COMPARED REGULATIONS SERIES

Voluntary Pension Savings in Individually Funded Systems of FIAP Member Countries[1]

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[1] Drawn up by PrimAmérica Consultores for the International Federation of Pension Fund Administrators (FIAP).

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Executive Summary

This report describes the main characteristics of voluntary pension savings (APV) in individually funded pension programs established in 13 FIAP member countries, and in Brazil, where voluntary pension savings finance pensions complementary to those provided by social security programs. Information is also shown on the evolution of the amounts of this type of savings in different countries, from 2006 to December 2009.

The work is based on information submitted to FIAP by the respective Pension Fund Manager Associations of the countries included in the survey, in addition to other sources of information (see Appendix).

Voluntary pension savings is a mechanism whereby dependent and self-employed workers can save over and above the amount they contribute mandatorily to pension plans, in order to increase the amount of their pension or advance their retirement age. With this type of savings, workers can partially or fully compensate the financial impact on the amount of their pensions caused by pension gaps during their working lives (periods with no contributions), increases in life expectancy and/or decreases in long-term rates of return.

Tax incentives for voluntary pension savings exist in every country surveyed, with the exception of Bolivia and Peru. In the latter, pensions are paid tax-free (as in Bulgaria). In general, contributions with tax benefits are limited either to a percentage of the worker's income (10% to 15%) or to regular contributions, although in some countries total maximum ceilings are defined per period.

In most countries, the liquidity of voluntary pension savings also enables their use for financing non-pension benefits. However, withdrawals for purposes other than pensions are liable to tax penalties. A couple of countries allow contributions to be made, from the beginning, for short-term non-pension purposes, and they can therefore be withdrawn, but without receiving any tax benefits.

In six of the countries surveyed, the pension fund managers are the only institutions authorized to manage voluntary pension savings, and offer schemes with the same investments available for mandatory savings. However, in other countries, they must compete with different types of managing entities and various savings schemes (Brazil, Bulgaria, Chile, Colombia, Costa Rica, Mexico, Romania and Ukraine).

Fund managers usually charge a fee for managing voluntary pension savings, although they do not do so in four of the surveyed countries (El Salvador, Peru – savings for pension purposes, the Dominican Republic and Uruguay – authorized but do not charge).

Voluntary pension funds are attachable in only two countries (Mexico – for fiscal debts, and only if exceeding a certain amount – and Peru – for purposes other than pensions). In all other countries, they are non-attachable.

A comparative summary of the main characteristics of voluntary pension savings schemes of the countries surveyed is given below.

Summary of the Characteristics of Voluntary Pension Savings Schemes

Characteristic	Bolivia	Brazil	Bulgaria	Chile	Colombia	Costa Rica	El Salvador
Managing agencies	AFP	Pension fund managers	Licensed insurance companies	AFPs, insurance companies, Mutual Fund Managers, others	AFPs, life insurance companies, trust companies	Different types of managing entities authorized by SUPEN	AFP
Schemes	Savings accumulated in mandatory IFC	Defined contribution; defined benefits; mixed	Complementary to old age or disability pension; lump sum payments or by installments	AFPs same investments as mandatory IFCs; the rest have different schemes	Different plans with different types of investments	Individual and collective, in colons and dollars	Same investments as mandatory IFC
Tax incentives	No	Worker up to 12% of income; companies up to 20% of salaries	Worker up to 10% of income; company up to US$ 26 monthly; pensions exempt	a) Bonus of 15% of savings in a calendar year (no tax relief); or b) contribution discounted from taxable income (maximum US$27,175 in one year)	Yes, when not withdrawn before 5 years or used for housing	n.a.	Deductible from income tax; up to10% of income subject to mandatory contribution
Management fee	Fee % of funds	n.a.	Yes	AFP fee % of funds; the rest other fees	Fee % of funds	Fee % of yield	Not for dependent workers
Liquidity	Yes, provided at least 60 contributions have been made	Yes, with 10%-35% taxes, depending on time period	Yes, taxes paid prior t retirement; employer's contributions cannot be withdrawn	Yes, with taxes and penalties	Yes	Yes, once savings period and number of contributions have been completed	No, only pension
Non-Attachable	Yes	N/A	Yes	Yes	Yes	Yes	Yes

Prepared by FIAP based on information submitted by local Associations of FIAP countries and other sources of information (see Appendix). n.a.: Not Available.

Summary of the Characteristics of Voluntary Savings Plans

Characteristic	Mexico	Panama	Peru	Dominican Republic	Romania	Ukraine	Uruguay
Managing entities	Afores; Banks; Investment fund managers; Insurance co.; Mutual Fund managers	Pension funds managers	AFP	Pension funds managers	Managers that have a license	Banks and non-government pension funds managers	Pension saving fund managers (AFAPs)
Schemes	Depends on managing entity	Offered by private fund managers	Same investments as mandatory IFCs	Savings are accumulated in mandatory IFCs	Individual accounts in the name of each participant	Savings to complement old age and disability pensions	Savings are accumulated in mandatory IFC
Tax incentives	Up to 10% of income (no more than 5 minimum salaries)	Income tax deductible contributions, up to 10% of income	None for contributions; pensions are tax exempt	Up to an amount equal to 3 times the regular contribution of the worker	Contributions are tax deductible, up to EUR 400 per year (worker + employer)	15% of income is tax free; employers' contributions up to 10% of gross income	Income tax deductible; employers' deposits up to 20% of contributions
Management commission	Commission % of funds	Commission % of funds	No charge for savings for pension purposes; savings for purposes other than pensions are charged	AFP members are not charged	Max.5% of contribution per month; Max. 0.6% of net assets per year.	Commission % of profitability, contributions or funds	Authorized by law but none of the AFAPs charge
Liquidity	Short-term withdrawals, but without tax benefits; withdrawal upon retirement, with tax benefit	n.a.	For pension purposes, only on retirement date; for non-pension purpose, at any time	At retirement	No, only pension	Yes, with tax penalties of 15%; some plans charge a withdrawal fee	No, only can be withdrawn if the member is entirely and permanently disabled to perform any work or when the member dies can be returned to heirs
Non-Attachable	No; attachment for tax debts (over MUS$ 28,5)	Yes	For pension purpose, yes; for purposes other than pensions, no	Yes	Yes	n.a.	Yes

Prepared by FIAP based on information submitted by local Associations of FIAP countries and other sources of information (see Appendix). n.a.: Not Available.

I. Introduction

This report updates a previous study on voluntary pension savings, published in December 2006.

The purpose of this report is to describe the main characteristics of voluntary pension savings schemes (APV) available to members of individually funded pension schemes in Bolivia, Bulgaria, Chile, Colombia, Costa Rica, El Salvador, Mexico, Panama, Peru, the Dominican Republic, Romania, Ukraine and Uruguay, and to show their evolution over time. This analysis also includes Brazil, where these schemes are used to finance pensions that are complementary to those provided by the mandatory programs of the social security system.

The information provided in this study will hopefully contribute to the efforts of the Associations in all the countries analyzed to identify the strengths and weaknesses of their respective voluntary pension savings schemes, and to evaluate possible proposals for improving local rules and regulations.

The report is organized in the following manner. The next chapter defines the concept of voluntary pension savings and describes its main characteristics in the different countries surveyed. The third chapter deals with tables that compare the characteristics of voluntary pension savings in each country. Finally, the fourth chapter presents information on the number of members with APV, and the amount of accumulated savings in each country where this information is available.

We thank the different trade associations, all of them FIAP members, for their collaboration in preparing this report.

II. Description of characteristics of Voluntary Pension Savings

The following descriptions briefly explain the nature of the voluntary pension savings schemes in the countries surveyed.

In general, members can engage in voluntary pension saving (APV) under either one of the following two formats:

- *Individual Savings Scheme*: Each worker pays in his own voluntary savings, deciding on the amount to be saved, the investment vehicle (when options are available), and the managing agency.

- *Collective Savings Scheme*: The employer offers voluntary pension savings plans to its workers. The scheme's basic characteristics are standard and financed with contributions made by both workers and employers.

Bolivia: Additional Contributions

- The regulation of the Bolivian pension system allow members to make "additional contributions" to the mandatory ones, which are deposited in individually funded accounts and whose purpose is to improve pensions or advance the retirement date. These contributions can be made by dependent and self-employed workers and, since they are integrated with the individually funded accounts, they are managed by the AFPs, which do not charge a special fee for this service, but receive a portfolio commission for the consolidated value of the funds (which includes the additional contributions).

- In case of dependent workers, contributions may be paid directly by them or in agreement with their employers ("agreed deposits").

- Voluntary contributions are not subject to tax incentives; they may be left as part of an inheritance and are non-attachable.

- It is possible to withdraw the funds ahead of time through a mechanism known as scheduled withdrawal; the only requirement is a minimum of 60 contributions.

Brazil: Voluntary Savings

- Voluntary pension savings finance complementary pensions provided by mandatory programs of the social security system.

- The plans offered by pension funds managers can be defined benefit, defined contribution, or a combination of both (with variable contributions).

- Tax incentives are in place for both workers and companies. Regulations authorize a deductible of a maximum of 12% of gross income earned by one person per year. Contributions are discounted from the payroll. In case of sponsoring companies, the deduction ceiling is 20% of salaries of workers and managers of the companies connected to the plan.

- Contributions paid in may be withdrawn at any time, prior to paying 10% to 35% taxes, depending on the time period.

Bulgaria: Supplementary Retirement Pension Insurance

- The Supplementary Retirement Pension Insurance is financed by contributions made to pension funds, which are managed by licensed insurance companies that charge a fee for this service.

- Contributions may be paid in by individuals, employers and the authority that contributes to the pension insurance for public servants, judges, prosecutors, investigators, armed forces professionals, etc. Voluntary contributions of workers may be withdrawn during their active life whenever deemed pertinent. If the withdrawal occurs prior to retirement, taxes must be paid. However, contributions paid in by the employer can only be withdrawn upon retirement.

- 10% of the income of each individual who contributes to pension insurance is tax-free. The employer's expenses related to the Supplementary Retirement Pension Insurance are tax free for up to a monthly amount of US$26. The pension is tax exempt.

- The contributions and resources transferred to the Supplementary Retirement Pension Insurance Fund are accumulated in the individual account of each insured individual and finance old age and disability pensions, in lump sum payments or in installments, for members and their heirs, who depend on the balance of the accounts.

- The resources accumulated in the Pension Insurance Fund can be constituted as inheritance and are non-attachable.

Chile: Voluntary Pension Savings

- Dependent workers are authorized to save over and above the mandatory contribution to their AFPs with tax benefits. Self-employed workers may also contribute to voluntary plans.

- The purpose of the voluntary savings is to advance retirement age and/or increase the amount of the benefit received.

- The amounts accumulated in the plans are liquid and can be withdrawn for any purpose and at any time, with the exception of agreed deposits (contributions paid in by employers). However, a member who decides to withdraw his savings without using them for pension purposes must pay taxes and, additionally, is penalized depending on the chosen voluntary savings format (contributions made before or after paying income tax).

- Workers may chose between two types of tax incentives when engaging in voluntary pension savings:

i. *Tax bonus:* Consists of a government incentive for mid and low income workers (although any worker may claim this exemption), and is equal to 15% of the amount of voluntary savings accumulated by the member in one calendar year (both the bonus and the savings originating from it have an annual maximum limit). In this case, the savings are made after income tax is paid. If the member withdraws the APV for a purpose other than pensions, he must pay income tax for the real earnings obtained, losing the tax bonus.

ii. *Deduction of savings from the salary or taxable income:* The worker may discount the contributions for the voluntary savings schemes from this taxable income. Hence, in this case, the benefit consists of a reduction in taxes payable, which increases in correlation with the worker's salary or income and his or her tax bracket. In Chile, the income tax rate is progressive, the last bracket reaching 40%. If the worker decides to withdraw the savings, he must pay tax on the entire amount withdrawn, according to his or her incremental rate during the year of the withdrawal. Furthermore, if the worker is not pensioned, being male under 65 years of age or female under 60, he or she must pay an additional charge of 3% to 7% of the withdrawal. There is a monthly and yearly maximum ceiling for the amount of savings that may resort to this tax exemption.

- APV schemes may be managed by different agencies, including pension fund managers, banks, life insurance companies, mutual fund managers, securities brokers and housing fund managers. Common rules are applied to all managers, but there are also regulations that are characteristic of each industry to which they belong. Transfers between entities are free and they cannot charge commissions or hinder the transfer in any way. Savers may choose between the different investment portfolios offered by the fund management agencies for their APVs.

- Contributions are paid into an individual account belonging to the member, which is different from the mandatory account. Members can choose between transferring their voluntary savings equity to the mandatory AFP account at the time of early or old age retirement, or keep it in the voluntary account of the corresponding fund management agency and withdraw directly from it. In case of agreed deposits, this transfer is mandatory. Workers' contributions may be discounted from the payroll or contributed directly by them to the fund managers.

- Contributions may be paid in by the member himself ("voluntary contributions and voluntary pension savings deposits") or by the employer ("agreed deposits"). There is another format known as Collective Voluntary Pension Savings – APVC, with tax benefits equivalent to those of individual voluntary pension savings. In case of collective schemes, the employer subscribes the contracts with the management agencies and the workers can choose to join them. There are "matching" and "vesting" rules that companies must comply with, and a minimum amount of adhesion among the company's workers is required for these different contracts to become and remain effective. The savings made by the workers are complemented by the contribution made by their respective employers. The "matching" (proportion of the worker's contributions deposited by the employer in the plan) must be equal for all workers attached to one single contract, whereas the "vesting" cannot exceed a 24-month period.

- In order to participate in APV schemes and obtain the corresponding tax benefits, it is necessary for dependent and self-employed workers to be contributing to their mandatory individually funded accounts.

<u>Colombia: Voluntary Pensions</u>

- Dependent and self-employed workers may contribute to Voluntary Pension Funds – FPVs. Such contributions may be regular or supplemental, as the worker sees fit, and may be made either directly by him or her or through authorized payroll or salary discounts.

- The workers have the option, which they may exercise at any time, of instructing a fund managing entity to transfer either partially or in full, the amount saved in the FPV, to individual pension savings accounts in mandatory Pensions Funds – FPOs. This is for the purpose of early retirement or for increasing the monthly pension amount in the mandatory system.

- Dependent or self-employed workers may join the FPVs, whether or not they are members of the Individual Savings System, which is part of the individually funded mandatory pension funds system.

- Voluntary contributions may be managed by the AFPs, trust companies, or life insurance companies. A worker may be a member one or more FPV managers and may legally hold two or more voluntary contribution sub-accounts with a sole find manager.

- The fund managers charge a regular 2.7% annual commission at the end of the year.

- Voluntary contributions are entitled to tax benefits provided they are not withdrawn before five years. However, these contributions can be withdrawn before the end of this term and the tax benefit maintained if the funds are used to purchase or remodel a home.

- The AFPs and other FPV managers offer several different investment options: fixed income, and variable income in local or in foreign currency. Members can design individual portfolios by combining different classes of assets. In fact, FPV managers offer a broad range of different fund classes that operate in most financial centers and stock exchanges around the world.

- Likewise, closed investment options are also available to capture specific opportunities at a certain moment in time; they have minimum and maximum amounts of contributions and time periods for entering and exiting the plan.

- Voluntary pension savings funds may constitute inheritance and are non-attachable.

Costa Rica: Voluntary Savings

- The individually funded system in Costa Rica allows voluntary contributions to be made to complement savings under the mandatory regime, for the purpose of early retirement or increasing the amount of the pension benefit.

- Institutions authorized to manage these contributions are pension operators, work capitalization fund operators, saving and credit cooperatives and solidarity associations. All must be duly authorized by SUPEN. They may charge a commission based on yield with a maximum 10% limit.

- There are individual and collective plans, in *colons* and in US dollars.

- The balance of the savings existing in voluntary savings schemes may be used once the worker turns 57 to finance the purchase of a life annuity through the National Insurance Institute. Likewise, it can be used to purchase a permanent income plan from a Pension Operator, which provides the worker with the amount accumulated in his or her individual account, including the product of the investment yields, and the balance to the beneficiaries on the member's death.

- The accumulated funds are non-attachable and cannot be inherited.

- Early withdrawal is also possible 66 months after having started contributions, and once the 66 contributions have been deposited.

El Salvador: Voluntary Savings

- The individually funded pension system in El Salvador allows voluntary contributions to be made by either the worker or his or her employer, and is managed by the AFPs. There are no special schemes for this type of saving.

- Voluntary contributions of dependent workers making mandatory contributions do not pay management commissions.

- The only authorized objective for these contributions is to increase the pension amount or to meet early retirement requirements, namely to accumulate a minimum equity defined by law. Hence, the accumulated balances cannot be withdrawn for any other purpose. However, the possibility of authorizing the use of the APV for purposes other than pensions is being discussed, providing it with flexibility (for example, paying off education, a home or similar).
- Voluntary contributions are deductible from income tax for a maximum amount of 10% of taxable income.

- The APV is non-attachable and can be constituted as inheritance.

Mexico: Voluntary Deposits

- The individually funded system in Mexico allows members to make voluntary deposits for the purpose of increasing the amount of their pension. These contributions are entered in a sub-account of voluntary contributions, with the possibility of integrating them into the mandatory savings at the time of retirement.

- The agencies authorized to manage the schemes are investment companies, retirement funds managers, banks, investment funds managers, insurance companies, and mutual fund managers. The schemes offered by agencies other than the Afores are constituted through a trust company. The average annual fee charged by the market is 1.7% of the funds being managed.

- Contributions may be paid in by the member himself or by the employer through agreed deposits.

- Voluntary contributions are classified into two types:

    i. Short-term Voluntary Savings: the member may withdraw his or her contributions two months after the deposit. In other words, this type of savings can be used by workers as a short or medium-term investment instrument.

    ii. Long-term Voluntary Savings: the voluntary contributions are held in the individual account until the worker retires. The purpose of this is to complement the available resources to finance the benefits at the time of retirement. These savings have tax benefits when the requirement of permanence, as established by tax law, is met.

- Contributions for up to 10% of the income received by the contributor during the fiscal year are tax deductible and may not exceed the equivalent of five general minimum salaries of the geographical location of the contributor. When savings are held to the time of retirement, the original contributions that are withdrawn by the contributor will be tax exempt. The real accumulated interests will be subject to withholding of 0.85% of the amount of capital that prompted such interest. If the savings are withdrawn before the retirement date, the Afore must retain 20% of the total amount of the withdrawal. If the worker did not deduct taxes from the contributions made to this sub-account, the Afore will withhold 0.85% of the amount withdrawn.

- The funds accumulated in voluntary sub-accounts may constitute inheritance and are attachable for tax debts (tax reform to become effective in 2011) when they exceed a ceiling of approximately US$28,500.

Panama: Complementary Plans

- The individually funded system in Panama is mandatory only for public servants. For all other individuals there are voluntary pension plans that finance pensions that are complementary to pensions granted by the public PAYGO system.

- Voluntary pension saving is managed by private fund managers that charge a commission equivalent to 2.5 per year on equity.

- Contributions up to an amount equivalent to 10% of annual income are tax deductible.

- The accumulated equity of the plans does not constitute inheritance and cannot be attached.

Peru: Voluntary Pension Saving

- The individually funded system in Peru allows dependent and self-employed workers to make voluntary contributions. There are two types of plans: for pension purposes and for purposes other than pensions. The former can only be withdrawn at the time of retirement, whereas the latter can be withdrawn at any time, but only three times per year.

- The voluntary savings equity is invested in the same funds as mandatory savings. It is therefore managed by the pension fund managers, which charge commissions only on savings for purposes other than pensions. The possibility of members being able to destine their voluntary contributions to an AFP other than the one that manages their mandatory funds is being analyzed.

- The voluntary pension savings market in Peru is poorly developed, since it does not offer tax benefits on contributions and there is no salary ceiling for mandatory contributions to the pension system, which leaves little leeway for voluntary savings. The only benefit obtained by individuals who engage in voluntary saving is that the pension is tax-free.

- Contributions for pension purposes are non-attachable whereas contributions for purposes other than pensions are attachable. Both types of savings can be inherited.

The Dominican Republic: Voluntary Pension Saving

- The individually funded system in the Dominican Republic allows for voluntary contributions which are included in the member's individually funded account for the purpose of obtaining enhanced benefits or benefits that are complementary to those stipulated by Law. They cannot be withdrawn prior to the retirement date.

- Voluntary saving is managed by the pension fund managers, which do not charge members who hold mandatory individually funded accounts with them for this service.

- Members over 45 can make contributions that are tax-exempt up to an amount equivalent to three times the amount of their regular contribution.

- Voluntary contributions can only be paid in using the same monthly mandatory contribution payment form submitted by the employer to the centralized system, either for members' contributions and/or contributions by employers.

- Each member has a sole individually funded account which receives the contribution that is mandatory by law and the additional voluntary contribution.

- Voluntary savings can be inherited. The rules and regulations of the AFP system are applied, whereby the conditions for determining whether the funds constitute inheritance or not depend on the cause of death of the member. Equity is non-attachable.

- There are also some complementary plans with additional benefits to those stipulated by law. They are managed by the fund managers and are subject to investment regulations similar to those governing the mandatory pension funds. These contributions are not collected through the centralized system applicable to mandatory contributions, but directly from the company to the fund manager. The benefits financed by these plans are set out in private agreements subscribed between companies and their workers.

Romania: Voluntary Pension Saving

- Workers and employers can make voluntary contributions for financing pensions complementary to those granted by the PAYGO system and the mandatory second pillar.

- Voluntary pension funds are managed by fund managers that have obtained the respective license.

- Voluntary contributions are accumulated in individual accounts and are deductible from taxable income up to a ceiling of 400 Euros per year, considering contributions by both workers and employers.

Ukraine: Voluntary Pension Saving

- Any individual can open a pension account in a bank or voluntarily join the funds managed by the banks (BMF) or the non-government pension funds (NPF), for the purpose of increasing old age and disability pensions. Furthermore, there are two types of plans in the bank funds, denominated "BMF children," through which one can save for education, housing or real estate purchase or lease.

- Voluntary pension contributions paid in to the funds managed by the banking system can be managed by authorized banks. Voluntary contributions to the non-government pension funds can be managed by investment management companies appointed by the NPFs.

- In the plans managed by the Banks (BMF), the average commission is 3% of the profitability of the funds. However, if the member wishes to withdraw the balance before the agreed date, the banks charge a commission of 5% of the managed funds. The average commission in the plans of the non-government pension funds (NPFs) is 5% of contributions and 4% of the managed funds.

- Contributions have tax benefits and can be paid in by employers, individuals or their relatives. 15% of the taxable income of each individual who contributes to a voluntary pension saving plan is tax-exempt. Employers who pay contributions to these plans for their employees do not pay taxes for an amount equivalent to 10% of gross income.

- Savings paid into bank funds (BMF) can be withdrawn for any purpose and at any time, paying a tax penalty of 15% and a commission of 5% of the assets managed in the funds belonging to the member. On the other hand, savings in pension accounts and in the non-government pension funds (NPFs) can only be withdrawn if the member is critically ill, has been transferred to reside permanently in another country or if his equity is less than a minimum amount, paying a tax penalty of 15%.

- Accumulated equity in voluntary pension saving plans can constitute inheritance.

Uruguay: Voluntary Pension Saving

- The individually funded system in Uruguay allows voluntary deposits for the purpose of increasing the savings accumulated in individual accounts. There are no special plans for this type of saving. Voluntary savings equity is accumulated jointly with mandatory contributions to finance higher pension life annuities at the end of active life. Hence, the AFAPs manage voluntary savings.

- The fund managers are authorized to charge commissions on voluntary contributions (stipulated in Law 16.713). Nonetheless, none of the AFAPs currently charge this type of commission.

- Contributions can be paid in directly by members or through agreed deposits. Any individual or body corporate can agree with an individual to pay contributions into the respective personal savings account.

- Agreed deposits are deductible from the gross income on which companies pay income tax (I.R.A.E.), as long as their amounts do not exceed 20% of the taxable income received in the foregoing fiscal year. Moreover, voluntary deposits are tax-deductible for individuals.

- Voluntary pension savings equity is non-attachable.

- The rules and regulations governing voluntary pension savings are not particularly flexible, since the contributions are paid into the worker's pension savings fund and can only be used for increasing the pension amount, or, in the case of the death of the member, and if there are no pension beneficiaries, it can be received as an inheritance by the member's heirs. In the event that the worker is absolutely and permanently disabled to perform all kind work, voluntary pension savings can be withdrawn by the employee or, if he/she chooses, voluntary pension savings can be transferred to an insurance company to constitute the capital of a life annuity. Hence, voluntary pension savings have no liquidity.

The following charts summarize the main characteristics of the respective APV plans for each country.

CHARACTERISTICS OF VOLUNTARY PENSION SAVING FIAP COUNTRIES (1 a)

Characteristic	Bolivia	Brazil	Bulgaria
Managing agencies	Pension Fund Managers (AFPs)	Pension fund managers	Licensed insurance companies
Authorized means of contribution	Personally in the chosen agency, via internet and payroll discounts	Payroll discounts	Personally, via internet, or through the employer (payroll discounts).
Commission for Management of Voluntary Pension Savings	The fund managers do not charge commissions for managing the funds, but there is a portfolio commission which is charged on the consolidated value of the funds	Information not available	A commission is charged for managing voluntary savings funds.
Changes in Regulations being discussed	No	No	No

Source: Local associations in FIAP member countries and other sources of information (see Appendix).

CHARACTERISTICS OF VOLUNTARY PENSION SAVING FIAP COUNTRIES (1 b)

Characteristic	Bolivia	Brazil	Bulgaria
Plans offered	There are no specific plans. Voluntary pension savings are accumulated in the same individual account as mandatory contributions	The following plans are offered: defined benefits, defined contribution or a combination of both (variable contribution)	Members of a pension saving plan have the right to an old age or disability pension and payment of a lump sum or in installments for the worker and his heirs, depending on the account equity.
Minimum investment	There is none	There is none	There is none
Degree of liquidity of the savings	Through regular withdrawal mechanisms, as long as a minimum of 60 contributions have been paid in	Contributions can be withdrawn at any time. However, taxes varying from 10% to 35% are applicable, depending on the term.	The worker's voluntary contributions can be withdrawn during his active life at his convenience. Withdrawals prior to retirement are taxable. However, employers' contributions can only be withdrawn upon retirement.
System / tax incentives of the plans	There are none	Up to 12% of an individual's gross income in one year can be deducted. The deduction ceiling for sponsoring companies linked to the plan is 20% of the salaries of workers and management staff.	10% of the income of every individual contributing to pension insurance is tax-free. Employers' monthly Voluntary Supplementary Pension Insurance expenses are tax free to a ceiling of US$ 26 per month. The pension is tax-free
Do the voluntary pension savings plans constitute inheritance?	Yes	Yes	Yes
Are the voluntary pension savings plans attachable?	No	No information available	No

Source: Local associations in FIAP member countries and other sources of information (see Appendix).

CHARACTERISTICS OF VOLUNTARY PENSION SAVING FIAP COUNTRIES (2a)

Characteristic	Chile	Colombia	Costa Rica
Managing agencies	AFPs; banks; life insurance companies; mutual fund, investment and housing fund managers; securities intermediaries.	Pension fund managers, life insurance companies, trust companies	Authorized agencies can be pension operators, labor capitalization fund operators, savings and loan cooperatives and solidarity associations. All of them must be duly authorized by SUPEN.
Authorized means of contribution	Personally in the chosen agency, via internet, payroll discounts. Contributors to the former system can deposit through the Pension Normalization Institute (INP) which transfers them to the chosen agency.	Personally in the chosen agency, via internet, payroll discounts and automatic debit, depending on agreements with banking institutions	Personally in the chosen agency, via internet, payroll discounts, discounts from savings accounts and credit card charges
Commission for Management of Voluntary Pension Savings	The AFPs charge an annual commission on agreed deposits and voluntary contributions which is a percentage of the accumulated funds, currently 0.58%. The commissions of the mutual fund managers are variable and depend on the type of investment. The insurance companies charge commissions on different items. Other institutions set their commissions according to the plans offered.	- The fund managers charge a regular 2.7% annual commission at the end of the year.	The commission is charged on yield, with a maximum of 10%
Changes in Regulations being discussed	No	No	No

Source: Local associations in FIAP member countries and other sources of information (see Appendix).

CHARACTERISTICS OF VOLUNTARY PENSION SAVING FIAP COUNTRIES (2 b)

Characteristic	Chile	Colombia	Costa Rica
Plans offered	The AFPs have no specific APV plans. Contributions are destined to the same funds in which mandatory contributions can be invested. The plans offered by banks are long-term savings accounts with limited withdrawals and fixed term savings accounts with unconditional withdrawal. The plans offered by the mutual fund managers consider the investment of the resources saved in one or more mutual funds. Each fund has internal regulations defining investment policies, fees and commissions charged by the fund manager, among others. The insurance companies offer plans which blend the accumulation component (with the same legal ceilings as other institutions) and the protection component. An important difference with regard to other plans is that the indemnity paid by the companies is tax- free for beneficiaries. There are also collective plans (APVC) which are savings contracts subscribed between an employer in representation of its workers and an authorized agency.	The fund managers offer different plans with different types of investment, in compliance with legal provisions.	• Individual Voluntary Savings Plan in Colons • Individual Voluntary Savings Plan in Dollars • Collective Voluntary Savings Plan in Colons • Collective Voluntary Savings Plan in Dollars
Minimum investment	In general there is no minimum amount, although that depends on the fund manager and the type of plan.	Information not available	The monthly contribution must be more than 5,000 colons or 20 dollars

Source: Local associations in FIAP member countries and other sources of information (see Appendix).

CHARACTERISTICS OF VOLUNTARY PENSION SAVING FIAP COUNTRIES (2 c)

Characteristic	Chile	Colombia	Costa Rica
Degree of liquidity of the savings	Voluntary contributions and APV deposits can be withdrawn at any time. Members making withdrawals must pay the corresponding taxes. If the withdrawal is made prior to retirement or before reaching age 65 for men and 60 for women, or if it is not destined to financing pensions or early pensions, as the case may be, penalties are applied. Agreed deposits (DC) can only be withdrawn upon retirement.	Yes	Savings can be withdrawn 66 months after saving began and once 66 contributions have been paid in
System / tax incentives of the plans	Two alternatives: a) Bonus of 15% of savings in a calendar year (no tax relief); or b) contribution discounted from taxable income (maximum US$27,175 in one year)	Contributions accrue tax benefits if they are not withdrawn before five years or if they are used for purchasing or renovating a housing unit	Information not available
Do the voluntary pension savings plans constitute inheritance?	Yes, but they are first destined to paying survival pensions or indemnities, in the case of life insurance companies.	Yes	No
Are the voluntary pension savings plans attachable?	No	No	No

Source: Local associations in FIAP member countries and other sources of information (see Appendix).

CHARACTERISTICS OF VOLUNTARY PENSION SAVING FIAP COUNTRIES (3a)

Characteristic	El Salvador	Mexico	Panama
Managing agencies	Pension fund managers	Pension fund managers; investment companies in general; banks; investment fund managers; insurance companies and mutual fund managers.	Pension fund managers
Authorized means of contribution	Personally in the chosen agency or via an electronic form.	Personally or via internet; payroll discounts; in selected agencies and institutions with agreements with the agencies entrusted with managing voluntary savings.	Personally in the chosen agency; via internet; payroll discounts; bank accounts.
Commission for Management of Voluntary Pension Savings	Not charged to dependent workers for voluntary savings.	The average commission charged by agencies is 1.7% per year on managed funds.	2.5% per year on the fund
Changes in Regulations being discussed	Exploring the possibility of APV having purposes other than pensions, giving it flexibility (E.g. paying for education, housing or similar)	No	No

Source: Local associations in FIAP member countries and other sources of information (see Appendix).

CHARACTERISTICS OF VOLUNTARY PENSION SAVING FIAP COUNTRIES (3 b)

Characteristic	El Salvador	Mexico	Panama
Plans offered	There are no special plans.	There is no information available on plans offered by the AFORES. The plans offered by banks and investment and mutual fund managers are constituted through a trust fund.	The plans offered by the pension fund managers are private retirement plans.
Minimum investment	There is no minimum amount	There is no minimum or maximum amount	US$ 20 per month.
Degree of liquidity of the plans	Contributions cannot be withdrawn for any reason other than paying for pensions.	In short term voluntary saving, contributions can be withdrawn two months after the deposit (voluntary saving without fiscal benefits). In the case of long term voluntary saving, liquidity is only upon retirement (with tax benefits).	Information not available
System / tax incentives of the plans	Contributions are deductible from income tax up to an amount equivalent to 10% of the annual income subject to mandatory contributions.	Contributions up to 10% of the accumulated income of the taxpayer in the fiscal year are tax deductible in the year in which they are paid. Such contributions cannot exceed five general minimum wages in the contributor's geographical area. If savings are kept until retirement, contributions withdrawn by the contributor will be tax exempt. Real accumulated interests will be subject to withholding of 0.85% of the amount of capital that prompted such interest. If savings are available prior to the retirement date, the Afores must withhold 20% of the total withdrawal amount. If the worker's contributions were not deducted from taxes, the Afore shall withhold 0.85% of the withdrawal amount.	Deductible from income tax up to an amount equivalent to 10% of annual income.

Source: Local associations in FIAP member countries and other sources of information (see Appendix).

CHARACTERISTICS OF VOLUNTARY PENSION SAVING FIAP COUNTRIES (3 c)

Characteristic	El Salvador	Mexico	Panama
Do the voluntary pension savings plans constitute inheritance?	Yes	Yes	No
Are the voluntary pension savings plans attachable?	No	Yes (fiscal reform that will come into effect in 2011); resources above a ceiling of approximately US$ 28.5 thousand can be attached for fiscal debt.	No

Source: Local associations in FIAP member countries and other sources of information (see Appendix).

CHARACTERISTICS OF VOLUNTARY PENSION SAVING FIAP COUNTRIES (4a)

Characteristic	Peru	Dominican Republic	Romania
Managing agencies	Pension fund managers	Pension fund managers	Licensed fund managers
Authorized means of contribution	Personally in the chosen agency or via internet	Both the employer and the worker can contribute to the chosen agency via internet or payroll discounts	Employers pay their contributions directly to the selected manager
Average Commission for Management of Voluntary Pension Savings	Not charged for savings for pension purposes; charged for savings for purposes other than pensions	Not charged if the member has his individually funded account in the AFP .	Max. 5% of contribution per month; Max. 0.6% of net assets per year
Changes in Regulations being discussed	Members of the Private Pension System (SPP) can destine their voluntary contributions to an AFP other than the one in which they keep their mandatory funds.	No	Starting in 2011, contributions to voluntary pension plans will be exempt from social security contribution calculations

Source: Local associations in FIAP member countries and other sources of information (see Appendix).

CHARACTERISTICS OF VOLUNTARY PENSION SAVING FIAP COUNTRIES (4 b)

Characteristic	Peru	Dominican Republic	Romania
Plans offered	The AFPs have voluntary savings plans for pension purposes and for purposes other than pensions, which are invested in the mandatory pension funds.	Contributions are accumulated in the individually funded account (AFP) as well as complementary plans agreed between companies and their workers and managed by the AFPs.	Contributions are accumulated in individual accounts belonging to each member
Minimum investment	There is none	There is none	There is none. Workers can contribute up to a 15% of their gross monthly income.
Degree of liquidity of the plans	Voluntary contributions for pension purposes can only be withdrawn as a pension; savings for purposes other than pensions can be withdrawn in a maximum of three withdrawals per year.	Only upon retirement	No, only pension
System / tax incentives of the plans	There are none	Members over 45 can make special voluntary contributions which will be tax exempt up to an amount equivalent to three times their regular contribution.	Contributions are deductible from taxable income up to a ceiling of EUR 400 per year, considering both workers' and employers' contributions
Do the voluntary pension savings plans constitute inheritance?	Yes	Yes. AFP rules and regulations are applicable; the funds constitute inheritance depending on the cause of death of the member.	Yes
Are the voluntary pension savings plans attachable?	For pension purposes, no; for purposes other than pensions, yes.	No	No

Source: Local associations in FIAP member countries and other sources of information (see Appendix).

CHARACTERISTICS OF VOLUNTARY PENSION SAVING FIAP COUNTRIES (5a)

	Ukraine	Uruguay
Managing agencies	Banks and non-government pension fund managers	Pension Savings Fund Managers (AFAPs)
Authorized means of contribution	Personally in the chosen agency; payroll discounts and automatic debit arranged with financial agencies and institutions with agreements	Voluntary contribution: paid in personally by the member, whatever his level of income. Agreed deposits: the employer or any individual or body corporate that agrees with the member to deposit in his individual savings account.
Commission for Management of Voluntary Pension Savings	Funds managed by the banks (BMF): 3% of the profitability of the fund (if the member wishes to withdraw his equity prior to the defined date, 5% of the managed funds). Non-government funds (NPFs): 5% of contributions and 4% of the managed funds.	Charging of commissions on voluntary savings is governed by Law 16.713. None of the funds currently charge a management commission on these deposits.
Changes in Regulations being discussed	No	No

Source: Local associations in FIAP member countries and other sources of information (see Appendix).

CHARACTERISTICS OF VOLUNTARY PENSION SAVING FIAP COUNTRIES (5 b)

Characteristic	Ukraine	Uruguay
Plans offered	Voluntary pension savings grant the right to old age and disability pensions	There are no voluntary pension savings plans; contributions are accumulated with mandatory contributions
Minimum investment	There is none	There is none
Degree of liquidity of the savings	In the bank funds: contributions can be withdrawn at any time. However, they pay a tax penalty of 15% and a managed assets commission of 5% of the member's funds. In pension deposits and non-government pension funds: withdrawals are only allowed when the member is critically ill, was transferred to reside permanently in another country or if his equity is below a minimum amount; a tax penalty of 15% is paid.	No, only can be withdrawn if the member is entirely and permanently disabled to perform any kind work
System / tax incentives of the plans	15% of the income of all individuals who contribute to voluntary pension saving is tax-free. Up to 10% of gross income of employers who pay contributions for their employees to plans of this type is exempt from tax.	- Agreed deposits are deductible from income tax (I.R.A.E.), as long as they do not exceed 20% of the taxable income received in the foregoing fiscal year. Moreover, voluntary deposits are tax-deductible for individuals.
Do the voluntary pension savings plans constitute inheritance?	Yes	Yes
Are the voluntary pension savings plans attachable?	No information available	No

Source: Local associations in FIAP member countries and other sources of information (see Appendix).

III. Statistical information on the evolution of APV

Chart No. 1
Number of Voluntary Pension Savings Accounts

Country/Year	Dec. 2001	Dec. 2002	Dec. 2003	Dec. 2004	Dec. 2005	Dec. 2006	Dec. 2007	Dec. 2008	Dec. 2009
Bolivia	n.a.	n.a.	841,657	893,858	n.a.	n.a.	n.a.	n.a.	n.a.
Bulgaria	451,846	484,791	516,148	535,415	549,851	565,782	592,805	604,316	603,105
Chile (1)	n.a.	257,847	265,645	335,997	344,933	389,175	430,764	469,422	517,921
Colombia	109,154	143,603	213,662	231,863	283,886	323,768	340,905	351,874	367,825
Costa Rica (2)	176,092	190,922	n.a.	163,621	167,431	168,011	167,915	168,360	167,972
Mexico	97,344	114,844	132,359	147,376	163,087	167,898	185,363	192,646	n.a.
Panama	7,929	11,002	13,963	17,413	21,507	24,734	28,986	36,151	41,771
Peru	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Dominican Republic	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Romania	n.ap.	n.ap.	n.ap.	n.ap.	n.ap.	n.ap.	50,887	150,745	187,172
Uruguay	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.

(1) Corresponds to the accounts managed by the AFPs. Considering the accounts managed by the rest of the licensed agencies, as of December, 2009, there are a total of 746,616 accounts.
(2) As of 2005, the statistics include members of the voluntary complementary pension systems in colons and dollars.

n.a. = Not Available
n.ap. = Not Applicable
Source: Varying sources of information (See Appendix).

Chart Nº 2
Volume of Managed Voluntary Savings Funds
(Thousands of US$ as of each date)

Countries/Year	Dec. 2001	Dec. 2002	Dec. 2003	Dec. 2004	Dec. 2005	Dec. 2006	Dec. 2007	Dec. 2008	Dec. 2009
Bolivia	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Bulgaria	60,995	103,726	163,164	226,659	252,106	333,469	509,774	347,245	387,184
Chile (1)	n.a.	495,127	787,311	1,054,369	1,471986	1,990,057	2,647,688	1,840,749	3,072,985
Colombia	813,775	880,536	1,128,405	1,525,119	2,549,262	2,726,507	3,038,093	2,868,862	3,957,880
Costa Rica	450,348	633,202	723,726	318,639	365,701	441,125	450,730	320,152	305,806
Mexico	154,727	185,598	196,526	179,638	185,144	215,342	244,625	181,422	199,299
Panama	n.a.	25,465	34,632	57,519	69,455	82,558	113,400	135,800	161,299
Peru	n.a.	n.a.	n.a.	n.a.	n.a.	128,119	356,060	138,670	191,250
Dominican Republic	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Romania	n.ap.	n.ap.	n.ap.	n.ap.	n.ap.	n.ap.	5.851	29.787	69.494
Uruguay	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.

(1) Corresponds to the savings managed by the AFPs. Considering the savings managed by the rest of the licensed agencies, as of December, 2009, the total managed amount is M US $ 4,725,945.

n.a. = Not Available

n.ap. = Not Applicable

Source: Varying sources of information (See Appendix).

Appendix: Sources of Information

Chile
http://www.afp-ag.cl/mayor_competencia.html
http://www.afp-ag.cl/ahorro.html

Peru
http://www.afphorizonte.com.pe/paginas/ppb_AportesConFinPrevisional.aspx
http://blog.pucp.edu.pe/item/2183
http://www.afphorizonte.com.pe/paginas/ppb_AportesObligatorio.aspx

Colombia
http://www.asofondos.org.co/VBeContent/newsdetail.asp?id=77&idcompany=3#Cuando
http://www.elempleo.com/Clientes/cons_prof.asp?not_tem_id=16&xnot_tem_nombre=Descubra&xnot_id=1420
http://www.ing.com.co/wps/wcm/connect/4a6e8f004fc97772b930b91c1832ce7e/Reglamento+ING+FPV.pdf?MOD=AJPERES

Panama
http://www.progreso-afp.com/
http://www.siacap.gob.pa/centrodeestadisticas.php
http://www.siacap.gob.pa/archivos/DICIEMBRE2008HECHOSRELEVANTES.pdf
http://www.siacap.gob.pa/archivos/MAYO2009HECHOSRELEVANTES.pdf

Costa Rica
http://www.nacion.com/ln_ee/2008/enero/31/economia1404832.html
http://portal.ins-cr.com/Personas/Pensiones/MarcoRegPensiones/Reglamento.htm
http://portal.ins-cr.com/Personas/Pensiones/descproduct.htm
http://www.supen.fi.cr/aplicaciones/IAfiliados.nsf/Productos?OpenPage

Dominican Republic
http://www.scotiacrecer.com.do/abnmNET/templates/noticias.aspx?articleid=40&zoneid=3&men
uid

Bolivia
http://www.prevision.com.bo/pdf/guia_afiliados.pdf
http://www.afp-futuro.com/paginas/inf_aporte.php?id=3

Uruguay
http://www.rafap.com.uy/mvdcms/noticia_41_1.html
www.rafap.com.uy http://www.afinidadafap.com.uy/sistema/aportes-voluntarios/

Poland
http://www.knf.gov.pl/en/law/Capital_Market/index.html
http://www.stat.gov.pl/gus/fulltext_search_ENG_HTML.htm

Mexico
http://www.economia.com.mx/la_cuenta_individual_y_sus_subcuentas.htm
http://www.ing.com.mx/afore/aportaciones_voluntarias/que_son.html

Bulgaria
http://www.assoc.pension.bg/en/display.php?page=member_as

The Dutch Antilles
http://www.vidanova.net/downloads/Document-Double-Sided-Printing.pdf

El Salvador
https://www.confia.com.sv/Empleador/emp_calendario.htm
https://www.confia.com.sv/Afiliaciones/afil_tuscotizaciones.html

Web Pages Associated to the Mutual Funds

www.fondosargentina.org.ar : Web Site Mutual Funds Argentina.
www.ifsa.com.au : Web Site Mutual Funds Australia.
www.voeig.at : Web Site Mutual Funds Austria.
www.beama.be : Web Site Mutual Funds Belgium.
www.abav.com.bo : Web Site Mutual Funds Bolivia.
www.anbid.com.br : Web Site Mutual Funds Brazil.
www.ific.ca : Web Site Mutual Funds Canada.
www.sac.net.cn/en/homepage/index_en.jsp : Web Site Mutual Funds China.
http://www.asofiduciaria.org.co : Web Site Mutual Funds Colombia.
www.fondoscostarica.com : Sitio web fondos mutuos Costa Rica.
www.afamcr.cz : Web Site Mutual Funds Czech Republic.
www.ifr.dk : Web Site Mutual Funds Denmark.
www.aaffe.org : Web Site Mutual Funds Ecuador.
www.ici.org : Web Site Mutual Funds USA
www.inverco.es : Web Site Mutual Funds Spain.
www.efama.org : Web Site Mutual Funds Europe.
www.sijoitusrahastot.navigo.fi : Web Site Mutual Funds Finland.
www.afg.asso.fr : Web Site Mutual Funds France.
www.bvi.de : Web Site Mutual Funds Germany.
www.agii.gr : Web Site Mutual Funds Greece.
www.dutchfundassociation.com : Web Site Mutual Funds Holland
www.hkifa.org.hk : Web Site Mutual Funds Hong Kong.
www.bamosz.hu : Web Site Mutual Funds Hungary.
www.amfiindia.com : Web Site Mutual Funds India.
www.irishfunds.ie : Web Site Mutual Funds Ireland
www.assogestioni.it : Web Site Mutual Funds Italia
www.toushin.or.jp : Web Site Mutual Funds Japan.
www.amak.or.kr/Eng/Main.aspx : Web Site Mutual Funds Korea
www.alfi.lu : Web Site Mutual Funds Luxemburg.
www.fmutm.com.my : Web Site Mutual Funds Malaysia.
www.amib.com.mx : Web Site Mutual Funds Mexico