

# Argentina

## Argentina: Pension system in 2016

The pension system has two main components: a basic component and an additional social insurance component. For those aged 70 and above there is also an additional age-related social insurance component, as well as a social assistance component.

## Key indicators: Argentina

		Argentina	OECD
Average worker earnings (AW)	ARS	276 224	580 570
	USD	17 424	36 622
Public pension spending	% of GDP		8.2
Life expectancy	at birth	76.8	80.9
	at age 65	17.9	19.7
Population over age 65	% of working- age population	19.5	27.9

StatLink  <http://dx.doi.org/10.1787/888933634838>

## Qualifying conditions

Retirement age for the basic pension is 65 for men and 60 for women with at least 30 years of service. To meet the contribution qualifying condition, the insured may substitute two years of age after the retirement age for one year of missing contributions.

Additional pension (social insurance): Age 65 (men) or age 60 (women) with at least 30 years of service.

Advanced old-age pension (social insurance): Aged 70 or older with at least ten years of service, with contributions paid while employed or self-employed, including at least five of the last eight years before leaving employment. A self-employed person must have been insured for at least five years.

Non-contributory old-age pension (social assistance): Needy persons aged 70 or older residing in Argentina.

## Benefit calculation

### *Old-age pension*

The monthly pension is ARS 1 805.53 (as of March 2015).

### *Additional pension (social insurance)*

The monthly pension is 1.5% of the insured's average adjusted monthly earnings in the last ten years (weighted average adjusted amounts for all periods for self-employed persons) for each year of lifetime service.

### *Advanced-age old-age pension*

The monthly pension is 70% of the basic old-age pension, plus the additional pension.

The combined minimum monthly old-age pension (the sum of all contributory pensions) is ARS 3 821.73 (as of March 2015).

The maximum monthly old-age pension (sum of the basic and social insurance pensions) is ARS 27 998.79 (as of March 2015).

Pensions are paid monthly with a 13th payment equal to the regular monthly payment divided in half and paid in June and December. Benefits are adjusted automatically in March and September based on changes in tax revenue, wage indexes, and revenue of the National Social Security Administration.

### *Non-contributory old-age pension (social assistance)*

The monthly pension was ARS 1 601.04.

## **Personal income tax and social security contributions**

### *Taxation of workers*

The tax free allowance is ARS 10 800 annually, to which is added a special deduction of ARS 51 840 per year. Additional income is then taxed according to the following rates:

Amount	%
to ARS10 800.00	0%
from ARS 10 800.01 to ARS 20 800.00	9%
from ARS 20 800.01 to ARS 30 800.00	14%
from ARS 30 800.01 to ARS 40 800.00	19%
from ARS 40 800.01 to ARS 70 800.00	23%
from ARS 70 800.01 to ARS 100 800.00	27%
from ARS 100 800.00 to ARS 130 800.00	31%
from ARS 130 800.00 and over	35%

### *Social security contributions paid by workers*

The contribution of workers is 17%, of which 11% are required to pay Integrated Pension System (SIPA), 3% for the mandatory payment of social work and 3% to the National Institute for Retirees and Pensioners.

The employer contributions are 23%, of which 10.17% is for the benefits granted by SIPA and the remaining 12.83% is divided between the Family Allowances Subsystem (4.44%), National Employment Fund (0.89%), the National Institute for Retirees and Pensioners (INSSJP) (1.5%) and social work (6%).

### *Taxation of pensioners*

There are no special tax allowances or credits for pensioners.

Tax will be charged the same way as labour income, except in cases where the pension results from the death or disability of the insured.

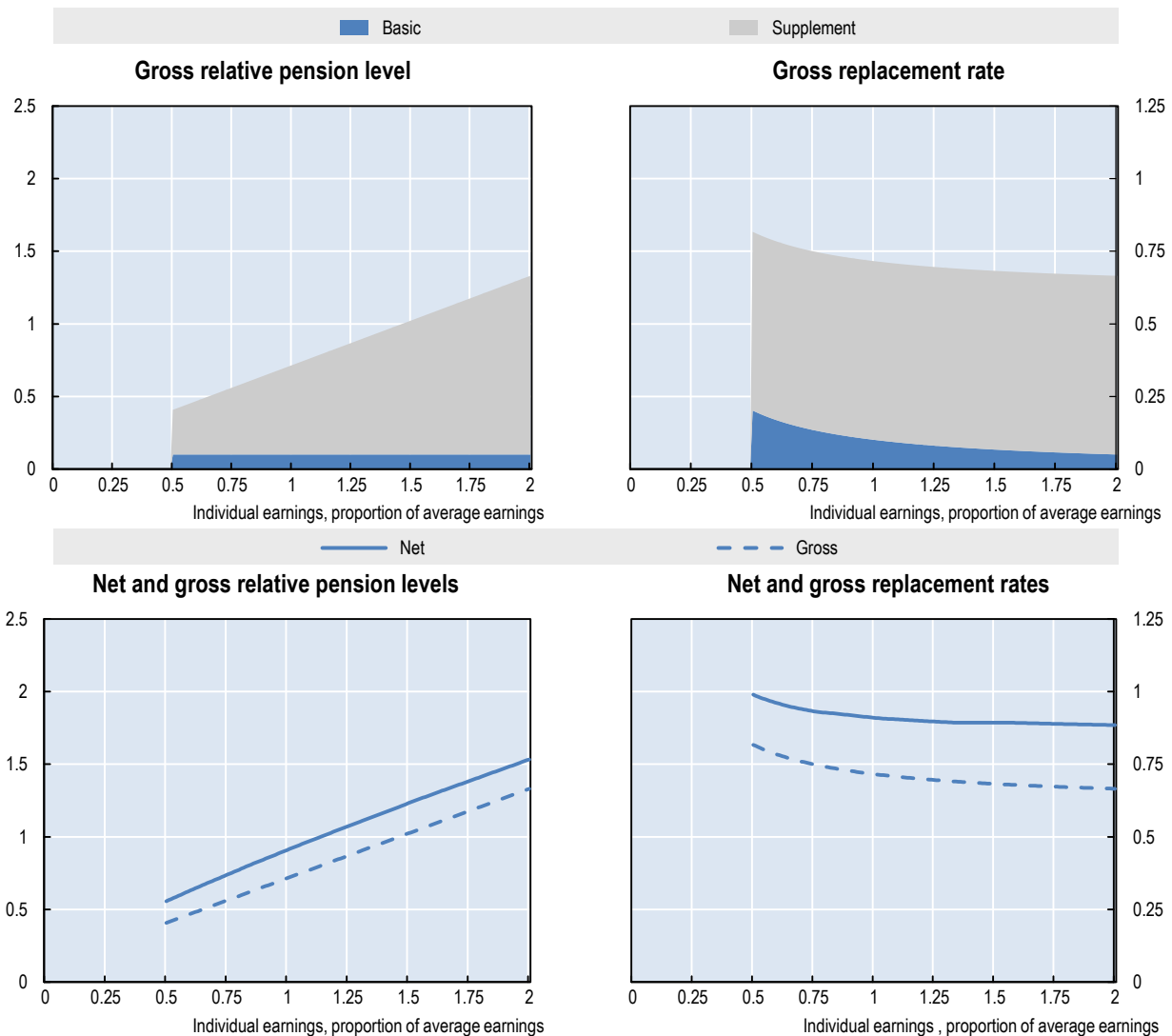
### *Taxation of pension income*

Pensions are not taxed.

### *Social security contributions paid by pensioners*

Old-age pension beneficiaries do not pay social security contributions. The active retirees (i.e. they are working) contribute 11% to the national employment fund.

## Pension modelling results: Argentina in 2061 retirement at age 65 (men)



Men <i>Women (where different)</i>	Individual earnings, multiple of average					
	0.5	0.75	1	1.5	2	3
Gross relative pension level (% average gross earnings)	40.8	56.2	71.6	102.4	133.1	194.6
Net relative pension level (% net average earnings)	55.7	73.8	91.0	123.1	153.3	209.8
Gross replacement rate (% individual gross earnings)	81.7	75.0	71.6	68.2	66.6	64.9
Net replacement rate (% individual net earnings)	98.9	93.2	91.0	89.3	88.5	85.9
Gross pension wealth (multiple of individual gross earnings)	13.6	12.4	11.9	11.3	11.0	10.8
Net pension wealth (multiple of individual net earnings)	16.4	15.5	15.1	14.8	14.7	14.2

Assumptions: Real rate of return 3%, real earnings growth 1.25%, inflation 2%, and real discount rate 2%. All systems are modelled and indexed according to what is legislated. Transitional rules apply where relevant. DC conversion rate equal 90%. Labour market entry occurs at age 20 in 2016. Tax system latest available: 2015.

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