Table 1.1

Countries that have carried out reforms to their pension systems based on mandatory or quasi-mandatory individual capitalization of savings (December 2022)

Country	Year	Type of System		
	(*)	Single (1)	Mixed Integrated (2)	Mixed Competitive (3)
Latin America				
Chile	1981	●		
Peru	1993			●
Colombia	1994			●
Uruguay (a)	1996		●	
Bolivia (b)	1997	●		
Mexico (l)	1997	●		
El Salvador	1998	●		
Costa Rica	2000		●	
Panama (***)	2000		●	
Dominican Republic	2003	●		
Honduras (c)	2016		●	
Europe				
Denmark	1995		●	
Sweden	1999		●	
Bulgaria (d)	2002		●	
Latvia	2001		●	
Croatia	2002		●	
Estonia	2002		●	
Kosovo	2002	●		
Russian Federation	2003		●	
Lithuania	2004		●	
Slovakia	2005		●	
Italy (****)	2006		●	
Macedonia	2006		●	
Netherlands	2007		●	
Romania	2008		●	
United Kingdom (****)	2012		●	
Turkey (e) (****)	2017		●	
Armenia	2018		●	
Poland (*****)	2019			
Georgia (f)	2019		●	
Belarus	2022		●	
Greece	2022	●		
Asia and the Pacific				
Malaysia	1951	●		
Singapore	1955	●		
Australia	1992	●		
Kazakhstan (g)	1998	●		
Tajikistan	1999		●	
Hong-Kong	2000	●		
China (h)	2001	●		
India (***)	2004		●	
Taiwan	2005		●	
New Zealand (****) (k)	2006		●	
Uzbekistan	2007		●	
Israel	2008		●	
Kyrgyzstan	2008		●	
Brunei	2010		●	
Philippines (i)	2021		●	
Africa				
Nigeria	2005	●		
Ghana (**)	2010		●	
Malawi (j)	2011	●		

Source: FIAP.

(*) Year in which the mandatory pension system started operating.

(**) Reform approved but not yet fully implemented.

(***) Reform for civil servants.

(****) The country is considered for having an individual savings program, nationwide, with mandatory automatic enrollment by employers to their workers (employers must auto-enrol eligible employees into an individual savings program and the employees can opt out).

See notes (1) to (3) and (a) to (k) in the Appendix.

Table 1.1
(a) Uruguay: The law establishing the mixed system was promulgated on 3/09/95 but the system started operating on 01/04/96.
(b) Bolivia: While the enactment of the Law No. 065 of Pensions, on December 10, 2010, established the creation of the Public Management Body for Long-term Social Security, as a National Strategic Public company in charge of the administration of the Integrated Pension System (SIP), establishing a transition period for the start of activities in which the Pension Fund Administrators (AFP) continue to perform all its functions. The same Law establishes that the SIP is composed of the Contributory Scheme, the Semi Contributory Scheme and the Non-Contributory Scheme. In addition, this Act established a "Solidarity Contribution", funded by the worker. Bolivia is classified in this Table 1.1 as a "Single" system, because the current system is based on idividual funding (the PAYGO system is closed), regardless of whether it is administered by private entities or by a State agency.
(c) Honduras: The Framework Law of the Social Security System came into effect on September 4, 2015. Pursuant to this law, the Private Contribution System (RAP) will be transformed into an AFP, for managing the savings of the workers enrolled in this regime, through individual accounts. This AFP will start operating in June, 2016, and must compete with other existing private fund managers (workers can opt to remain in the AFP of the RAP or transfer their funds to another AFP in the market). It must be pointed out that under the new Social Security system, workers make a consolidated contribution of 6.5% to the Disability, Old Age and Death regime (IVM, public PAYGO system) (3.5% paid by the employer; 2.5% by the worker, 0. and 5% by the State). Contributions to an individually funded account (in the AFP of the RAP or any other) are Voluntary for workers who earn up to HNL 8,882.3 (approx. USD 364). Those who surpass that salary threshold, mandatorily contribute 6% on the excess salary (up to a ceiling of three minimum wages) to an individually funded account (managed by the AFP of the RAP or any other private fund manager).
(d) Bulgaria: On December 19, 2014, the government approved a series of measures that modify the Social Security Code, which state that as of January 1, 2015: (i) enrollment in the individually funded pillar is voluntary for new workers entering the labor market; and (ii) members already enrolled in the individually funded pillar can opt out and contribute only to the PAYGO pillar. The new legislation is not put into practise as its concequences are subject to public discussion.
(e) Turkey: The government approved an amendment to the private pension system law whereby all dependent workers under 45 (in the public and private sectors), will be enrolled in private defined contribution plans (voluntary private occupational pension system) as of January 1, 2017. Enrollment in these plans was strictly voluntary prior to the reform. The basic features of the new system are: (i) workers will automatically contribute 3% of their gross salaries to the private plans selected by their employers (the authority has the power to increase the rate of the worker's contribution rate to 6% or reduce it to 1% in the future); (ii) workers can opt out of the system within the first 2 months after automatic enrollment (with due reimbursement of their contributions and return on investments); (iii) the State will make a matching-contribution of 25% of the contribution of the worker and will make an additional one-off contribution of TRY 1,000 (approx. USD 189) for those who choose not to opt out of the plan in the first two months.
(f) Georgia: On September 1, Georgia's government approved the Accumulated Pension System (APS), with implementation set for January 1, 2019. The government created the new mandatory individual account program to supplement the existing flat-rate universal old-age state pension, promote capital market development, and stimulate economic growth. To fund the individual accounts, employees and employers will each contribute 2 percent of gross monthly earnings up to 60,000 tlari (USD 23,000), and the government will contribute 2 percent of earnings up to 24,000 tlari (USD 9,200) plus 1 percent of earnings above 24,000 tlari up to 60,000 tlari. For most earners, the total contribution rate will be 6 percent of gross monthly earnings. Self-employed persons who participate must pay both the employee and employer contributions.
(g) Kazakhstan: After a pension reform in 2013 all private pension funds (and all thier assets) were integrated in one public fund – Unified Accumulative Pension Fund.
(h) China: Refers to a mandatory individual accounts pilot plan for formal workers which began in 2001 in the province of Liaoning. It should be noted that outside of this pilot program, the China's pension system consists of: (1) First Pillar: separate programs (Basic Pension Scheme) for urban employees, and rural residents and nonsalaried urban residents, which are administered at the provincial and local levels (launched in 1997); (2) Second Pillar: voluntary and mandatory occupational employer-sponsored pension programs, that primarily cover employees of large state-run enterprises (Enterprise Annuity and Occupational Annuity); and (3) Third Pillar: voluntary Personal Pensions and various commercial old-age insurance and saving plans. The first-pillar programs for urban employees generally include a social insurance pension funded by an employer contribution of up to 20% of payroll, and a mandatory individual account funded by an employee contribution of 8% of payroll. The first-pillar programs for rural residents and nonsalaried urban residents generally include a noncontributory pension funded by the central and local governments, and an individual account funded by personal contributions. In the second pillar, the Enterprise Annuity is financed by an employer contribution (less than 8%) and an employee contribution (less than 4%) [in total the rate must be less than 12%]. In the case of the Occupational Annuity, the employer contributes 8% and the worker 4% (totaling 12%). In the third pillar of voluntary personal savings, participants can contribute up to 12,000 yuan (US$1,739.45) annually to their personal pension accounts (there are no employer contributions), and that limit that may be adjusted in the future by the Ministry of Resources Human Rights and Social Security and the Ministry of Finance based on socioeconomic factors. It must be noted that the third pillar of voluntary personal pension programs was launched by the China´s government on November 25, 2022, in 36 cities. Sources: https://ww1.issa.int/node/195543?country=827; https://www.ssa.gov/policy/docs/progdesc/intl_update/2023-01/index.html#china
(i) Philippines: As of January 1, 2021, the country's Social Security System (SSS) introduced a new mandatory pension fund known as the Workers' Investment and Savings Program, WISP2 to complement the PAYGO public pension program. All workers enrolled in the SSS Social Security program earning salaries of $20,250 (USD 417) or more, are automatically enrolled in the WISP. More details here: https://www.ssa.gov/policy/docs/progdesc/intl_update/2021-03/index.html#philippines

(j) Malawi: Malawi's pension system consists of: (i) First Pillar: The Civil Servants Pension Scheme (CSPS), a non-contributory defined benefit pay-as-you-go scheme [as of June 2017, only public servants over 35 years of age remain in the CSPS; public servants who were 35 years old or younger as of June 2017 and any other new government employees automatically migrated to the mandatory private pension regime]; (ii) Second Pillar: The mandatory occupational system of individual accounts (launched in 2011), which consists of a publicly managed National Pension Fund (NPF) and privately managed pension funds registered with the government [to satisfy the mandatory coverage requirement, workers and their employers may contribute to the NPF or one of the registered private funds; the minimum monthly contribution is 5% of gross salary for workers and 10% for employers]; (iii) Third Pillar: The voluntary occupational system. Source: https://www.iopsweb.org/resources/Malawi-IOPSWebsite-Country-Profile-2022.pdf
(k) New Zealand: This country is classified having a pay-as-you-go scheme integrated into an individual savings system. However, it should be noted that the pay-as-you-go system referred to in this country is non-contributory (there is no contributory pay-as-you-go system).
(l) Mexico: In December 2020, a parametric reform of the pension system was carried out. The system continues to be individually funded but three important parameters are modified: 1) Mandatory contributions are increased from 6.5% to 15% of the base contribution salary of workers (this change will be gradual, starting in 2023 and ending in 2030) ; 2) The number of weeks of contribution necessary to be entitled to a pension decreases from 1,250 to 1,000, starting with 750 in 2021 and increasing 25 weeks each year until reaching 1,000 in 2031; 3) The guaranteed pension scheme is modified, now it will be variable and will depend on salary level, age and weeks of contributions.
(1) Single System: Membership of the system is mandatory for dependent workers in most cases. Mexico is different in that it has a multiple administration (private, public, cooperatives, etc.) and benefits can be defined or undefined during the transition period , since workers who were members of the PAYGO system at the time of the reform can choose, at the time of retirement, between the amount accumulated in the individual accounts or attention calculated on the basis of the rules and regulations or perform PAYGO system. In these countries, the members of the former system had several options: in Chile they were given a deadline for deciding on whether they would stay or switch; in El Salvador only one intermediate age group has the same option (older members must stay, but younger members must switch); and in Mexico all members of the former system must mandatorily switch to the new system, and in the case of the transition generation who choose the benefit according to the rules of the previous system, the Federal Government will absorb the funds accumulated in the individual account and will be fully responsible for the payment of the pension.
(2) Mixed Integrated System: The individually funded and the PAYGO systems coexist. The contribution as a percentage of the worker's income is distributed among both regimes. Membership of one of the two regimes is mandatory depending on age and the level of income (Uruguay), on age (Bulgaria and Poland) and by type of work (Bulgaria).
(3) Mixed Competitive System: The individually funded and PAYGO regimes complete. Workers (those who were enrolled at the time of the reform as well as those entering the labor market) are obligated to choose one of these regimes. The worker's contribution is fully paid into the chosen regime.