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Beginning with this edition, *International Update* will include more stories and expanded topics in each issue. The articles will also contain links to more information about the issues covered. We welcome your comments about these changes at intl.update@ssa.gov.

Europe

Italy

The Italian government reached an agreement on pension reform with Italy's four largest labor unions in late July 2007. The government expects to pass legislation to raise the full retirement age to 57. If the new legislation is passed, the full retirement age will increase from the current age 55 to age 57 over the next 4 years. The existing law requires that the retirement age increase immediately to age 60 on January 1, 2008. The government estimates that once this proposed legislation is enacted, Italians could retire with full pensions 3 or more years earlier at a cost of 10 billion (US\$13.6 billion) more than under the existing law.

SOURCE: "Prodi Says Italy Pension Deal Won't Be Changed, Denying Reports," Bloomberg.com, July 28, 2007, <<http://www.bloomberg.com/apps/news?pid=20601085&sid=aTsBfTQ9MmAc>> (07/29/2007).

The Americas

Argentina

A new social security "sustainability" fund began operation on September 15 to help guarantee future Argentine public pension benefits. The state-owned *Banco de la Nación* administers the fund, which is monitored by a committee that includes representatives from the Argentine National Social Security Agency (ANSES), banking associations, trade unions, retiree organizations, and employer associations. A second inter-agency investment committee will make investment decisions, which can include approved stocks and bonds. The fund begins with US\$6.45 billion in assets from ANSES and will be financed with any surplus from ANSES at the end of each fiscal year. These

monies may be used only to pay for public pension benefits.

SOURCES: "Crearon un Fondo para Invertir los Aportes de la Jubilación Estatal," Clarín.com, 13 de julio de 2007, <<http://www.clarin.com/diario/2007/07/13/elpais/p-02001.htm>> (08/10/2007); "Se Creó el Fondo de Garantía de la Seguridad Social," Administración Nacional de la Seguridad Social, 12 de julio de 2007, <http://www.anses.gov.ar/prensa/notas/2007/julio/fondo_garantia.html> (08/10/2007).

Peru

Certain Peruvian workers enrolled in privately managed individual retirement accounts may now permanently switch back to the public pay-as-you-go pension system. According to a March 2007 law, workers permitted to leave the private system for the public one must have been a contributor to the public system before December 31, 1995, and must have been eligible to retire under the public system at that time or when they joined the individual account system. The purpose of the law is to provide a higher pension to those eligible workers who would have received a much lower pension if they remained with the individual account system. Those workers would have had a limited time to contribute and accumulate funds in an individual account.

SOURCES: "SBS Emite el Reglamento Operativo para la Libre Desafiliación Informada y el Régimen Especial de Jubilación Anticipada en el Sistema Privado de Pensiones," Superintendencia de banca, seguros y afp, 31 de julio de 2007, <<http://www.sbs.gob.pe/PortalSBS/noticias/notas/nota.31.07.2007.htm>> (08/20/2007); "Workers Allowed to Return to Public Pension System," Watson Wyatt, June 2007, <<http://www.watsonwyatt.com/news/globalnews2.asp?ID=17474>> (08/20/2007).

Asia and the Pacific

South Korea

South Korea's parliament recently passed a pension reform package to stabilize the finances of the National Pension Fund and expand pension coverage for low-income senior citizens. According to official estimates, the share of South Korea's population over age 65 will grow from the current 9 percent to 14 percent by 2019,

placing financial pressure on the pension system. The pension reform package, effective January 1, 2008, will maintain the total 9 percent employee/employer contribution rate, but will gradually reduce the maximum earnings replacement rate from the current 60 percent of lifetime earnings to 40 percent by 2028. A second measure included in the reform package will increase from 60 percent to 70 percent the share of low-income citizens above the age of 65 who are eligible to receive the basic pension. Additionally, it will double their monthly benefit from 5 percent of average earnings, around 90,000 won (US\$97), to 10 percent. According to the government, implementing the two measures will delay insolvency of the National Pension Fund until 2060.

SOURCES: "Pension Revision Reduces Payouts," JoongAng Daily, June 30, 2007, <<http://joongangdaily.joins.com/article/view.asp?aid=2877433>> (08/22/2007); "Change Needed at Pension Fund," JoongAng Daily, July 27, 2007, <<http://joongangdaily.joins.com/article/view.asp?aid=2878520>> (08/22/2007).

Taiwan

About 3.5 million low-income individuals aged 25 to 64 may voluntarily join a new public pension program beginning October 1, 2008, if they are not covered under one of the existing public pension programs. The initial contribution rate, set at 6.5 percent of the national minimum wage, will gradually increase to 12 percent. The government will subsidize 40 percent of contributions for most participants and pay the entire contribution for certain low-wage earners and disabled individuals. In addition to contributions from individuals, the expected government financing for the new pension program will include lottery profits and a 1 percent increase in the business tax. With benefits payable beginning at age 65, the Taiwanese government estimates its costs for this new pension program at more than US\$3 billion annually.

SOURCE: "National Pension Plan Approved," *Taiwan Journal*, July 27, 2007, <<http://taiwanjournal.nat.gov.tw/ct.asp?xItem=24489&CtNode=118>> (08/26/2007).

Africa

South Africa

South Africa will launch a Women's Retirement Fund (WRF) in September 2007. The fund seeks to accommodate women's patterns of labor force participation and their retirement needs. For example, women change jobs frequently and generally cash out

their pension savings account with each job change. Women also tend to retire earlier and live longer than men, which increases the risk of poverty in old age. The WRF seeks to address these patterns with initiatives that will provide greater retirement savings and financial security for women. It will also strive to create a greater role for women in the management of retirement funds. Currently, women represent only 10 percent of retirement fund trustees, though they own one-third of retirement fund assets.

SOURCE: "Women-Only Pension Fund Due to Launch Soon," *City Press*, August 18, 2007, <http://www.news24.com/City_Press/Finance/0,,186-246_2167062,00.html> (08/10/2007).

Reports and Studies

United Nations

A new United Nations report, *World Population Ageing 2007*, claims that irreversible demographic changes are underway worldwide. According to the report, by the year 2050, the world's population aged 60 or older will double to two billion and the world's median age will increase from 28 years to 38 years. The fastest growing segment of the population is the group aged 80 or older—increasing at a rate of 4 percent per year. By 2050, this group will reach 4.4 percent (400 million) of the population, up from 1.4 percent (94 million) today. Additionally, the report found that women aged 60 or older currently outnumber men of the same age by 70 million (or 21 percent).

SOURCE: "World Population Ageing 2007," United Nations, August 31, 2007, <<http://www.un.org/esa/population/publications/WPA2007/wpp2007.htm>> (09/05/2007).

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