



## **Communiqué**

### **International Federation of Pension Fund Administrators (FIAP)**

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Due the recent approval of the reforms to the Pension Law of El Salvador, FIAP has issued the following communiqué regarding the ownership of workers' funds:

1. El Salvador is the only country in the world in which the State makes investment in public instruments by the pension funds mandatory. This reform aggravates the situation by extending this obligation from 30% of the value of the funds to 45%.
2. This mandatory investment of the savings of Salvadorians, whose purpose is to finance the fiscal deficit generated by the public system, does not contribute to generating a worthy pension for future pensioners, since the associated interest rate does not yield enough for the use of its resources.
3. If the Salvadorian government needs members of the new system to lend it part of the resources they have saved in their accounts, it should issue instruments at attractive interest rates for the fund managers to “voluntarily” invest in them.
4. Fiscal deficits cannot be a threat to the property of workers. These measures have been introduced exclusively because their negative effects will be felt in many years from now when the savings of workers will not be sufficient for financing a pension. But it is our duty to warn of this today.
5. For the safety and returns of pension savings, it is extremely urgent to open up the investment system of the Salvadorian Pension Funds in order to be able to diversify and generate better returns for financing a worthy pension for the owners of this money. If this does not occur, they will be condemned to a minimum pension due to not being able to count on better regulations that would enable better options for generating a sufficient pension account.

Av. 11 de Septiembre 2155, Torre C, piso 9, oficina 901, Providencia, Santiago de Chile  
Teléfono: (56-2) 3811723 Anexo 100 –Fax (56-2) 3812655  
E - mail: [fiap@afp-ag.cl](mailto:fiap@afp-ag.cl) INTERNET: [www.fiap.cl](http://www.fiap.cl)



6. The main characteristic of the individual savings systems is the acknowledged ownership of their funds by workers, a right which is seriously curtailed by the recent reform approved by the Assembly.

**FIAP**, created in May, 1996, is an international agency comprising the pension fund managers of the following countries: Curacao, Bolivia, Bulgaria, Colombia, Costa Rica, Chile, El Salvador, Spain, Honduras, Kazakhstan, Mexico, Panama, Peru, Poland, the Dominican Republic, Ukraine and Uruguay. As of December, 2011, the workers enrolled in the FIAP member agencies number 120 million with more than US\$ 562,410 million accumulated in their respective individual accounts.

In Santiago, Chile, on the twelfth day of April, 2012.

Signed by: The Board of Directors of the International Federation of Pension Fund Administrators (FIAP)

- Mr. Guillermo Arthur  
FIAP President  
Chairman of the Trade Association of Pension Fund Managers,  
**Chile**
- Mr. Ángel Martínez - Aldama  
General Manager  
Association of Collective Investment and Pension Fund Agencies,  
INVERCO.  
**Spain**
- Mr. Eduardo Fuentes  
Director Insurance and Pensions, BBVA  
**Spain**
- Mr. Santiago Montenegro  
Chairman of the Colombian Association of Pension and Unemployment  
Fund Managers, ASOFONDOS de Colombia  
**Colombia**
- Mr. Oscar Franco

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E - mail: fiap@afp-ag.cl INTERNET: www.fiap.cl



Chairman of the Mexican Association of Retirement Fund Managers,  
AMAFORE  
**Mexico**

- Mr. Luis Valdivieso  
Chairman of the Association of Private Fund Managers  
**Peru**
- Mrs. Ewa Lewicka  
President of the Chamber of Polish Pension Fund Managers, Izba  
Gospodarcza Towarzystw Emerytalnych  
**Poland**