

The Working of the Compulsory Pension Insurance Scheme for Public Utility Undertakings in the Argentine Republic

The Argentine National Pension Fund for Employees and Workers in Private Undertakings Operating Public Services has recently published a report on its work during the period 1934-1936.¹ A summary of the most important parts of this report is given below.

SCOPE OF THE INSURANCE SCHEME

Under Act No. 11,110 of 11 February 1921, insurance is compulsory for persons permanently employed by private undertakings operating tramway, telephone, telegraph, gas, electricity and wireless services, and for persons employed by the water and public health services. Permanent employees of the insurance scheme itself are also covered.

In addition to those whose employment is of a permanent nature, any person who has worked for more than six months without interruption in the same undertakings is deemed to be permanently employed.

The change in the number of persons insured by the Fund since its inception may be seen from the following table :

Year	Number of insured persons	Index numbers (1928 = 100)	Year	Number of insured persons	Index numbers (1928 = 100)
1921	22,984	55.41	1929	41,908	101.03
1922	24,069	58.02	1930	44,329	106.86
1923	No census	—	1931	42,442	102.32
1924	27,437	66.14	1932	41,150	99.20
1925	32,746	78.94	1933	37,731	90.96
1926	35,275	85.04	1934	40,506	97.65
1927	39,158	94.40	1935	41,497	100.04
1928	41,481	100.—	1936	43,168	104.07

¹ CAJA NACIONAL DE JUBILACIONES Y PENSIONES DE EMPLEADOS Y OBREROS DE EMPRESAS PARTICULARES DE SERVICIOS PÚBLICOS : *Publicación informativa relacionada con el movimiento financiero y administrativo de la institución correspondiente a los años 1934-1935 y 1936 y servicios generales de la misma prestados desde su fundación.* Buenos Aires, 1937.

The distribution of the insured persons in the different kinds of undertakings was as follows :

Kind of undertaking	1934	1935	1936
Tramways	17,510	17,861	18,012
Telephone and telegraph	11,341	11,773	12,297
Gas and electricity	10,735	10,911	11,894
Water and public health services	920	952	965
Total	40,506	41,497	43,168

FINANCIAL RESOURCES

The income of the Fund is derived mainly from contributions payable by the insured persons and by the employers.

Insured Persons' Contributions

The insured persons' contributions consist of :

- (1) A contribution of 5 per cent. on wages up to 1,000 pesos a month ; if wages exceed 1,000 pesos a month, only that amount is taken into consideration ;
- (2) The following deductions from wages :
 - (a) one month's wages payable in 38 monthly instalments by every permanent worker or salaried employee, and the amount of the first month's wages, payable in 36 monthly instalments, of every worker on salaried employee entering permanent employment ;
 - (b) the difference in the first month's remuneration when the insured person is transferred to a more lucrative post or receives an increase in pay ;
- (3) A special contribution payable by workers and salaried employees with a period of service prior to the date of the Act (1921) in respect of which no contributions were paid to the Fund. This contribution amounts to 3 per cent. of wages, payable from the third year after the date of the Act, and 10 per cent. of any pension drawn, until an amount has been paid into the Fund equal to 5 per cent. of the remuneration corresponding to the years required to complete the qualifying period.

The total payments made to the Fund by insured persons during the period 1934-1935 are shown in detail in the following table :

Nature of payment	Pesos		
	1934	1935	1936
Contributions	4,004,881	4,077,296	4,359,744
Initial payments by persons joining the Fund	289,927	263,156	324,219
Payments in respect of increased remuneration	164,595	143,957	223,728
Special contributions	2,040	7,566	9,492

To the proceeds of the special contributions must be added the deductions which the Fund is entitled to make from pensions in respect of services prior to the date of the Act. The amounts of these deductions are shown below :

Nature of deduction	Pesos		
	1934	1935	1936
Deductions from invalidity and old-age pensions	513,099	489,627	448,835
Deductions from survivors' pensions	20,829	19,905	11,820

Employers' Contributions

The employer's contribution is equal to 8 per cent. of the wages of all permanent employees who do not earn more than 1,000 pesos a month. When wages exceed 1,000 pesos a month, the contribution is payable only on that amount.

The following table shows the income received from insured persons' contributions (exclusive of special contributions) and from employers' contributions.

Year	Employers' contributions		Insured persons' contributions	
	Thousand pesos	Index numbers (1928 = 100)	Thousand pesos	Index numbers (1928 = 100)
1921	2,625.14	42.22	2,597.29	56.14
1925	4,333.04	71.29	3,539.62	76.51
1928	6,218.40	100.—	4,626.06	100.—
1930	7,068.28	113.67	5,210.44	112.63
1933	6,033.34	97.02	4,074.44	88.08
1935	6,626.38	106.56	4,484.41	96.94
1936	8,821.03	132.20	4,907.69	106.09

RISKS COVERED

Invalidity

Workers and salaried employees who are physically or mentally unable to continue to carry out their duties are deemed to be incapacitated; the right to benefit is acquired after the completion of a waiting period of one year in the case of salaried employees and two years in the case of other workers.

Workers and salaried employees are deemed to be incapacitated and exempted from the waiting period when they become incapable of work as a result of an act forming part of their duties or through a cause arising exclusively out of the performance of their duties.

The two tables which follow show the ages and the causes of incapacity of a group of 4,742 persons in receipt of invalidity pensions.

Age	Number of beneficiaries	Per cent.
21 - 30	71	1.50
31 - 40	461	9.72
41 - 50	1,417	29.88
51 - 60	1,623	34.22
61 - 70	989	20.86
Over 71	181	3.82
Total	4,742	100.—

Cause of invalidity	Number of beneficiaries	Per cent.
Senility	260	5.49
Rheumatism	252	5.32
Tuberculosis	354	7.46
Syphilis	204	4.30
Alcoholism	20	0.42
Disorders of the circulatory system	1,785	37.64
Nervous and mental ailments	257	5.42
Eye and ear ailments	272	5.74
Disorders of the respiratory system	374	7.89
Disorders of the genito-urinary system	64	1.35
Accidents and traumatism	296	6.24
Occupational diseases	14	0.30
Abdominal lesions	160	3.37
Malignant tumours	151	3.18
Hepato-gastro-intestinal complaints	213	4.49
Other causes	66	1.39

Old Age

An ordinary old-age pension is granted to insured persons over 50 years of age after 30 years' service; a pension is also granted to persons who have completed 30 years' service before reaching 50 years of age, but in this case the ordinary pension is reduced by 5 per cent. for each year by which the age of the insured person falls short of 50.

Persons who reach 50 years of age and have more than 10 but less than 30 years' service may claim a voluntary retirement pension.

Persons who reach 50 years of age and have less than 10 years' service are entitled to a lump-sum payment.

The number of persons in receipt of old-age benefits during each of the three years under consideration was as follows :

Number of persons in receipt of :	1934	1935	1936
Ordinary old-age pensions	1,420	1,481	1,626
Voluntary retirement pensions	248	261	284
Lump-sum benefits	254	290	302

Death

Survivors' pensions are granted to widows, to incapacitated widowers, to children, and to brothers, unmarried sisters, and parents, who were wholly dependent on the insured person.

The number of persons in receipt of these pensions was 1,526 at the end of 1934, 1,770 at the end of 1935, and 2,022 at the end of 1936.

Loss of Employment

Compensation is also paid to insured persons who are dismissed for reasons of economy or because their services are no longer required, and to persons who are obliged to leave their employment on marriage. No compensation for unemployment is paid to insured persons dismissed on account of a disciplinary offence, drunkenness, or conviction in a criminal court.

The number of persons receiving unemployment compensation rose from 12,503 in 1934 to 13,891 in 1935 and 14,030 in 1936.

BENEFITS

The Act stipulates as a general rule that no benefit is to exceed 1,000 pesos a month even if the beneficiary was in receipt of a higher salary.

The following table shows the total amount paid out in benefits. It is to be noted that, in accordance with Section 49 of the Act, benefits have been granted only since 1924.

Year	Total amount of benefit (thousand pesos)	Index numbers (1928 = 100)	Year	total amount of benefit (thousand pesos)	Index numbers (1938 = 100)
1924	760.00	17.61	1931	7,434.57	170.21
1925	1,880.80	43.06	1932	8,385.65	191.99
1926	2,691.64	61.62	1933	9,033.14	206.81
1927	3,593.35	82.27	1934	9,942.92	227.63
1928	4,367.82	100.—	1935	10,699.92	244.97
1929	4,908.32	112.37	1936	11,299.38	258.70
1930	5,745.75	131.55			

The amounts paid in each of the main classes of benefit were as follows :

Year	Invalidity and old-age pensions		Survivors' pensions		Other benefits	
	Thousand pesos	Per cent. of total benefit expenditure	Thousand pesos	Per cent. of total benefit expenditure	Thousand pesos	Per cent. of total benefit expenditure
1924	467.34	60.77	53.05	6.90	248.61	32.33
1925	1,295.11	68.86	151.48	8.54	434.21	22.60
1928	3,417.72	78.25	415.34	9.51	534.76	12.24
1930	4,597.77	80.02	564.47	9.82	583.51	10.16
1935	8,585.65	80.24	1,376.36	12.86	737.91	6.90
1936	9,180.36	81.25	1,547.48	13.70	571.54	5.05

Invalidity Benefits

The invalidity pension amounts to 5 per cent. of the ordinary old-age pension for each year of service, but may not exceed the total old-age pension.

The following table shows that the number of persons in receipt of invalidity pensions and the cost of these benefits have increased continuously during recent years.

End of year	Number of beneficiaries	Aggregate monthly amount of invalidity pensions (pesos)	Capital value of pensions (pesos)
1934	2,844	348,979	57,276,780
1935	3,038	374,550	61,583,106
1936	3,472	427,026	70,032,730

Old-Age Pensions

Ordinary Pensions.

The ordinary old-age pension is fixed on the basis of the average wage received during the last five years of service, in accordance with the following scale :

- (a) Up to a monthly wage of 100 pesos, 95 per cent. ;
- (b) For monthly wages between 101 and 300 pesos, 95 pesos plus 80 per cent. of the difference between 101 pesos and the total average wage ;

- (c) For monthly wages between 301 and 1,000 pesos, 255 pesos plus 70 per cent. of the difference between 301 pesos and the total average wage.

The following table shows the number of persons in receipt of ordinary old-age pensions and the rate of progression of the total amount involved during the period 1934-1936 :

End of year	Number of beneficiaries	Aggregate monthly amount of pensions (pesos)	Capital value of pensions (pesos)
1934	1,420	261,929	41,353,639
1935	1,481	271,704	42,625,661
1936	1,626	301,777	47,462,621

Voluntary Retirement.

The voluntary retirement pension amounts to 2 per cent. of the ordinary old-age pension for every year of service.

The following table shows the number of persons in receipt of voluntary retirement pensions and the rate of progression of the total amount involved during the period 1934-1936 :

End of year	Number of beneficiaries	Aggregate monthly amount of pensions (pesos)	Capital value of pensions (pesos)
1934	248	14,624	2,352,113
1935	261	15,310	2,454,240
1936	284	17,121	2,694,121

Lump-Sum Payments.

The lump-sum payment is equal to the amount which an insured person with less than 10 years' service has paid into the Fund plus 5 per cent. interest.

	Up to the end of 1933	1934	1935	1936
Number of payments made	234	20	36	12
Aggregate amount (pesos)	120,603	12,980	30,412	13,302

BENEFITS IN CASE OF DEATH

Survivors' Pensions.

The aggregate pension granted to the whole group of survivors is equal to 50 per cent. of the pension which the insured person was receiving or could have claimed at the time of death. One half of the pension is paid to the widow ; if there are surviving children, brothers, sisters, or parents, entitled to benefit the other half is divided equally among them.

End of year	Number of beneficiaries	Aggregate monthly amount of pensions (pesos)	Capital value of pensions (pesos)
1934	1,526	92,599	16,541,876
1935	1,770	111,123	18,784,795
1936	2,022	125,952	21,130,391

Lump-Sum Payments.

If an insured person dies before acquiring the right to a pension his survivors may claim compensation equal to 5 per cent. of the remuneration received by the deceased person.

Number of payments made	Up to the end of 1933	1934	1935	1936
Number of payments made	595	81	78	75
Aggregate amount (pesos)	258,039	50,175	35,414	43,630

Compensation for Loss of Employment

In case of loss of employment, the insured person is entitled to :

- (a) 5 per cent. of the amounts received as wages plus 5 per cent. interest, if he has less than 10 years' service (refund) ;
- (b) one month's salary for every year of service, if he has more than 10 but less than 20 years' service (lump-sum payment) ;
- (c) a pension equal to 3 per cent. of the ordinary old-age pension for each year's service, if he has more than 20 years' service.

The payments made by the Fund under the heading "refunds" were as follows :

	Up to the end of 1933	1934	1935	1936
Number of payments	9,268	1,053	681	470
Aggregate amount (pesos)	2,690,360	370,734	279,539	190,961

Benefits granted under the heading "lump-sum payments" were as follows :

	Up to the end of 1933	1934	1935	1936
Number of payments	1,783	182	189	132
Aggregate amount (pesos)	3,037,741	381,382	375,534	301,448

The following table shows the number of persons in receipt of pensions for loss of employment and the total expenditure on these pensions :

End of year	Number of beneficiaries	Aggregate monthly amount of pensions (pesos)	Capital value of pensions (pesos)
1934	217	18,537	3,302,023
1935	235	20,657	3,680,849
1936	272	23,729	4,214,045

COST OF ADMINISTRATION

The administrative expenditure of the Fund was as follows :

Year	Total administrative expenditure (thousand pesos)	Index numbers (1928 = 100)
1921	50.99	8.61
1925	571.05	96.44
1928	592.11	100.—
1930	615.33	103.92
1933	532.85	89.99
1935	517.44	87.39
1936	508.46	85.87