

Argentina

Argentina: Pension system in 2020

The pension system has two main components: a basic component and an additional social insurance component. For those aged 65 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	586 615	2 763 603
	USD	8 316	39 178
Public pension spending	% of GDP		7.7
Life expectancy	at birth	76.4	80.6
	at age 65	17.5	19.7
Population over age 65	% of working- age population	20.2	30.4

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.

Non-contributory old-age pension (social assistance): Needy persons aged 65 or older residing in Argentina.

Benefit calculation

Old-age pension

The average monthly pension was ARS 7 229.03 in 2020.

Additional pension (social insurance)

The pension is 1.5% of the insured's average adjusted earnings in the last ten years (weighted average adjusted amounts for all periods for self-employed persons) multiplied by the number of years of service, to a maximum of 35 years.

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) was ARS 16 652.03.

The maximum monthly old-age pension (sum of the basic and social insurance pensions) was ARS 113 452.46.

Pensions are paid monthly with a 13th payment equal to the regular monthly payment divided in half and paid in June and December.

Non-contributory old-age pension (social assistance)

The monthly pension was ARS 9 222.75.

Valorisation and indexation

Benefits are adjusted automatically in March, June, September and December based on 50% from changes in the evolution of salaries and 50% from tax resources (adjusted by the number of pension benefits).

Personal income tax and social security contributions

Taxation of pensioners

There are no special tax allowances or credits for pensioners.

Tax will be charged the same way as labour income, but with an allowance of eight minimum salaries.

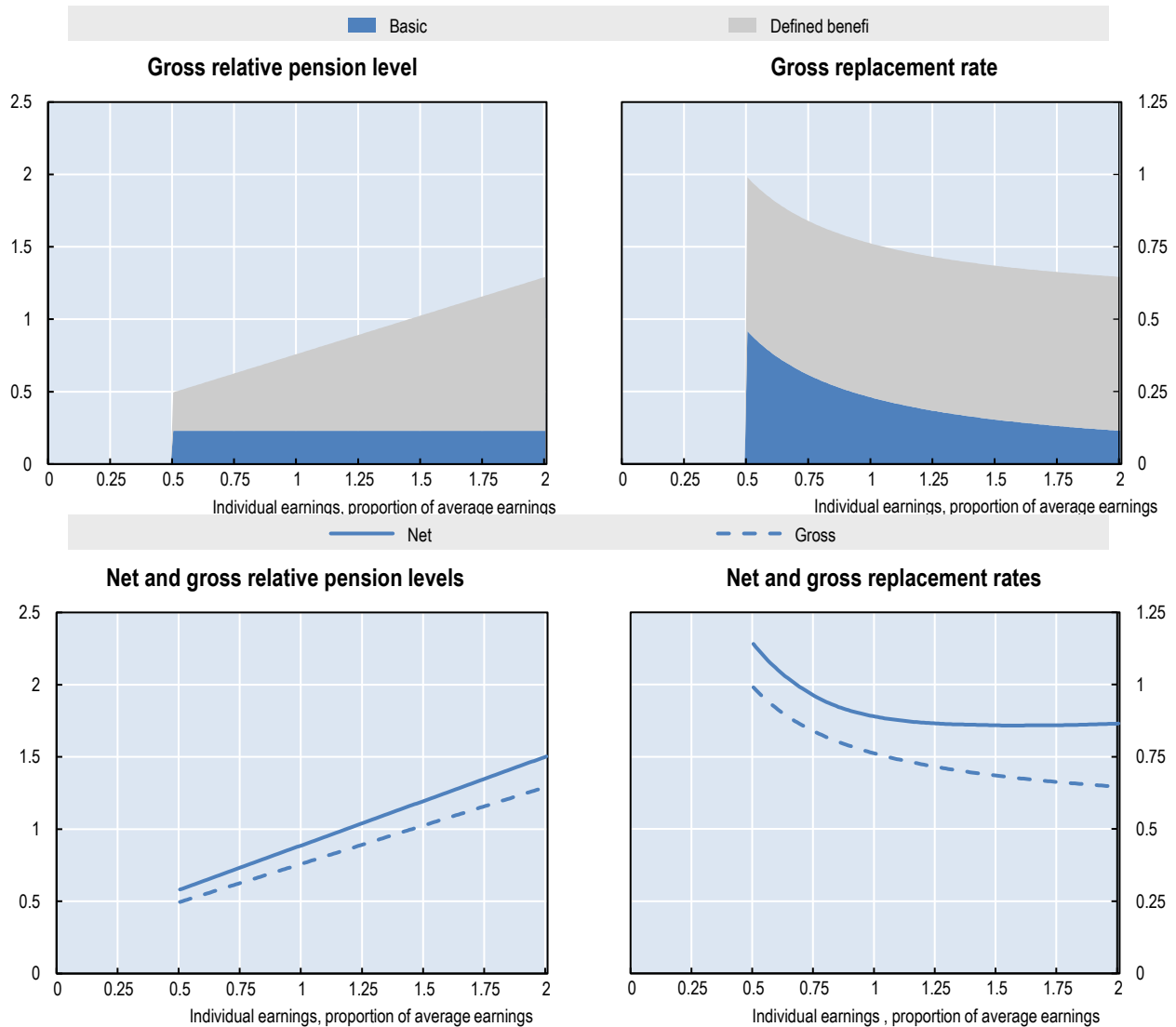
Taxation of pension income

Pensions are not taxed.

Social security contributions paid by pensioners

Old-age pension beneficiaries do not pay social security contributions, except for the deductions for the PAMI Social Welfare Fund (which is 3% for the amount of the minimum benefit and 6% for the amount exceeding such amount). Active retirees (i.e. they are working) contribute 11% to the national employment fund.

Pension modelling results: Argentina in 2063 retirement at age 65 (men)



Men	Individual earnings, multiple of average					
<i>Women (where different)</i>	0.5	0.75	1	1.5	2	3
Gross relative pension level	49.5	62.8	76.1	102.7	129.3	182.4
(% average gross earnings)	46.4	59.6	72.9	99.5	126.1	179.2
Net relative pension level	58.2	73.6	88.9	119.6	150.3	211.8
(% net average earnings)	54.5	69.9	85.3	116.0	146.7	208.1
Gross replacement rate	99.0	83.7	76.1	68.4	64.6	60.8
(% individual gross earnings)	92.7	79.5	72.9	66.3	63.0	59.7
Net replacement rate	114.1	96.1	88.9	85.9	86.5	88.1
(% individual net earnings)	106.9	91.3	85.3	83.3	84.4	86.5
Gross pension wealth	17.9	15.1	13.7	12.4	11.7	11.0
(multiple of individual gross earnings)	18.4	15.8	14.5	13.2	12.5	11.9
Net pension wealth	20.6	17.4	16.1	15.5	15.6	15.9
(multiple of individual net earnings)	21.3	18.2	17.0	16.6	16.8	17.2

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 22 in 2020. Tax system latest available: 2020.