

Progress of the Pension Systems

JULY – AUGUST 2023

No. 4

This document compiles the major changes that occurred in the pension systems in the July-August 2023 period, with emphasis on the development of the individually funded systems. Due to the importance of the events, this edition includes information on changes and regulatory proposals up to the first week of September 2023.

Document prepared by FIAP based on press information. We thank FIAP member associations for the information and comments submitted. The content of this document may be fully or partially reproduced citing the source.



Federación Internacional
de Administradoras
de Fondos de Pensiones

Executive Summary by Area of Interest

New pension programs and social security reforms (approved)

- **Australia:** Changes were made in the pension programs, affecting both the Age Pension (non-contributory pension) and the Superannuation (individual savings system). These changes include an increase in the age of eligibility for the Age Pension, from 66 years and 6 months to 67 years, and adjustments in income requirements for retirees. The minimum employer contribution rate in the Superannuation was also increased from 10.5% to 11% of the covered payroll.
- **Bangladesh:** In August, the government launched the Universal Pension Plan (UPS), a voluntary, contributory individual savings pension program for citizens who do not work in the public sector, which was created in January with the aim of improving the coverage of the population.
- **Spain:** In July, the government introduced regulations to strengthen private pension savings for SME employees and self-employed workers, through publicly promoted pension funds.
- **Monaco:** The country will create the Monaco Complementary Retirement Fund (CMRC) as of January 1, 2024, whereby private sector employees will have to enroll in the CMRC instead of the French AGIRC-ARRCO (AA) retirement plan, finally disassociating themselves from the French pension system.
- **Oman:** In July, the government passed a new social security reform law that unifies the social security pension program, creating a new social security agency that establishes universal benefits for the elderly, disabled, and children, while also introducing illness, maternity, paternity and unemployment benefit programs. The new law aims to improve the coverage, adequacy and sustainability of social security programs.
- **Uruguay:** On August 1, the new pension system streamlining employment and retirement was launched. In the first phase, the new active aging system offers three modalities: (i) it allows retirees to return to the labor market in the same area in which they retired; (ii) it allows those who are employed, to access flexible, partial retirement; (iii) it allows people who have multiple jobs and meet the retirement requirements, to continue working in another area of activity.

Relevant reports

- **Pivotes published a [document](#) revealing the main dilemmas of the Chilean pension system** (not addressed by current government proposals), emphasizing that the remedy to these problems is economic growth.
- **The ISSA published a [report](#) that reveals the diagnosis of social security in America.** Among the main trends of the reforms proposed in the text, in relation to pensions, include measures such as introducing social pensions or increasing their value, extending coverage or improving accessibility, and improving the sustainability of insurance pensions. social, among others.

Crises in public PAYGO systems and/or government-managed systems

- **Argentina:** After the approval of the facilities agreement, the head of the IMF argued the country to curtail salary and pension expenditure, as part of the agreement for the agency's disbursement of USD 7.5 billion.
- **Ecuador:** The government asked an independent citizens' commission for a proposal to reform the PAYGO pension system, revealing the critical state of the system. The commissioned [document](#) proposes some changes, such as increasing the number of years of contribution required for accessing a pension.
- **Spain:** According to the Central Bank, an analysis of the aging of the demographic pyramid and its direct effect on the labor market and the public PAYGO pension system reveals that the process of population aging is one of the greatest structural challenges facing the economy (2.4 workers currently contribute per pensioner, and that ratio will be only 1.7 by 2050).

Reforms proposed or being discussed

- **Argentina:** The winning candidate in the primary elections, Javier Milei, presented his "Political Action and National Electoral Platform," in which he proposes a pension reform to return to a private individually funded pension system.
- **Chile:**
 - The Association of AFPs and other relevant actors organized a working group to discuss informality in employment, aiming to produce a document with concrete public policy proposals to address this scourge.
 - The Association of AFPs presented its "[Hoja de Ruta 555](#)" report ("[555 Roadmap](#)"), as a contribution to the pension debate, setting out the 5 principles of a pension system, 5 recommendations based on international experience, and 5 improvements for strengthening the existing system.
- **Colombia:** In a speech before Congress, ASOFONDOS called for the pension reform project to include the necessary changes for implementing a savings-based pension system, since it is the best way to address population aging, maintain the ownership of savings, allow people the freedom to choose between public private agencies, operating under the same rules, to manage their savings, and maintain the right to inheritance.
- **Peru:**
 - The Executive submitted a bill of law to Congress aimed at increasing the coverage of the pension system.
 - The MEF proposed a pension reform that prohibits exceptional withdrawals from AFP funds.
- **Uruguay:** In a [press release](#) ANAFAP expressed its concerns regarding the reform of the pension system in the Constitution, which appears to be willing to allow the State to acquire the funds, which could jeopardize the right to private ownership. He called for reflection and constructive dialog to find solutions that ensure a sustainable and equitable social security system for the entire population.

Relevant reports

Pivotes published the document “[Desafío en pensiones y crecimiento económico](#)” (“*Challenge in pensions and economic growth*”). According to the report, the reform of the Chilean pension system, which has been under discussion in Congress for some time, does not address the system’s main issues. The 3 main issues are:

- (i) The contributory pillar has a low contribution rate. The average woman saves 10% of her salary for 19 years to finance a 32-year retirement, and the average man, with the same 10% contribution, saves for 26 years to finance a 23-year retirement.
- (ii) Formal employment coverage should be increased. This goal goes hand in hand with economic growth. There has been a close relationship between economic growth and increased formality in Chile in the last three years.
- (iii) Economic growth is important for alleviating fiscal expenditure on the PGU. Should the economy maintain the low 2014-2023 growth rate, PGU expenditure would increase to 2.5% of GDP (12% of the fiscal budget).

To address these issues and increase the country’s economic growth, it proposes reducing labor constraints (lowering severance pay), encouraging investment (simplifying and shortening the processing of permits), increasing the country's savings, and modernizing the State. (Source: [Pivotes](#); Date: 18.07.2023)

The ISSA published the report “[Social security Developments and trends – Americas 2023](#)”. The International Social Security Association (ISSA) published this report, comprising the following chapters: (i) Highlights of legal reforms; (ii)

Transforming social security management; (iii) Social security coverage for all; (iv) Social protection at the different stages of the life cycle; and (v) Promoting resilience and sustainability in times of uncertainty.

In the first chapter, the reforms can be grouped into six main trends: i) introducing unemployment insurance benefits; ii) introducing social pensions or increasing their value; iii) extending coverage or improving accessibility; iv) improving the sustainability of social insurance pensions; v) fostering longer professional careers; and vi) improving the sufficiency and sustainability of mandatory individual accounts. (Source: [ISSA](#); Date: September 2023)

Relevant news of the period

Latin America, the Caribbean and North America

Argentina

The National Social Security Administration (ANSES) eliminates the survival accreditation for retirees. Law 27,721 promulgated on July 17 eliminates the survival accreditation for pensioners (also known as the proof of life requirement), which is beneficial for banks and pensioners, since it greatly simplifies the process and reduces the administrative burden. Prior to this adjustment, survival accreditation was made with a bank debit or credit card, or through digital means provided by the banks. (Source: [Diario Andino](#); Date: 25.07.2023)

The International Monetary Fund (IMF) demanded increased constraint in "wages and pensions expenditure." The head of the international agency, Kristalina Georgieva, said that Argentina should curb salary and pension expenditure and increase rates. These were part of the conditions for the agency’s disbursement of

USD 7.5 billion, after the approval of the fifth and sixth revisions of its extended facilities agreement.

The waivers for non-compliance with the agreement led the IMF to approve amendments to the purpose of accumulating reserves, the primary fiscal balance and monetary financing of the deficit, for Argentina to be able to maintain economic stability, but mainly, to strengthen the Central Bank's foreign currency reserves.

Thus, it can be seen that the crisis in the PAYGO systems, which lack long-term financial sustainability, is camouflaged by a complex cycle of financing resulting from demographic pressures. (Source: [Diputados Bonaerenses](#); Date: 25.08.2023)

The winning candidate in the primary elections, Javier Milei, presented his “[Bases de Acción Política y Plataforma Electoral Nacional](#)” (“Political Action Bases and National Electoral Platform”), in which he proposes a pension reform to return to a private individually funded pension system. Javier Milei, the winner of the presidential primary elections, has announced the main pillars of his eventual government in the document entitled “Political Action and National Electoral Platform.” In this document he proposes a structural reform of the country's pension system, transitioning to a private, individually funded savings system, to address the fiscal deficit and reduce the size of the State. (Source: [Partido Renovador Federal](#); Date: 26.06.2023)

Chile

A working group was formed to tackle informality in employment. The Production and Commerce Confederation (CPC), the Chilean Association of Entrepreneurs (ASECH), and the Association of AFPs (AAFP), jointly launched the Labor Formality Round Table, for collaborative efforts in addressing the serious labor informality

issue, which currently affects 2.4 million workers. The purpose of the Round Table, chaired by Susana Jiménez, Vice President of the CPC, and comprising Jorge Welch, Chairman of ASECH, and Paulina Yazigi, Chairwoman of the AAFP, is to draw up a document with concrete public policy proposals called “Measures to Reduce Informality in the Chilean Labor Market,” to be presented in January 2024. The Formality Round Table will comprise well-known union leaders, economists, lawyers, and other professionals specializing in labor issues, entrepreneurship, and social policies.

The Round Table will start by reviewing the efforts made to address labor informality in Chile in the last few years, such as the technical report of the International Labor Organization (ILO), the analysis by the Consortium of Universities convened by the Ministry of Finance in 2020, recent reports, and the recommendations and points of view put forward by economists or other commissions that have addressed the issue, mainly seeking to approach the current reality of informality from a theoretical and practical standpoint. Paulina Yazigi, Chairwoman of the AAFP, said that “current pensions in the country are a reflection of the labor market and, therefore evidence of the precarious situation and lack of social protection of workers. Hence, a savings culture must be strongly encouraged, and measures must be taken for achieving that goal.” (Source: [AAFP](#); Date: 08.09.2023).

Several surveys reveal a marked preference of Chileans for individual savings over the PAYGO pension system. A study by Universidad de los Andes and a survey by Panel Ciudadano showed clear preferences of citizens for an individual savings system over a PAYGO pension system. In the study and survey conducted by the university, with a probabilistic design, 1,237 people answered the question: What should be done to improve the pensions of future pensioners? The results showed that:

- i. First of all, 25% of respondents said that the percentage of the salary allocated to individual savings should be increased.
- ii. Secondly, 25% of respondents said that the PGU (non-contributory pillar financed with taxes) should be increased.
- iii. Thirdly, 14% of respondents said that voluntary incentives should be increased.
- iv. Fourthly, 13% of respondents said that the percentage of the salary allocated to a common fund for equitable distribution in the future, should be increased.
- v. The remaining percentage was divided on other varying options. (Source: [El Mercurio](#); Date: 2023)

Along the same lines, the survey conducted by Panel Ciudadano regarding the additional 6% contribution proposed in the pension reform, showed the following:

- i. 54% of people believe that “nothing” should be allocated a “solidarity fund,” and that the entire amount should be allocated to the existing individually funded accounts.
- ii. 14% opted for allocating 4% to personal accounts and 2% to a solidarity fund.
- iii. 9% said that the entire 6% should be allocated to a solidarity fund, as contemplated in the reform bill of law in Congress. (Source: [Ciedess](#); Date: 18.08.2023)

The Chilean Association of AFPs presented its “Hoja de Ruta 555” report (“555 Roadmap”), as a contribution to the pension debate. The report issued by the AAFP sets out its disagreement with the government’s proposed pension reform, seeking to be part of the solution as a relevant stakeholder in the debate, due to its vast experience and considerable technical skills. Regarding the Executive’s bill of law submitted in 2022, it argues that “it is a refoundational reform, which risks imposing strict state control, threatening our institutional framework and capital market, and, therefore, our growth, individuals and their pensions.”

As stated in its title, the document sets out the 5 Principles of a pension system, 5 recommendations based on international experience, and 5 improvements for strengthening the existing system.

• **The 5 Principles of a Pension System:**

1. The individual savings pillar must be fully supported with verifiable investments.
2. Workers must own the funds they save.
3. The system must have a solidarity backing, financed by the nation’s general income.
4. Individuals must be free to choose their fund manager.
5. Savings must be invested for a single purpose: to improve workers’ pensions.

• **The 5 Recommendations regarding International Experience:**

1. The sustainability of the system must be ensured, now and in the future
2. The pension system must be protected from political cycles.
3. Reforms, updates, and improvements must be gradual and continuous.
4. Reforms, updates, and improvements must not be the product of specific cycles.
5. Remember that pension reform has a single purpose: To improve pensions.

• **The 5 Improvements to our Pension System:**

1. Resolve pension gaps and the lack of contributions.
2. Raise the contribution rate and establish the means for postponing the retirement age.
3. Improve the existing regulation regarding the investment regime to enhance the risk-return profile of the funds.
4. Continue to strengthen and adapt our Solidarity Pillar.

Promote greater knowledge and understanding of the system. (Source: [Chilean Association of AFP Chile](#); Date: August 2023)

Colombia

"Colombians are not demanding a public or private pension system; they are asking for a better pension system." In a recent speech before the Congress of the Republic, which will resume the formal discussion of the pension reform bill of law in a plenary meeting of the Senate in the next few days, the Chairman of Asofondos, Santiago Montenegro Trujillo, called on the congressmen to thoroughly analyze the initiative, consider the different points of view and technical studies of the pension system and, above all, adopt the best decision and prioritize the future of today's young people and that of future generations.

"Colombians are not demanding a public or private pension system; the citizens of Colombia are demanding a better pension system," Santiago Montenegro explained in the public hearing convened by the Senate as a preamble to the upcoming discussion of the government's bill of law. The economist raised his concerns, not only as a Trade Association leader, but also as a citizen.

"Today I want to speak for those who have no voice in this debate, to remember the millions of young people and senior citizens who are absent, men and women who are distressed because they will not have a sufficient number of weeks of contributions to access a pension, due to unemployment and informality, but who dream of safety and tranquility in old age."

Montenegro mentioned some cases such as that of "Camilo, a young university student from Cali, who, like 17 million other pension fund contributors, is worried that he will have to contribute for three more years to access a pension because he will no longer be able to do so with 1,150 weeks of contributions, but will need 1,300 weeks if the pension reform project is

approved," or the case of "Patricia, from Piendamó, Cauca, a woman who, like 17 million other Colombians, is contributing on less than three legal minimum wages, so, with this pension reform, she will lose ownership of her savings because she will be forced to contribute 100% of them to a common fund.

Once enrolled in the common fund, she will no longer receive her statement that tells her how much money she has contributed and the returns obtained over time, because when savings belong to everyone, as happens in a common fund, in the end, they belong to no one."

The economist strongly defended pension savings: "I respectfully request that this bill of law consider the necessary changes for the pension system to be based on individually funded savings, which is the best way to address the demographic transition and population aging; a system that maintains workers' ownership of their savings; that allows them the freedom to choose between public and private agencies, operating under the same rules, to manage their savings, and maintain the rights of their children and other relatives to inherit their savings."

(Source: [ASOFONDOS](#); Date: September 2023)

Ecuador

The government asked an independent citizens' commission to submit a proposal to reform the PAYGO pension system, revealing the critical state of the system. The [document](#), prepared by the Interdisciplinary Commission for the Reform of the Pension System, comprising several civil society groups at the beginning of 2023, proposes some changes such as increases in the number of years of contribution required for accessing a lifetime retirement pension. Addressing the critical state of the pension system, this report reveals four major shortcomings that are typical of PAYGO systems worldwide, specifically:

- i) Unsustainable system design, resulting from the ongoing demographic change process.

The number of retirees is growing at a much faster rate than the number of contributors; it is estimated that between 2022 and 2050 the number of retirees will grow at a rate of 4.1% per year, while the number of contributors will only grow at a rate of 1.1%.

- ii) The system is inequitable. First of all, at a fiscal level, since the State contribution financed with taxes of the entire population subsidizes only enrolled members who meet the requirements for accessing the benefits. Secondly, on an internal level, because higher-income retirees receive higher subsidies. Thirdly, at an intergenerational level because young members pay the cost of system imbalances.
- iii) The system suffers from low coverage and credibility. Only 40% of the Ecuadorian Economically Active Population (EAP) is enrolled in the IESS; this enrolment is directly related to the credibility of the system. (Source: [Jubilación Segura](#); ; Date: August 2023)

Mexico

The National Commission for the Retirement Savings System (Consar) will require fund managers to provide a security password. The Afores will implement a Personal Identification Number (PIN) to guarantee the security and identification of workers when performing electronic procedures and accessing services in the Retirement Savings System. This PIN, generated by the Operating Companies, which will be stored in the National Database of the Retirement Savings System (SAR), is in addition to the biometric signature, as another security measure to prevent identity theft and fraudulent practices.

With this measure, Consar seeks to ensure that electronic procedures can be carried out remotely, facilitating the transition towards a more efficient and secure process. The PIN will

become a key requirement to ensure that the worker is the one requesting a specific procedure.

Consar also determined that workers currently applying for their pensions, unemployment withdrawals or marriage grants, must have a bank account, for safe and faster deposits. (Source: [Expansión](#); Date: 08.08.2023)

Peru

The Executive submitted a bill of law to Congress that increases the coverage of the pension system. President Dina Boluarte announced the bill of law which determines that all Peruvians over the age of 18 can have a pension account in a multi-pillar system. In June of this year, the Ministry of Economy and Finance (MEF) published its pension reform proposal, which is currently being reviewed. The main purpose of the pension reform proposal is to achieve universal enrollment in the system, guaranteeing all citizens the possibility of accessing a minimum retirement pension. It also seeks to facilitate access to such pensions and reduce the cost of fund management commissions, all for the purpose of maintaining fiscal sustainability. (Source: [El Peruano](#); Date: 28.09.2023)

The MEF proposed a pension reform that prohibits exceptional withdrawals from AFP funds. The Ministry of Economy and Finance (MEF) published the proposals of the Multisectoral Commission, entrusted with evaluating the Peruvian pension system, which was open to suggestions and contributions until August 16. The proposal seeks to limit the withdrawal of pension funds during the working life of members, only allowing such withdrawals in two exceptional situations: for the purchase of a home or the payment of a mortgage loan on a first property, and in cases of terminal illness or cancer, with a significant reduction in life expectancy and without survival pension

beneficiaries. The withdrawal of 95.5% of AFP funds for new members and users under 40 years of age was also limited, while the remaining enrolled members will retain this benefit with a gradual reduction proposed by the Superintendency of Banking, Insurance and AFP (SBS). (Source: [La República](#); Date: 06.08.2023)

Uruguay

The new pension system streamlining employment and retirement was launched. The reform of the pension system began on August 1, maintaining its mixed, intergenerational solidarity and individual savings structure. Retirees will be able to continue working and contributing as of that date.

In the first phase, the new active aging system offers three modalities. The first one allows retirees to return to the labor market in the same area in which they retired. The second option allows employed individuals to access a flexible partial retirement, working between one third and one half of working hours. The third alternative is designed for people who have multiple jobs and meet the requirements to retire in one of them. In this case, they can continue working in another area of activity.

Non-dependent workers, such as business owners, will be able to retire at age 65 with the necessary number of contributions, and have the option of continuing to work if they have employees, or stop making contributions.

In the domestic sector, a new regime is established that allows people with an undeclared number of years of work to enroll in the pension system. This means that the worker and the

employer must request reinstatement in the BPS offices and regularize the declaration and pending contributions. (Source: [Carmelo Portal](#); Date: 01.08.2023)

ANAFAP issued a press release on pension reform in the Constitution. In its [press release](#), which begins by revealing the main deficiencies of the PAYGO systems worldwide, the National Association of AFAPs (ANAFAP) expressed its concerns regarding the reform of the pension system in the Constitution. The text criticizes the lack of clarity in the proposal and states two main concerns. The first one is that it appears to attempt to eliminate the AFAPs, without guaranteeing the preservation of a financially sustainable pension system. It also fails to clarify that in the future, the government will have to increasingly resort to taxes and levies to finance pensions, risking collapse, as was the case before the reform that introduced individual savings. The second concern is that the proposal appears to be willing to allow the State to acquire the funds, which could jeopardize the right to private ownership. The document states that the reform "expropriates the funds that will no longer belong to the individuals who have contributed, with a future promise of a better retirement, which the actuarial studies of the BPS themselves acknowledge cannot be paid" (Source: [ANAFAP](#); Date: September 2023)

Asia and the Pacific

Bangladesh

The country launched a voluntary contributory pension program. On August 17, the government of Bangladesh launched the Universal Pension Plan (UPS)¹, a voluntary contributory pension

¹ In addition to UPS, Bangladesh's old-age pension system also includes the Old-Age Allowance (OAA), a non-contributory social pension program. To qualify for the OAA, an individual must have reached the age of 65 (male) or 62

(female), must not be receiving any other pension or allowance, and not have an annual income exceeding 3,000 takas. Furthermore, the program prioritizes people who are disabled, homeless, widowed, divorced, or have no family. The monthly amount of the OAA is 600 takas (US\$5).

program for citizens who do not work in the public sector, which was created in January with the aim of improving the coverage of the rapidly aging population.

UPS will initially comprise four plans covering different categories of workers: the Pragati plan for formal employees and private sector business owners; the Surokkha plan for informal self-employed workers; the Samata plan for individuals with annual incomes below the poverty line (currently 60,000 takas [US\$549]), and the Probas plan for workers abroad. (Two additional plans could be added to the UPS in the future.)

Prior to the launching of the UPS, the government announced additional rules and regulations governing the program on August 13, which can be viewed [here](#). (Source: [SSA](#); Date: September 2023)

China

More than 24 million Chinese citizens have opened Individually Funded Savings Accounts. Since China announced the creation of its private pension system in November 2022, more than 24 million Chinese citizens have opened Individually Funded Savings Accounts (IFSAs) as of February 2023. This is due to population aging, which has made the public PAYGO system in China unsustainable, similar to what has happened in some European countries. Thus, individually funded systems are gaining importance in social security policies. (Source: [AAFP Peru](#); Date: 20.06.2023)

² According to the above rules, the country's social insurance program covers all Omani citizens employed in the private sector with a permanent employment contract or working in one of the other member countries of the Gulf Cooperation Council (Bahrain, Kuwait, Qatar, Saudi Arabia, and the United Arab Emirates) [Voluntary coverage is available for self-employed Omanis and Omanis working abroad. Certain public sector employees are covered by special programs.] Men are entitled to a social security old-age pension at age 60 with at least 15 years of paid contributions, and women

Oman

The country reformed its social security system.

On July 19, the Sultan of Oman issued a new Social Protection Law reforming the country's social security system. The main changes include unifying the social security pension program; creating a new social security agency; establishing universal benefits for old age, disability, and children; and introducing illness, maternity, paternity, and unemployment benefit programs. The new law aims to improve the coverage, adequacy, and sustainability of Omani social security programs². The law will be implemented within three years, with specific provisions to be applied at different times.

The main provisions of the new legislation are:

- (i) Unified social insurance old-age, disability, and survivor's pensions: To make the social insurance program more efficient and equitable, 11 existing social insurance funds (including all assets and liabilities) will be merged into a single national program covering all Omani workers, including part-time or temporary workers, self-employed workers, and public sector employees. (Military and security personnel will also be covered by a new supplementary pension fund.) Under the new program, qualifying conditions and benefit formulas will be uniform for all covered individuals. Non-Omani workers will still be entitled to receive an end-of-service benefit, which will be

are eligible at age 55 with at least 10 years of paid contributions (an early pension can be paid between the ages of 45 to 59 with at least 20 years of contributions for men or 15 years for women). Individuals who have reached the official retirement age with at least 1 year of paid contributions but who do not meet the number of contributions required for accessing an old-age pension, may receive a lump-sum end-of-service benefit. A means-tested benefit is paid to certain senior citizens, people with disabilities, and survivors.

managed by a specific provident fund (which will start operating within three years) and not by employers. (The end-of-service benefit is paid to non-Omani workers in the event of retirement, disability, death, or return to their home countries.)

- (ii) Program Management: The unified social insurance program will be managed by a new agency (the Social Protection Fund) and overseen by a tripartite board of directors, with representatives from the government, employers, and workers. The new agency will also be responsible for managing non-contributory cash benefits.
- (iii) Universal Old Age Pension: All Omani citizens aged 60 and over will receive a monthly government-funded pension of 115 riyals (approx. \$299).
- (iv) Universal Disability Benefit: All Omani citizens assessed with a permanent disability, who require care or support, will receive a monthly government-funded pension of 130 riyals (approx. \$338).
- (v) Means-tested Survivor's Pension: All Omani orphans under the age of 18 and widows under the age of 60 will receive a monthly pension of up to 80 riyals (approx. \$208), regardless of whether or not the deceased was enrolled in the social security program. However, the pension will be reduced proportionately based on any other social security pension the survivor receives.
- (vi) Universal Child Benefit: A monthly government-funded benefit of 10 riyals (approx. USD 26) for each Omani child up to the age of 17.
- (vii) Means-tested Family Income Support: Omani households and non-Omani widows of deceased Omani citizens may receive a fringe benefit to increase their income (including other social security benefits) up

to a legal minimum. (Source: [SSA](#); Date: August 2023)

Europe

Spain

The regulations of the Public Promotion Pension Fund were approved, strengthening private savings. In July 2023 the Spanish government gave the green light to public pension plans for SMEs and the self-employed, with [Royal Decree 668/2023](#). These plans are private pension funds, even though their name suggests that they are publicly promoted. They consist of Minister Escrivá's formula for promoting employment pension plans, with the aim of increasing their scope, especially for self-employed workers, SME workers, public employees, and different Associations. Contributions are limited to EUR 10,000 per year by the company and the worker, with different coefficients depending on the amount contributed by the company.

These funds are managed by five agencies: Caser, BBVA, Ibercaja, Santander and VidaCaixa, with limited commissions and supervision by the Insurance and Pension Funds Department.

Although they are not state-backed like the public pension funds, they offer tax incentives for workers and businesses. Furthermore, all workers, including temporary workers with at least one month in the company, have access to these plans if they are available. (Source: [Heraldo](#); Date: 14.08.2023)

The ratio of retirees to active population will rise five points this decade. "The population aging process is one of the greatest structural challenges facing the Spanish economy," according to an analysis by researchers from the Bank of Spain on the aging of the Spanish demographic pyramid and its direct effect on the labor market and, consequently, the public pension system. This natural tendency in the country will lead to a five-point increase in the

ratio between the population aged 65 or over and the active population (aged 15 to 64) by 2030, rising to 35.1%. The demographic pressure on the Spanish economy is already beginning to be felt. About 2.4 workers currently contribute per pensioner; in 2050 that dependency ratio will be only 1.7 to one. This sharp drop is explained by the Spanish life expectancy of 83 years - one of the highest in the world - and by the fact that the baby boom came later than in other countries. Fewer than two contributors currently support each pensioner. (Source: [El Economista](#); Date: 31.08.2023)

Monaco

The French and Monaco pension systems become independent. Law 1544 of 2023, which creates the Monaco Complementary Retirement Fund (CMRC), will come into effect on January 1, 2024. Due to this measure, private sector employees in Monaco will be required to enroll in the CMRC instead of France's AGIRC-ARRCO (AA) retirement plan. This decision was made due to the differences that have emerged over the years between the national pension systems in France and Monaco. Monaco thus establishes a new retirement fund for private sector employees, disengaging from France's pension system and aligning more with its own State pension program.

Some of the relevant points are as follows:

- Obligation to participate in the CMRC for private sector employees in Monaco as of 2024, replacing the AA. The AA benefit rights accrued so far will be transferred to the CMRC.
- The eligibility criteria and the normal retirement age in the CMRC will be similar to Monaco's state benefits, with a normal retirement age of 65, as opposed to the AA.
- CMRC benefits (retirement, death, and disability) will initially be calculated similarly to the AA, using a point-based defined benefit formula. These parameters will be in place

until September 2024 and will be reviewed annually.

- Employer and employee contribution rates will remain largely unchanged. As in the AA, a portion of contributions to the CMRC will be used to maintain the financial stability of the fund, but there will be no balancing contribution technique or specific contribution to employment services for general service staff.
- The CMRC will be managed by Monaco's central social security agency, with tripartite representation from government, employers, and trade unions. (Source: [WTW](#); Date: July 2023)

Oceania

Australia

The country is implementing scheduled pension changes. On July 1, the government implemented several scheduled changes to its Age Pension and Superannuation systems, including raising the age of eligibility for the Old Age Pension, modifying the Age Pension's income and asset requirements, increasing the minimum rate of contribution to Superannuation by employers, and ending a temporary reduction in minimum age-related distributions in the Superannuation.

The Age Pension program, subject to means-testing, covers Australian retirees with lower financial resources, while the Superannuation program consists of mandatory occupational pension plans (individually funded) that cover employees 18 years of age or older, and those under 18 years of age who work more than 30 hours a week.

Some of the changes in the Age Pension program as of July 1 are:

- Increase in the age of eligibility from 66 years and 6 months to 67 years.
- Income Requirement Adjustment: Retirees can now receive the full Age Pension if they have biweekly income from other sources (including employment, retirement,

investments, business, and real estate) up to A\$204 (US\$135, for single pensioners) or A\$360 (US\$239, for couples). These are increases of A\$14 (US\$9) and A\$24 (US\$16), respectively, from last year's thresholds. Pensioners with biweekly incomes above a certain threshold have their biweekly benefits reduced by A\$0.50 (US\$0.33) for every A\$1 (US\$0.66) of income above the threshold. Retirees with biweekly incomes above A\$2,332 (US\$1,545, single pensioners) or A\$3,568 (US\$2,364, couples) are not eligible for the Age Pension.

The main changes made to the superannuation program as of July 1 are:

- Increase in the Minimum Employer Contribution Rate: The minimum employer contribution rate (or superannuation guarantee rate) was increased from 10.5% to 11% of the covered payroll. The Australian Treasury Department estimates that this rate increase will add more than A\$21,500 (US\$14,247) to the final Superannuation balances of recent high school graduates working in low- or middle-income jobs until 67 years of age. The contribution rate will continue to increase by 0.5 percentage points on July 1 of each year, until it reaches 12% in July 2025. (Employees are not required to make superannuation contributions, but the government provides tax incentives and matching funds to encourage voluntary contributions.)
- End of the temporary reduction in minimum annual age-related distributions: The 50% reduction in minimum annual age-related distributions introduced during the COVID-19 pandemic has ended. Restored minimum distribution rates apply to participants of retirement age and range from 4% (for people aged 59-64) to 14% (for people aged 95 and over). (Source: [SSA](#); Date: July 2023)