source: SBS, Peru.

(2) This corresponds to the average wage at national urban level. Source: INEI.

(3) This corresponds to the Minimum Monthly Living Wage (RMV). Source: INEI.

(4) This corresponds to the average amount of retirement benefits, disability pensions and survivorship pensions. Source: prepared by FIAP on the basis of historical statistics from SBS.

*Prepared by: FIAP.*

Year	Beneficiaries of PM SPP (1)	N° of Beneficiaries in Contributory System SPP (2)	Population of senior citizens aged 65 years and over (3)	PM Beneficiaries SPP as % of beneficiaries in the contributory system SPP	SPP PM Beneficiaries as % of the population of senior citizens aged 65 years and over	Total annual expenditure on SPP PM [USD millions] (4)	Real GDP [2006=100] (5)	Total annual expenditure on SPP PM as % of the GDP
2002	n.a	31.942	1.336.861	n.a	n.a	n.a	62.404	n.a
2003	n.a	39.867	1.388.935	n.a	n.a	n.a	66.045	n.a
2004	477	47.202	1.443.037	1,01%	0,03%	0,88	75.174	0,0012%
2005	1.020	48.165	1.499.246	2,12%	0,07%	1,76	77.993	0,0023%
2006	1.655	63.298	1.540.751	2,61%	0,11%	3,00	94.370	0,0032%
Annual growth rate 2002-2006	86,3%							

n.a: Not Available.

(1) Source: Historical Statistics SBS.

(2) This corresponds to the N° of retirement benefits, disability pensions and survivorship pensions paid. Source: Historical Statistics SBS, various years.

(3) Source: Prepared by FIAP on the basis of CELADE population forecasts, available on Internet: [http://www.eclac.cl/celade/proyecciones/basedatos\\_BD.htm](http://www.eclac.cl/celade/proyecciones/basedatos_BD.htm)

(4) This is calculated as the number of SPP PM beneficiaries multiplied by the average monthly amount of the SPP PM and by 12.

(5) Source: National Institute of Statistics and Information Technology.

*Prepared by: FIAP.*

## VIII. URUGUAY

Year	OLD-AGE AND DISABILITY PNC (AVERAGE MONTHLY AMOUNT IN USD) (1)	AVERAGE WAGE [USD/month] (3)	MINIMUM WAGE [USD/month] (4)	PNC OLD-AGE AND DISABILITY BENEFIT AS % OF THE AVERAGE WAGE	PNC OLD-AGE AND DISABILITY BENEFIT AS % OF THE MINIMUM WAGE	AVERAGE BENEFITS OF CONTRIBUTORY SYSTEM (AVERAGE MONTHLY AMOUNT IN USD) (5)	PNC OLD-AGE AND DISABILITY BENEFIT AS % OF AVERAGE BENEFIT IN THE CONTRIBUTORY SYSTEM
2002	89	501	59	17,86%	150,85%	160	55,82%
2003	80	423	50	18,89%	160,67%	144	55,34%
2004	88	422	55	20,74%	159,15%	157	55,89%
2005	101	501	158	20,18%	64,08%	181	55,80%
2006	102	511	123	19,92%	82,78%	181	56,38%
Average 2002-2006	92	472	89	19,50%	103,38%	165	55,87%

(1) Source: Statistics from the Social Protection Bank (BPS), various years.

(2) This corresponds to the Minimum Pension in force in December each year. Source: República AFAP S.A

(3) Source: Statistical Bulletin N° 16, AIOSFP.

(4) Source: INE, Uruguay.

(5) This corresponds to the weighted average amount of retirement benefits and pensions as of December each year in the contributory pension system. This is an average weighted by the significance of the number of beneficiaries of each type of benefit in the total. Source: Statistical Appendix, committee on coverage of the Social Security System (National Dialogue on Social Security).

Prepared by: FIAP.

Year	N° of PNC Old-age and Disability beneficiaries (1)	N° Beneficiaries in the Contributory System (2)	Population aged 65 years and over (3)	PNC old-age and disability beneficiaries as % of beneficiaries in the Contributory System	PNC old-age and disability beneficiaries as % of population of senior citizens aged 65 years and over
2002	64.170	651.310	439.112	9,85%	14,61%
2003	64.585	649.365	442.712	9,95%	14,59%
2004	65.518	647.005	446.341	10,13%	14,68%
2005	66.956	642.760	450.000	10,42%	14,88%
2006	69.359	636.425	453.544	10,90%	15,29%
Average 2002-2006	66.118	645.373	446.342	10,24%	14,81%
Annual growth-rate 2002-2006	1,96%				

(1) Source: Statistics from the Social Protection Bank for several years.

(2) This corresponds to the total number of retirement benefits and pensions paid out as of December each year. Source: Statistical Appendix, committee on coverage of Social Security System (National Dialogue on Social Security).

(3) Source: Own work based on World Population Prospects: The 2006 Revision Population Database (<http://esa.un.org/unpp>).

Prepared by: FIAP.

Year	Total annual expenditure on old-age and disability PNC [USD millions] (1)	Total annual expenditure on old-age and disability PNC as % of the GDP (3)
2002	68,89	0,49%
2003	61,96	0,47%
2004	68,83	0,43%
2005	81,24	0,44%
2006	84,72	0,44%

(1) This corresponds to the total number of beneficiaries of old-age and disability PNC, multiplied by the average monthly amount of the old-age

(2) Source: Central Bank of Uruguay.

*Prepared by: FIAP.*