Spotlight On Retirement
ARGENTINA

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Spotlight on Retirement: Argentina

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Introduction

Argentina is experiencing a demographic advantage, enjoying a young population in a position to support economic growth. However, its economy is currently in crisis again, and its population will experience aging in a context of a growing financial uncertainty that has already become cyclical and recurring. Although aging is inevitable, the slow speed of the transition is not yet a critical cause for concern. Nevertheless, the current demographic advantage should serve as an opportunity to lay the foundations of a comprehensive retirement solution for the future.

The year 2019 has not brought good news for the Argentine economy. Inflation has bordered 55 percent in the last 12 months, the unemployment rate threatens to exceed 10.1 percent, and growth has contracted to less than 1.5 percent. All these factors contribute to an uncertain future for the adequacy of retirement pensions.

In recent decades, the population of Argentina (projected at 45 million in 2020) has gone through various economic crises and changes in its conceptual approaches to pension systems.

The large demographic transitions that affect some of its neighbors are offset by Argentina's "demographic bonus" — a relatively young population that barely exceeds the average of 31 years. However, other factors also come into play, including lower fertility and greater longevity, along with a changing social structure expected to add 3.6 million (37 percent) new poor this year.

While there are no certainties about what demographic changes this new crisis will bring, it is expected that increasing numbers will migrate to the cities in search of higher wages.

Compared to other Latin American markets, Argentina has a young demographic profile, which gives it a demographic advantage. The median age of the population in 2020 will be 31.5 years, compared to a younger Mexico at 29.2 years. Chile is older at 35.3 years, and Brazil is more or less the same at 33.5 years. The young demographic profile is undercut by the trend in fertility rates, where the rate has declined from over 3.00 live births per woman in the 1980s to the current rate of around 2.20. Projections anticipate the fertility rate to fall below 2.00 in the coming decades.

Argentina has not yet entered a phase of demographic transition where the majority of its population has begun to age. In fact, with an average age of 31.5 years in 2020, it is expected to remain relatively young, with an average age of 38.2 in 2050.

Considering the scope of the crisis and the resilience of the population in relation to the cyclical economic issues, Argentina has a significant opportunity to recognize the retirement challenge and begin cultivating a culture of savings and protective measures that many other countries have not had.

As the population eventually ages and the number of retirees grows, there will be relatively fewer workers generating income and savings. Immense pressure will build on pension systems and economic growth will slow.

Other social and economic changes could further aggravate the challenges related to retirement financing. Moreover, as Argentina's economy continues to stagnate, without signs of short-term improvement, it is likely that more and more young people will relocate to urban areas. This growing urbanization could lead to changes in the country's traditional social structure.

The traditional structure of an Argentine family with two parents, grandparents, and two or three children, often in addition to other relatives has served as a way to survive in times of crisis. However, the current trend is to evolve towards a more nuclear family structure with fewer children. As is common in more economically stable societies, couples, including same-sex couples, are increasingly deciding not to have children or to delay family planning.

As in many Latin American markets, fewer and fewer Argentine elders depend on the family and their children to finance their retirement and care. The family structure will have an impact on how people spend their retirement lives, in the context of economic crisis and contraction.

In the long run, urbanization reduces the size of households, perhaps leaving the elderly to manage alone. Yet, this is not the case in societies experiencing growing poverty, where large families have a better chance of economic survival. Therefore, there must be a comprehensive, adequate, and sustainable retirement and pension system that can help support the future financial needs of former workers.

This study identifies how consumers are planning to face their current or future retirement challenges and what their aspirations are. A collaboration of the Society of Actuaries and LIMRA, it is an extension of their 2019 research on retirement in six Latin American countries conducted to discover the challenges facing the main international markets.

Executive Summary

Argentina is in full enjoyment of a "demographic bonus." In 2018, its average age was a young 32 years, exceeding the world average by approximately one and a half years. This advantage is expected to last until 2032.

Such an advantage can lead to the belief that there is still ample time to think about retirement or that it is a far-off problem.

However, it is likely that the proportion of older people (aged 60 or over) will increase from 13 percent of the general population in 2000 to 23 percent in 2050. As early as 2030, those age 60 plus will constitute 17.5 percent of the population, from 6,000,000 seniors in this decade to 8,550,000 seniors in 2030.

This trend has a direct effect on the potential support relationship — that is, that ratio of young workers to retirees — that is likely to decrease to 3.7 in 2050 from 5.6 in 2000.

Argentina is experiencing a historical demographic advantage. For the first time on record, the highest percentage of the population is of working age and has the capacity to generate savings. It is of vital importance to use this opportunity to rethink retirement by providing pensions, individual savings, and medical care. The demand for health services, long-term care, and pensions will definitely increase over time.

However, the above factors alone do not explain Argentina's classification in the Allianz Pension Sustainability Index. It's necessary to take into account recent economic events. Various economic crises have undermined people's confidence in financial institutions, and they have sought refuge in the benefactor state following these events.

The results of the survey show that 64 percent of the respondents consider that it is NOT their responsibility to finance retirement. They instead expect to rely on the government, employers, and their families, in that order. On the contrary,

however, almost 60 percent respondents in the Cuyo region claimed ownership of the responsibility of financing retirement. They plan to do so through financial planning and investments.

The proportion of respondents who consider it their own responsibility is much higher among young and pre-retired workers (35 percent) than among retirees (29 percent).

Eighty percent of respondents said they will depend on their personal savings and investments, and only 36 percent of them regret delaying retirement savings or have not started saving. These findings suggest that either some of the respondents overestimate their ability to earn income during retirement or that they have not or not been able to save enough.

About 67 percent of respondents fear a significant gap in their retirement funds when they turn age 60, and only about 33 percent expect to have more than 81 percent of the funds needed to lead a comfortable retired life. Despite this early retirement fund gap, 31 percent of respondents do not seek professional help. On the positive side, 66 percent said they are willing to convert a portion of their assets into annuities to generate retirement income. This percentage is much lower than the 76 percent average for Latin American markets and the 71 percent average for Asian markets. Yet, it nevertheless clearly indicates an enormous untapped potential for the industry.

Consumers showed a strong preference for more conservative product characteristics, like predictable and guaranteed returns, preservation of capital, potential for income to grow with the market, and inflation protection. Consumers also showed a strong desire to earn an income stream that can be modified as their needs change.

Banks are still the most popular channel to buy retirement income products, far ahead of specialized or multi-product brokers and financial consultants. In fact, in all regions, banks were selected as the main distribution channel.

About the Survey

The study on retirement in Argentina is part of a collaborative research project of the Society of Actuaries (SOA) and LIMRA. Through a sample of 1,009 respondents, it provides information on consumer perceptions of retirement in six macrozones of the Argentine Republic: Buenos Aires, Cuyo, Northeast, Northwest, Pampeana, and Patagonia. The sample focused on the same three demographic segments of the matrix retirement study for Latin America, which also included Argentina, Brazil, Chile, Colombia, Mexico, and Peru. They are: young workers (30–45 years), early retirees (46–60 years), and retired (60+) years.

Young workers are generally at an early stage of their careers and plan to marry or start a family. Early retirees generally plan to start or have started saving for retirement. Retirees are retired or are likely to retire soon.

The data was collected through an online survey in all indicated markets. This study explores differences in attitude between different regions, subregions, age groups, and genders to help insurers and other financial organizations to develop effective solutions to address the retirement planning needs of consumers. The study also highlights the preparation for consumer withdrawal, current and future sources of income, risk tolerances, product preferences, and product characteristics.

- The online survey covered a sample of 1,009 respondents in four subregions to demonstrate the regional diversity of the population (see Table 1).

- To gather a representative sample of the target market for insurers and other financial institutions, the survey covered multiple subregions at different income levels (see the appendix).

- It also included fees based on income levels and other parameters to ensure reliable data quality.

Table 1 — General Division of the Sample in Argentina: Subregion

Subregion	Sample
Buenos Aires	598
Cuyo	40
Northeast	35
Northwest	114
Pampeana	141
Patagonia	81
Total	1,009

Table 2 — General Division of the Sample in Argentina: Age Range

Age Range	Sample
30–45	336
46–60	338
61–75	335
Total	1,009

Table 3 — General Division of the Sample: Gender

Gender	Sample
Male	506
Female	503
Total	1,009

Demographic Transition

Argentina has an average age that exceeds the world average by approximately one and a half years. The average age of the Argentine population in 2018 was 32 years. However, population growth is forecasted to become negative due to a 114 percent increase in the population over age 65. This population cohort is expected to grow from 10.4 percent in 2015 to 19. 3 percent in 2050, and 24.7 percent in 2100 (Figure 1). This extreme transformation process linked to demographic change is due to fertility and mortality rates whose dynamism is expressed in a gradual aging of the population. "Already in the middle of the 20th century the global fertility rate had dropped to around three children per woman and, since 1980, it began a new fall until reaching the current levels, close to the population replacement level. Mortality began its decline in the early 20th century, so life expectancy at birth has sustained increases since 1900. This trend is expected to continue during the 21st century" (Rofman and Apella, 2014).

Figure 1 — Evolution of the Overall Fertility Rate and Life Expectancy at Birth (1869 – 2100)
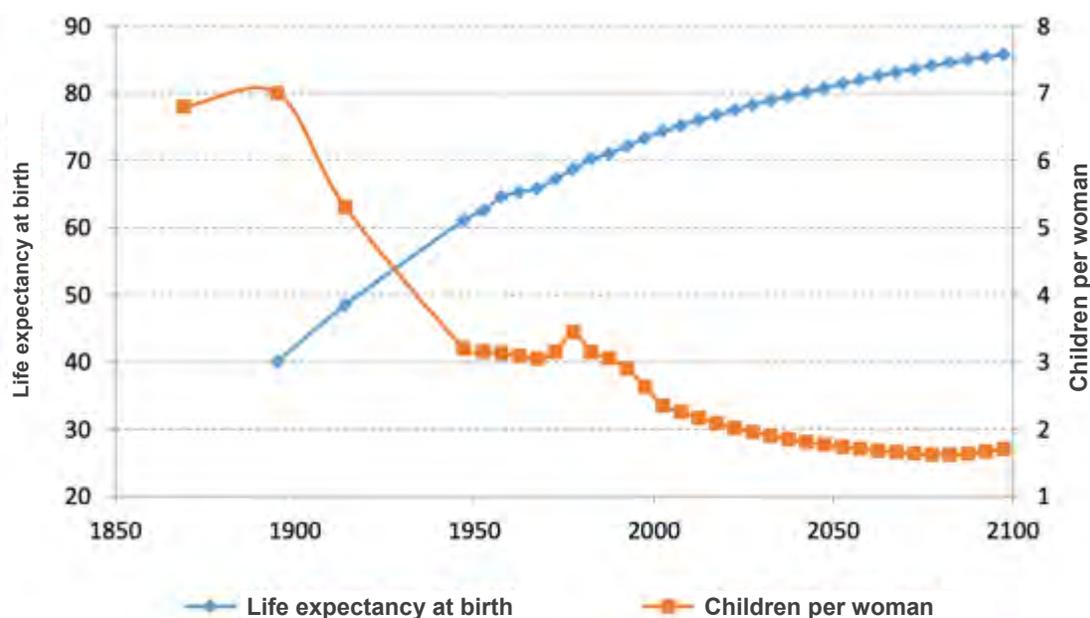
Source: The World Bank, Rofman and Apella, 2014.

The massive growth of the elderly population, together with the reduction of the general population, will rapidly alter the structure of the population.

Throughout Latin America, medical advances and the improvement of the lifestyle of the last 50 years have resulted in a prolonged life expectancy that has caused various scenarios in the demographic transition process. Argentina, which is in an advanced transition process, will soon experience a decrease in the general population, a trend that will result in a massive change in the age structure of the population (Figure 1 and Table 4).

Table 4 — Incipient to Advanced Demographic Transition Scenarios

STAGE	INCREASE	COUNTRIES
Incipient transition	2.5% annual	Bolivia, Haiti
Moderate transition	Close to 3%	Salvador, Guatemala, Honduras, Nicaragua, Paraguay
Full transition	Moderate, close to 2%	Brazil, Colombia, Costa Rica, Ecuador, Mexico, Panama, Peru, Dominican Republic, Venezuela
Advanced transition	Under 1%	Argentina, Chile, Cuba, Uruguay

The population pyramids of Argentina show the distribution of various age groups of the population by gender in 2020, 2030, and 2050. The pyramids illustrate the slow change in the structure of the population benefited by the demographic bonus until the years near 2030, when the age of the largest proportion of the population moves radically higher. This trend indicates that the country needs to adapt to the changing needs of an aging population.

Figure 2 — Population Pyramid 2020

Argentina   **Population: 45,516,881**
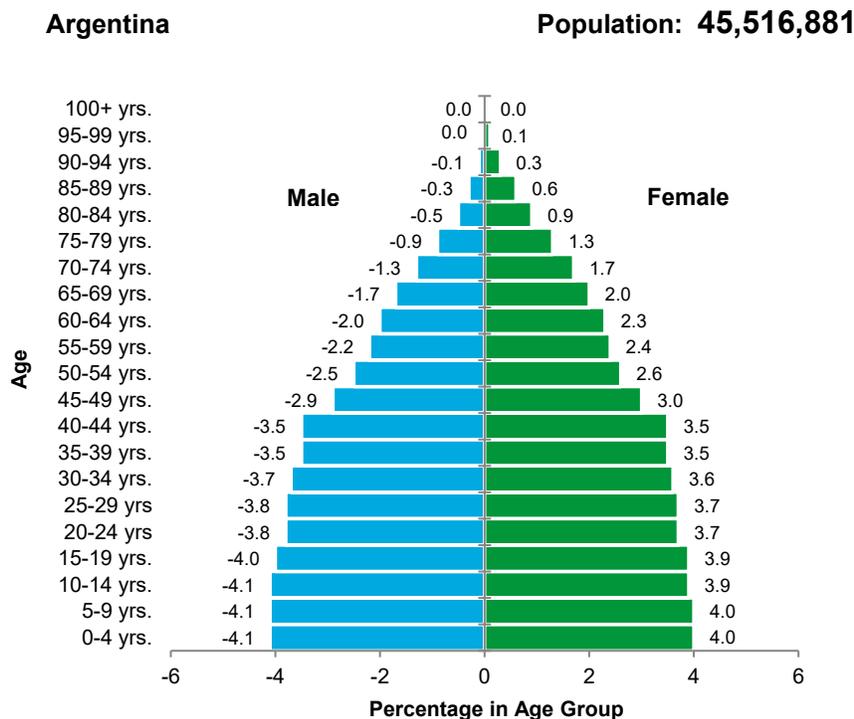
Source: UN Population Division — 2017 data, LIMRA International Research.

Figure 3 — Population Pyramid 2030

Argentina   **Population: 49,364,721**

Age	Male	Female
100+ yrs.	0.0	0.0
95-99 yrs.	0.0	0.1
90-94 yrs.	-0.1	0.3
85-89 yrs.	-0.3	0.6
80-84 yrs.	-0.7	0.9
75-79 yrs.	-1.1	1.3
70-74 yrs.	-1.4	1.7
65-69 yrs.	-1.8	2.0
60-64 yrs.	-2.1	2.3
55-59 yrs.	-2.5	2.4
50-54 yrs.	-3.1	2.6
45-49 yrs.	-3.1	3.0
40-44 yrs.	-3.3	3.5
35-39 yrs.	-3.5	3.5
30-34 yrs.	-3.5	3.6
25-29 yrs	-3.7	3.7
20-24 yrs	-3.7	3.7
15-19 yrs.	-3.8	3.9
10-14 yrs.	-3.8	3.9
5-9 yrs.	-3.8	4.0
0-4 yrs.	-3.8	4.0

Percentage in Age Group
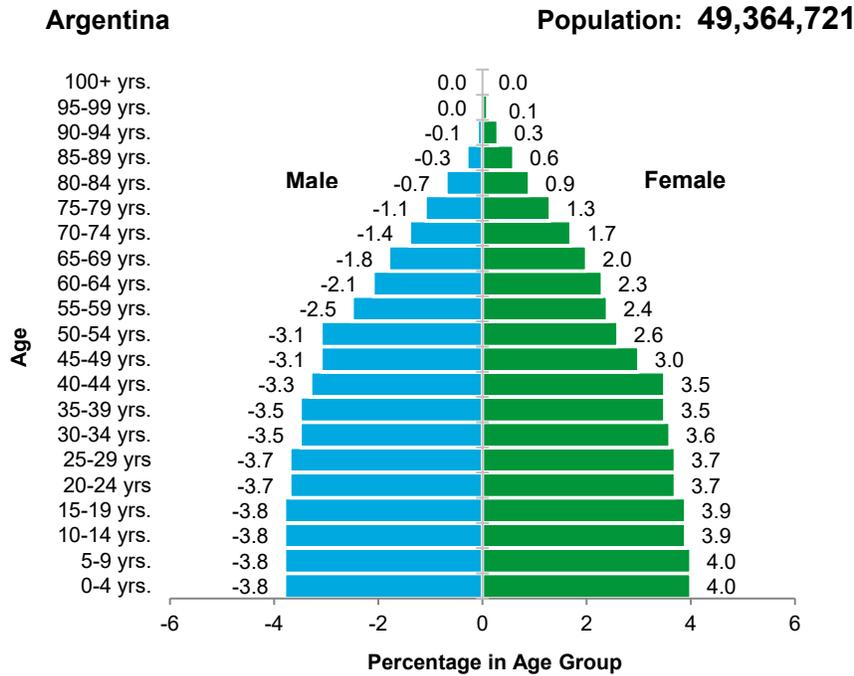
Source: UN Population Division — 2017 data, LIMRA International Research.

Figure 4 — Population Pyramid 2050

Argentina   **Population: 55,444,775**

Age	Male	Female
100+ yrs.	0.0	0.1
95-99 yrs.	-0.1	0.2
90-94 yrs.	-0.2	0.6
85-89 yrs.	-0.6	1.0
80-84 yrs.	-1.0	1.4
75-79 yrs.	-1.5	1.9
70-74 yrs.	-2.2	2.5
65-69 yrs.	-2.4	2.6
60-64 yrs.	-2.7	2.8
55-59 yrs.	-2.9	2.9
50-54 yrs.	-3.0	3.0
45-49 yrs.	-3.2	3.1
40-44 yrs.	-3.3	3.2
35-39 yrs.	-3.4	3.3
30-34 yrs.	-3.4	3.3
25-29 yrs	-3.3	3.2
20-24 yrs	-3.3	3.2
15-19 yrs.	-3.3	3.2
10-14 yrs.	-3.3	3.1
5-9 yrs.	-3.2	3.1
0-4 yrs.	-3.2	3.1

Percentage in Age Group
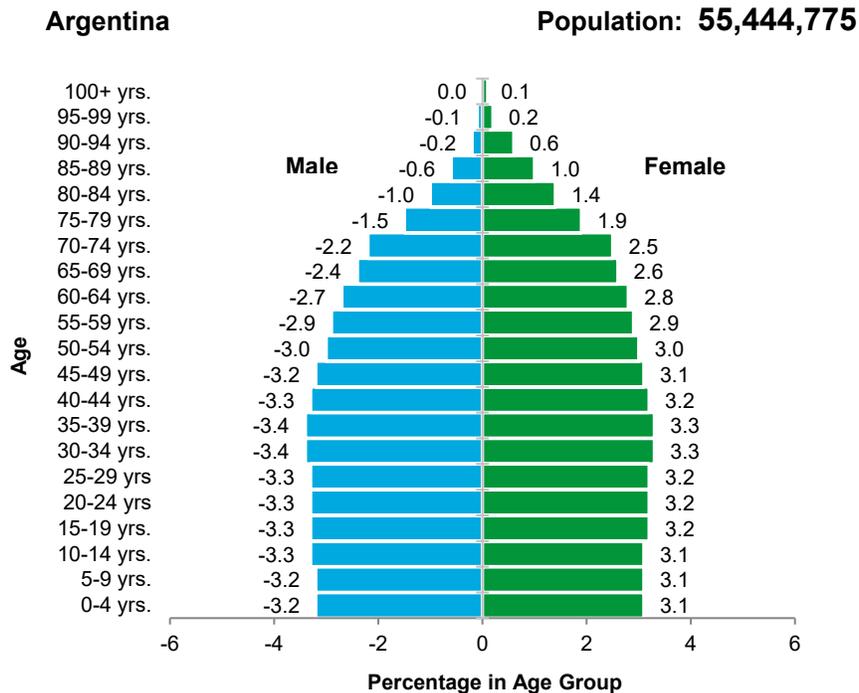
Source: UN Population Division — 2017 data, LIMRA International Research.

Figure 5 — Proportion of Individuals Age 60 Years and More Among the Total Population

Bar chart showing the proportion of individuals age 60 years and more:
- 2000: 13%
- 2005: 14%
- 2010: 14%
- 2015: 15%
- 2020: 16%
- 2025: 16%
- 2030: 17%
- 2035: 18%
- 2040: 20%
- 2045: 21%
- 2050: 23%
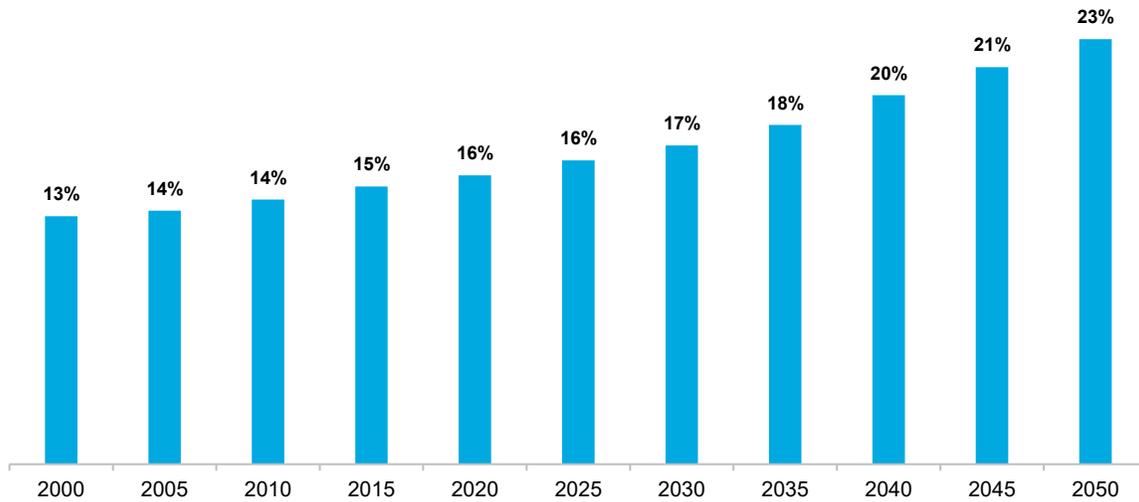
Source: UN Population Division — 2017 data, LIMRA International Research.

The proportion of older people (aged 60 or over) will increase from 13 percent in 2000 to 23 percent in 2050.

As the population structure of Argentina changes, the proportion of older people also changes. It is likely that the proportion of older people (age 60 or older) will increase from 13 percent of the general population at the turn of the century to 23 percent in 2050, a rate much lower than some of Argentina's neighbors and other countries around the world, but constantly climbing higher (Figure 5).

Compared to developed Western countries that may have started the aging process earlier, the United Kingdom and the United States are forecast to move from aging to super-aging in a span of about 80 years. Yet, it will take only 30 years for Argentina to move from aging to super-aging.

It should be borne in mind that the future population of the elderly will increase in the next three decades before stabilizing after 2050. The elderly population of Argentina will increase from 5.1 million in 2020 to 9.4 million in 2050, representing an increase of almost 4.3 million in 30 years.

Life expectancy at 60 years of age has increased. In 1975–80, it was 17.8 years. It is likely to reach 23.7 years by 2045–50.

Another cause that led to the growth of the elderly population is the increase in life expectancy (Figure 6). In recent decades, life expectancy has increased and possibly continues to increase as a result of medical advances, improved lifestyle, and the ability to pay for medical care, along with the decrease in communicable and noncommunicable diseases, among many other factors.

The Argentine population has been aging relatively slowly since the beginning of the twentieth century as a result of an overall fertility rate that ensured generational replacement. In 2010 the rate was 2.4. However, the group of people over 80 years of age has been experiencing relative growth as a result of the decline in advanced-age mortality, that is, the increase in life expectancy (Redondo, Massa, Belliard, Williams, and Jaroslavsky, 2013).

The Argentine aging process is more characteristic of stages after the conventional transition, producing social, economic, and demographic consequences, where Social Security and the capacity to improve public and private services for the care of aging people are becoming more and more demanding and necessary.

From the 1960s, infectious diseases began to disappear dramatically in the country, creating a more "modern" profile of mortality in which deaths from diseases of the circulatory system and tumors increase. In this period, the increase in life expectancy is more evident in women, and its cause is found in the historical evolution of the urbanization process and its consequences (such as environmental sanitation, economic, social, and human development in different regions of the country, and, as a consequence, the unequal level of complexity of health systems and prevention and care capacity): "Without prejudice to it, both in epidemiological profiles and in the degree of economic and social development of the country, in the last three decades the decline in mortality has spread throughout the national territory" (Redondo et als., 2013).

Over the years, the life expectancy of the elderly population has gradually increased. Life expectancy at age 60 years in 1975–80 was 17.8 years. It is likely to reach 23.7 years by 2045–50.

Life expectancy in particular was greater for the female cohort than for the male. In 2015–20, the life expectancy at age 60 for men is 18.85 years, compared to 23.64 for women. With a more modern mortality profile due to education, greater access to universal medical facilities, and changes in healthy eating habits, this trend is likely to continue to increase.

Figure 6 — Life Expectancy at Age 60 Years

1975 - 1980	1980 - 1985	1985 - 1990	1990 - 1995	1995 - 2000	2000 - 2005	2005 - 2010	2010 - 2015	2015 - 2020	2020 - 2025	2025 - 2030	2030 - 2035	2035 - 2040	2040 - 2045	2045 - 2050
17.8	18.4	18.7	19.2	19.7	20.1	20.5	21.0	21.4	21.8	22.3	22.7	23.2	23.7	24.2
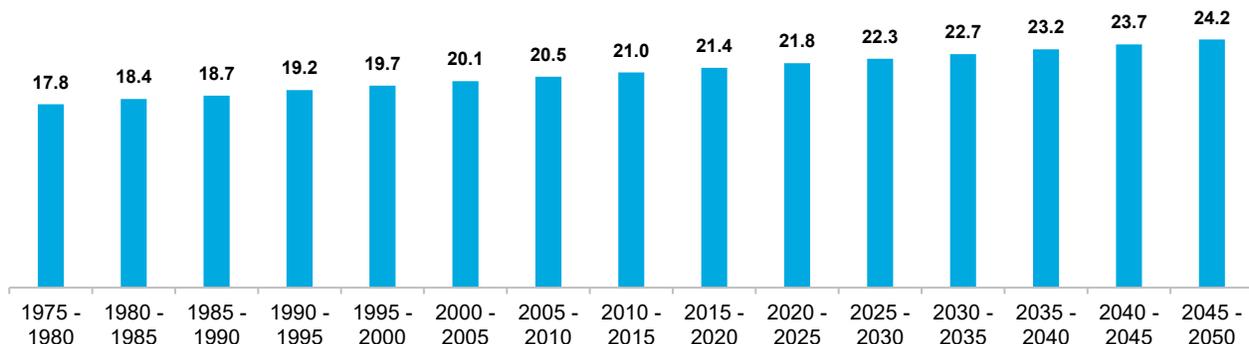
Source: UN Population Division — 2017 data, LIMRA International Research.

One of the significant drivers of Argentina's demographic transition is the decreasing fertility rate of the last 30 years. In 1985–90, the rate was 3.05 children per woman, while it is expected to fall to 2.27 in 2015–2020. Moreover, all indications point to a continued decline to 1.93 children per woman in 2045–50 (Figure 7). To maintain a constant population level, the fertility rate must be at least 2.1. If this minimum rate of 2.1 is not maintained, the population is likely to decrease in the long term. In addition, a comparatively lower gross mortality rate (5.7 per thousand in 1985–90 and 7.6 per thousand in 2015–20) will increase population aging. In this demographic phase, where the birth rate falls below the minimum replacement levels of 2.1 and the mortality rate is decreasing while life expectancy is increasing, population aging is triggered.

Figure 7 — Total Fertility (live births per woman)
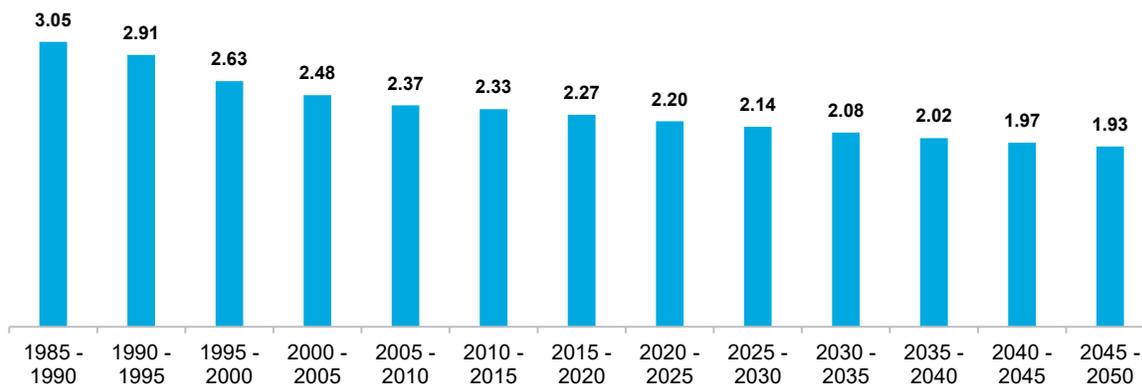
Source: UN Population Division — 2017 data, LIMRA International Research.

The decrease in the birth rate and the relatively lower mortality rates, together with the increase in life expectancy, are triggering the aging of the Argentine population.

Figure 8 — Potential Support Index
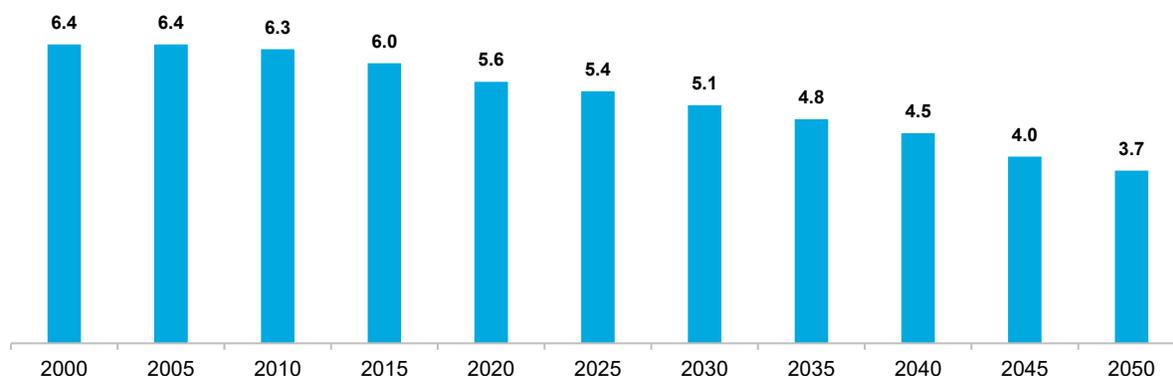
Source: UN Population Division — 2017 data, LIMRA International Research.

Note: Potential support index = population index 15-64 for population age 65+.

The potential support index indicates that the responsibility to meet the needs of the elderly population will likely increase for the relatively younger working-age population (Figure 8). The potential support index shows a steady deterioration between 2000 and 2050. In fact, the index is likely to reach 3.7:1 by 2050 from 6.4:1 in 2000. Moreover, by the end of this century, it is estimated that it will gradually reach even lower levels. This means that in the future there will be less than three people in the workforce to support an individual aged 65 or above. This is likely to pose growing challenges for the nation's health, retirement, and pension systems, which are largely not mature enough to handle a crisis scenario. The country has the opportunity now, while experiencing the demographic bonus, to recognize and begin to address the looming retirement shortfall.

In addition, as is true in most of the countries observed, the social system around the pension system changes with more and more urbanization, i.e., the phenomenon of people move to larger cities and urban centers to look for work, leaving behind elderly parents. In Spain, for example, demographic desertification is producing, in practice, the disappearance of small rural towns as more and more young people leave them to move to large cities in search of opportunities. In Argentina, the size of households in wealthy sectors (4.4) decreased significantly compared to the low-income segment (2.20).

Changes in household composition account for changes in behaviors related to family formation and fertility. Considering the different economic crises and a certain "tone" of normality that match the expectations of the population, they cannot be considered adaptive behaviors deployed as protective economic strategies. In addition, the number of members decreases in the family groups (more "structured /formalized" that have been evolving into single-parent nuclei), since households made up of people who do not form a conjugal nucleus do not show changes in the average size (Mazzeo, 2014).

KEY CHALLENGES DUE TO POPULATION AGING

Argentina is in the middle of the demographic bonus, and it is of vital importance to take advantage of this opportunity to rethink retirement by providing pensions, individual savings, and medical care. The demand for health services, long-term care, and pensions will definitely increase over time.

The country is experiencing a historical period in which for the first time the highest percentage of the population is of working age and has the capacity to generate savings.

Retirement funding challenges will become increasingly pronounced. The aging of the population, combined with the increase in longevity, the decrease in morbidity, and the inflationary rise of medical care will pose enormous challenges for society and the economic system. As Argentina goes through this cycle, the financial services industry will need to respond to the unique needs of people by offering "custom-made" insurance products in the life, savings, pension, and health protection segments.

Fifteen years remain before the demographic advantage is expected to disappear in 2035, so there is a great opportunity for the insurance industry to socialize the value of savings and long-term investment as a means to generate income during retirement. Now is the time to improve educational content and find ways to extend education to more consumers.

At 37.5 percent, the Argentine pension system's coverage is above the regional average and has, among other benefits, a universal old-age pension that allows those over age 65 to receive 80 percent of the minimum retirement amount.

Although in the medium term the demographic bonus poses a challenge in terms of capacity to generate savings and investment financing, it is also a favorable period for economic development. That's because it is possible to increase production, savings, and therefore investment levels when the largest proportion of the population is working age (Rofman and Apella, 2014).

Phases of the Demographic Transition

Demographic transition, which evolved over the course of around 80 years in some developed countries, has begun a new cycle in Argentina that will increase elderly dependence.

There are multiple theories regarding the different stages a society (or a group of them) travels in the course of demographic evolution. One frequently used model, developed by American demographer Warren Thompson and formalized by Princeton's Frank W. Notestein, posited four evolutionary phases. It has since been revised to include a fifth stage that describes zero population growth.

Phase 1 describes pre-industrial societies. Its hallmarks are high birth and death rates, high infant mortality rates, low life expectancy and, therefore, large, extended families and slow population growth. Since 1950, advances in global public health, combined with a relative decline in significant warlike activities, famines, and epidemics has virtually eliminated the number of countries in this phase.

Phase 2 refers to developing countries. In this stage, death rates, especially among children, drop due to social advances, including food production, public sanitation, health education, female literacy, and access to clean water. Population may continue to increase, because, among other reasons, economic improvements may make early marriage more affordable. Falling death rates, absent a corresponding fall in birth rates, creates a population imbalance that drives significant population growth.

Phase 3 includes developed countries. This stage is marked by falling birth rates driven by numerous fertility factors. These include urbanization, women's access to education and the labor market, access to contraceptives, and lessening subsistence agriculture, often along with a change in social values. In this phase, population growth begins to slow.

Phase 4 countries are "post-industrial." Services become specialized, and mortality rates reach historically low levels, in step with low birth rates. As a result, population growth slows to near zero, a phenomenon seen since the 1970s.

Phase 5, a relatively new addition to the model, comprises countries with zero population growth. In other words, at this stage, there are more deaths than births. In this environment, population growth can become negative, as has happened in the countries of Central Europe. However, in the more developed countries of Western Europe, such as Germany and Italy, negative natural growth has been counter-balanced by immigration, producing level population growth. The expression "zero growth" was a term proposed by the neo-Malthusian forecasts of the Club of Rome of 1970."[1]

A developing region, Latin America is experiencing the social advances, and a concomitant drop in mortality rates, associated with phase 2 of demographic transition. In fact, it is slowly achieving mortality rates comparable to phase-3 developed countries. Its mortality rates have declined due to technological developments, particularly in agriculture where increasing yields and lower food prices have led to a decrease in malnutrition and infant mortality. In addition, increased access to education and advances in literacy in Mexico and Peru have been important factors in boosting life expectancy by reducing exposure to traditional mortality risks.

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[1] https://es.wikipedia.org/wiki/Transici%C3%B3n_demogr%C3%A1fica#cite_note-8 [Accessed 2019.]

Table 5 — Phases of the Thompson Demographic Transition

	Countries	Birth rate (%)	Mortality rate (%)	Differential (+ -)	Features
Phase 1	—	40-50	40-50	from +10 to -10	Mortality rates that were found only in the first half of the 20th century.
Phase 2	Chad	45.75	14.37	31.38	The birth rate is high and mortality falls sharply producing an increase in the population.
Phase 3	Peru	20.02	5.62	14.40	Birth rate begins to decrease, and although mortality continues to decline, population growth remains positive.
	Mexico	19.1	4.76	14.34	
Transition to Phase 4	Colombia	16.8	5.82	10.98	Both birth and mortality are already beginning to be seen in a trend of similar values, so that growth is insignificant, and migration takes a fundamental role for population growth.
	Argentina	17.72	7.78	9.94	
	Brazil	14.93	6.07	8.86	
	Chile	13.39	5.11	8.28	
Phase 5	Japan	8.2	10.1	-1.9	The birth rate continues to fall until it falls below the mortality that continues to rise. Population growth is negative.

*Per 1,000 people

Source: With data from 2013 — https://es.actualitix.com/pais/wld/tasa-de-natalidad-por-pais.php [Accessed 2019.]

Note: The extreme cases of Chad and Japan are shown to graph the location of the countries selected in the study.

To generate a basis of comparison with the LIMRA and SOA studies on pensions in Asia, this study will highlight what Argentine consumers think about the challenges of retirement and how they plan to address their various risks. As is its objective at a global level, the study will also shed light on how financial institutions and advisors in the countries analyzed can help their clients address problems by developing new products and solutions. These issues are important given the uncertainty of whether the existing pension systems in Latin America are strong enough to sustain the challenges ahead in the aging of its population, given the scale and pace of aging in the region.

Current Pension Structure and Challenges

In Argentina, adults over 65 will grow from 10.4 percent of the population in 2018 to 19.3 percent in 2050, comparable to most European countries. Consequently, the funding for the pension system will rise above 9 percent of GDP in 2018 to 15.5 percent in 2050. In the same period, health expenditures will rise from 6.3 percent of GDP to about 7 percent, a clear challenge for future generations.[2]

SUSTAINABILITY GUARANTEE FUND OF THE ARGENTINE INTEGRATED PENSION SYSTEM

The National Social Security Administration (ANSES) is the body in charge of executing the policies adopted by the National State regarding Social Security and sustaining the so-called Sustainability Guarantee Fund of the Argentine Integrated Pension System (SIPA), which has guaranteed the payment of pensions in negative or problematic situations since 2008.[3]

The public pension system has the following structure:

- A solidarity system of assisted distribution (with tripartite financing of taxes and contributions), with a mobility clause that means an average between the increase in wages and the increase in revenue, and

- A system of collective capitalization as a guarantee and sustainability fund for the system[4] that seeks to guarantee to the affiliates and beneficiaries of the capitalization regime in force to date identical coverage and treatment provided by the public pension scheme,

- And the elimination of the capitalization regime, and in which the national State guarantees the affiliates and beneficiaries of the capitalization regime the perception of equal or better benefits and benefits than those enjoyed until before 2008.[5]

The services provided under a dependency relationship or as a self-employed worker, corresponding to the periods in which the worker was affiliated with the capitalization scheme, were considered as if they had been provided to the public pension scheme. In this way, the benefits of ordinary retirement, disability retirement, and death pension that were settled by the administrators of retirement and pension funds under the modalities of programmed retirement or fractional retirement began to be paid by the public pension scheme.[6]

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[2] https://www.lanacion.com.ar/opinion/el-desafio-demografico-de-la-argentina-ser-rica-antes-de-ser-vieja-nid1836458- [Accessed 2019.]

[3] https://www.emol.com/noticias/Economia/2017/12/19/887944/Las-claves-de-la-controvertida-reforma-de-pensiones-de-Macri.html [Accessed 2019.]

[4] https://www.tiempoar.com.ar/nota/el-sistema-previsional-argentino [Accessed 2019.]

[5] http://servicios.infoleg.gob.ar/infolegInternet/anexos/0-4999/639/texact.htm [Accessed 2019.]

[6] Ibid.

Only benefits paid through the pension annuity modality continued to be paid through the corresponding retirement insurance company. In turn, the individual capitalization accounts under the figure of "voluntary taxation" and / or "agreed deposits" were transferred to the National Social Security Administration (which does not receive any commission from the contributors to the system).[7]

ANSES is an entity acting in the purview of the Ministry of Labor, Employment and Social Security, has financial and economic autonomy and is subject to the supervision of the Bicameral Commission for the Control of Social Security Funds created within the scope of the National Congress.

OTHER REFORMS

Among the main changes introduced by the new system is a change in the calculation formula for pension, retirement, and social assistance program updates. The new systems also raised the retirement age as an option: from ages 65 to 70 years for men and ages 60 to 63 years for women.[8]

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[7] Ibid.

[8] https://blogs.iadb.org/trabajo/es/argentina-no-esta-sola-las-reformas-de-pensiones-que-estan-por-venir/ [Accessed 2019.]

Sustainability of Pension Systems

The Allianz Pension Sustainability Index (PSI) analyzes the fundamentals of pension systems and the key impacts to help identify the necessary reforms (Table 6). To reach a ranking that reflects the long-term sustainability of a particular pension system, German insurer Allianz analyzed 54 markets based on an extensive list of parameters.

The PSI mainly uses the following three sub-indicators to measure the sustainability of a specific pension system:

- Demographic changes
- Public finances
- Pension system design

Table 6 — Pension Sustainability Index*

Sub indicators	Status (0.75)**	Dynamics (0.25)**
Demography	Old Age Dependency Rate (OAD)*	Change in OAD * until 2050
Pension system	Level of pension benefit from the first pillar and coverage of the workforce	Change in pension level
	Legal / effective retirement age	Reforms approved
	Strength of the pillar and the reserve fund financed (as % of GDP)	
Public finances	Pension / GDP payments	Change of pension / GDP payments until 2050
	Public indebtedness / GDP	
	Need for social assistance	

*Ratio of ≥ 65 years to 15 to 64 years

**Weighted

Source: *Allianz Asset Management, International Pensions*, 2016.

Argentina ranks 22 out of 54 markets included in the general index of pension sustainability. Within the sub-parameters of the index, Argentina ranks 23 in public finance. However, it ranks 2 and 43 in demography and pension system, respectively, demonstrating the enormous difference in weighting of the demographic bonus and the limited pension system. In addition to the ranking of public finances, due to its relative stability shown in the last three years, it occupies a very encouraging place in demography.

Table 7 — Ranking 2016 — Pension Sustainability Index, Latin America — Allianz[9]

	Score*	TOTAL World Ranking	Demography World Ranking	Public Finances World Ranking	Pension System World Ranking
Chile	7.2	10	32	4	24
Mexico	7.1	12	14	14	34
Peru	6.7	19	5	1	47
Argentina	6.6	22	2	23	43
Colombia	6.2	38	23	2	48
Brazil	5.6	50	31	40	45

*On a scale of 1 to 10

Note: Includes covered markets in this study.

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[9] Finke, Allianz, 2016.

Retirement From the Consumer Perspective

Local chapters in the LIMRA SOA pension research series analyze in detail the participating local markets (Figure 9). The research explores the ways in which decision-makers and / or those who contribute to financial decision-making in their households visualize or plan to address the challenges of retirement.

Argentina is a country whose geographical size accommodates different types of human aggregates and cultures that make any generalization unreliable. In all the regions observed and topics analyzed, differences in perception and behavior are evident. It is possible that these differences may reflect the cultural nuances found throughout the Republic. The Northwest, for example, has a greater indigenous component of Andean origin, compared to the Northeast, which comprises the northern Guarani ethnic group. Closer to the Atlantic coast the predominance of Europeans gives it its characteristic tone. At the end of the 19th century, assistance began to be provided in case of illness or disability under the mutual system. Then, in 1904,

the National Retirement and Civil Pensions Fund was created to provide coverage to the workers of the Central Administration at the same time that the Railway Workers' Savings Bank was created.

In 1921, the Retirement and Pensions, Banking and Workers of Companies, and Public Services Fund was established, laying the groundwork for the Argentine Pension System. This fragmented in 1930 due to the existence of multiple savings banks. Between 1940 and 1954, the expansion of the Social Security system began. In 1949, it covered more than 2 million workers. In the face of the widespread financing crisis, in 1948 a Stabilization Fund was created through a collection from an increase in sales tax. In 1958, it was determined that a pension should be the equivalent of 62 percent of the worker's monthly salary. In 1960, the acute period of the crisis began. According to Biondi, "The State is indebted with the "Saving Bank" to pay the current expense of supporting the premature retirement of workers who retire at 50 years. Between 1963 and 1966, given the huge number of lawsuits filed against the savings banks that could not pay the benefits, the prohibition to seize

Figure 9 — Interviewed by Decision Authority

Legend:
- ■ I am the main financial decision maker in my home
- ■ I share decision making equally in my home
- ■ Someone else makes most financial decisions
- ■ I am not involved in financial decisions in my home

Region	Main financial decision maker	Share decision making equally
Total	72%	28%
Patagonia	68%	32%
Pampeana	79%	21%
Northwest	68%	32%
Northeast	60%	40%
Cuyo	70%	30%
Buenos Aires	72%	28%

the National Benefit Saving Bank was established by decree. The decree determined a new pension-equivalent calculation —70 percent of the average of the highest three years' salary. From 1970, with the sharpening of the inflationary process, the gap between active and passive assets became increasingly noticeable. Then, in 1994, the AFJP individual capitalization system was established. It was nationalized in October 2008, becoming a state system with an FGS (Sustainability Guarantee Fund).[10]

However, this historical process should not be decontextualized from events that shaped the consciousness and future prospects of young, pre-retired, and retired workers during the 2002 crisis. At that time, the high unemployment rate affected 22 percent of the active population, and 45 percent of the country's households fell below the poverty line. That is, almost 2 of 3 people did not have enough income to support themselves. It took a decade for the unemployment rate to go down by two digits and the incidence of poverty revert to

14 percent of households (Mazzeo, 2014). This relatively recent experience is likely to have deepened during the last 20 years in the minds of young, pre-retired, and retired workers. Currently, 52 percent of respondents distrust the financial system and would never hand over their money for administration.

The majority of Argentines have children and spouses as their main dependents, demonstrating the preeminence of the nuclear family, even in more traditional Northwest areas. For more than forty years, Argentina has been moving towards a nuclear family structure with fewer children, due to those couples (including same-sex couples) who decide not to have children or decide to delay family planning. Therefore, the dependence of parents, in-laws, or other relatives has virtually disappeared. This trend varies slightly among subregions, but only in the Northwest does dependency of the mother reach 12 percent (Table 8).

Table 8 — Financial Dependence

Answering the question: *Which of the following individuals are your financial dependents?*

	Buenos Aires	Cuyo	Northeast	Northwest	Pampeana	Patagonia	Total
Spouse	42%	46%	50%	39%	41%	47%	42%
Mother	7%	3%	9%	12%	4%	6%	7%
Father	4%	3%	0	3%	5%	4%	3%
Children	53%	58%	46%	54%	52%	58%	53%
Mother-in-law	2%	0	0%	2%	2%	3%	2%
Father-in-law	0	0	0	1%	2%	1%	0
Siblings	2%	0	0	6%	3%	5%	3%
None	25%	23%	17%	23%	21%	20%	23%

Given the current trend to live longer and more often alone, there is an increasing need for adequate savings to finance personal care at the end of an extended life. However, to achieve that objective, prudent financial planning is required. When respondents were asked if they worked with professional planners to make financial household decisions, about a third of them (31.4 percent) indicated that they do not work with any financial professional (Figure 10). This trend is stronger in the Northeast regions, especially among young workers (30–45 years), at 83 percent, and pre-retired (46–60 years) of Pampeana, at 44 percent. These findings clearly indicate the need in the market to educate this segment of the population about the need for long-term savings with appropriate instruments. The demographic bonus is an opportunity not to be missed.

About 27.4 percent of respondents have not taken any initiative on retirement planning, revealing that almost a quarter of the population may not be aware of the need to prepare for a stable retirement during a period of demographic advantage. In the regions of Cuyo, Northwest, and Pampeana, an average of only about 30 percent of respondents said they had determined how much their income, including post-retirement health expenses, would be during retirement (see Figure 11).

Actions taken vary from generation to generation: young workers have more frequently determined their health expenses for retirement, while pre-retirees and retirees have more frequently determined their general expenses in retirement. It is worrying that almost 27.4 percent of respondents in the country have not taken any action. This figure is higher in Pampeana (28.4 percent), compared to 15 percent in Cuyo.

Figure 10 — Do Not Work With a Financial Professional to Help With Household Financial Decisions

Answering the question: *Does your household usually work with financial professionals to help you with the financial decisions of your household? The results represent respondents who answered "no."*
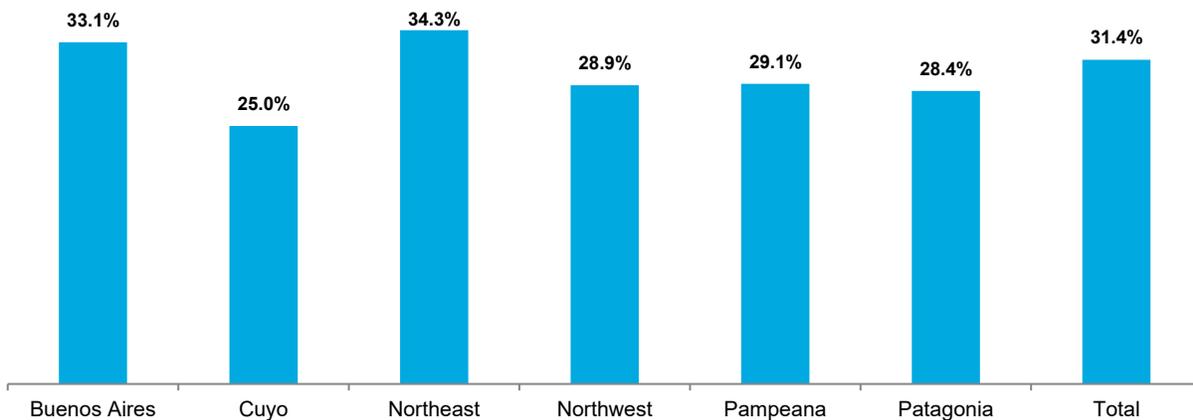
Figure 11 — Retirement Planning Initiatives

Answering the question: *Which of the following retirement planning activities did you do?*

Buenos Aires
- 22.9%
- 32.6%
- 26.4%
- 21.7%
- 23.6%
- 25.4%
- 21.4%
- 26.8%
- 27.8%

Cuyo
- 30.0%
- 45.0%
- 32.5%
- 17.5%
- 30.0%
- 35.0%
- 30.0%
- 35.0%
- 15.0%

Northeast
- 34.3%
- 31.4%
- 17.1%
- 22.9%
- 17.1%
- 8.6%
- 25.7%
- 20.0%
- 28.6%

Northwest
- 19.3%
- 35.1%
- 16.7%
- 17.5%
- 23.7%
- 20.2%
- 21.1%
- 28.9%
- 26.3%

Pampeana
- 27.0%
- 26.2%
- 22.0%
- 15.6%
- 29.1%
- 22.0%
- 25.5%
- 28.4%
- 28.4%

Patagonia
- 18.5%
- 28.4%
- 23.5%
- 22.2%
- 21.0%
- 19.8%
- 21.0%
- 22.2%
- 29.6%

Total
- 23.4%
- 32.1%
- 24.4%
- 20.3%
- 24.2%
- 23.7%
- 22.4%
- 27.0%
- 27.4%

Legend:
- Calculation of the amount of assets and investments that you will have available for expenses during the retirement period
- Definition of how much the rent will be during the retirement period
- Definition of what the expenses will be during the retirement period
- Estimation of the duration (in years) of assets and investments during the retirement period
- Identification of the activities that are intended to be done during the retirement period with the respective projected costs
- Definition of the likely benefits of Social Security at different retirement ages
- Definition of the place (city, region) of housing during the retirement period
- Definition of health expenses after retirement
- None of the above options

Figure 12 — Those Who Work with Financial Professionals Work With ...

Answering the question: *In your household, do you usually hire the help of financial specialists?*

Legend:
- Bank financial consultant / planner yes and no
- Investment brokerage consultant / financial planner
- Consultant / financial planner of mutual fund company
- Consultant / financial planner of trust company
- Consultant / financial planner of wealth management company
- Insurance Broker / Broker
- Accountant
- Lawyer

Buenos Aires
- 4.7%
- 2.3%
- 1.5%
- 1.0%
- 2.3%
- 7.5%
- 18.9%
- 9.9%

Cuyo
- 2.5%
- 2.5%
- 5.0%
- 2.5%
- 2.5%
- 2.5%
- 17.5%
- 2.5%

Northeast
- 8.6%
- 0
- 0
- 0
- 0
- 2.9%
- 22.9%
- 11.4%

Northwest
- 3.5%
- 2.6%
- .9%
- 1.8%
- 1.8%
- 3.5%
- 17.5%
- 7.0%

Pampeana
- 3.5%
- .7%
- .7%
- .7%
- 4.3%
- 5.0%
- 18.4%
- 8.5%

Patagonia
- 6.2%
- 3.7%
- 2.5%
- 1.2%
- 4.9%
- 2.5%
- 12.3%
- 11.1%

Total
- 4.6%
- 2.2%
- 1.5%
- 1.1%
- 2.7%
- 5.9%
- 18.2%
- 9.2%

As noted earlier, a significant proportion of respondents do not approach financial professionals to make financial decisions (see Figure 12). They prefer to work with accountants or lawyers. While these professionals are not necessarily experts, they can give sustainable and convenient advice over time. Possibly these professionals seek to preserve a certain degree of impartiality and certainty when providing financial guidance that differentiates them from a financial services industry that many respondents distrust. In order of preference, a minority of respondents prefer to work with a financial planner in a securities or mutual fund company, an insurance agent/broker, or a financial planner/advisor in a bank or trust company.

An insurance agent/broker is the most favored channel of respondents in Buenos Aires; while a bank financial consultant/planner is preferred by Northeast consumers.

Figure 13 — Those Who Bought From a Foreign Consultant…

Answering the question: *Your financial advisor operates at home or abroad?*
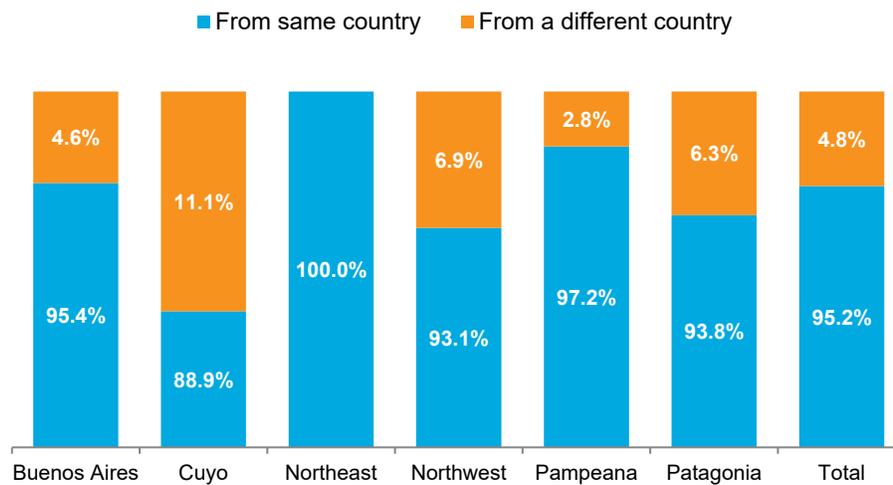
Thirty-one percent of respondents do not work with financial professionals to create a family retirement plan.

Figure 14 — Retirement Planning

Answering "no" to the questions: *Does your household have a formal written plan for the administration of income, assets, and / or expenses during the retirement period? Did a financial specialist help create the plan for your family?*

- A financial specialist did NOT help create the plan for my family
- Your household does NOT have a formal written plan for the administration of income, assets and / or expenses during the retirement period

Region	A financial specialist did NOT help create the plan	Household does NOT have a formal written plan
Total	42.7%	76.3%
Patagonia	50.0%	80.2%
Pampeana	62.5%	71.6%
Northwest	48.1%	76.3%
Northeast	45.5%	68.6%
Cuyo	50.0%	85.0%
Buenos Aires	34.5%	76.8%

Respondents seek professional help for financial decisions on a regular basis; however, they don't seek help from financial professionals in retirement planning (Figure 14). Almost 30 percent of respondents did not seek help from financial professionals in planning their retirement, especially respondents from the Buenos Aires and Northeast area.

In addition, 76.3 percent of respondents did not have a formal written plan to manage income, assets, and expenses during retirement. Early retirees (73 percent) seem to have the least interest in consulting a financial professional for retirement planning and creating a plan and are the least likely to have a formal written retirement plan (62 percent).

Table 9 — Concerns and Retirement Actions — According to the Following Statements

Response to the direction: *For each of the following statements related to your concerns and retirement actions, indicate if you totally agree, slightly agree, disagree or disagree, somewhat disagree, or strongly disagree.*

	Buenos Aires	Cuyo	Northeast	Northwest	Pampeana	Patagonia	Total
Confidence Comparison							
I trust that I will be able to have the desired lifestyle in retirement	58.4%	55.0%	57.1%	56.1%	58.9%	70.4%	59.0%
I have savings that are enough to last until the end of my retirement	30.8%	30.0%	31.4%	29.8%	38.3%	30.9%	31.7%
Need Help							
I would like my employer to provide more comprehensive information and advice on saving and retirement planning	66.3%	81.0%	54.2%	62.0%	58.2%	75.5%	65.3%
Declaration of Action							
I would be willing to buy or plan the purchase of a financial product that would provide a guaranteed annuity	49.2%	67.5%	54.3%	53.5%	52.5%	49.4%	51.0%
I am currently very involved in the monitoring and management of my retirement savings	39.5%	45.0%	40.0%	32.5%	36.9%	40.7%	38.7%
Challenge and Mentality							
I don't trust financial institutions with my money	41.3%	55.0%	31.4%	48.2%	39.7%	50.6%	42.8%
It's rare to hear people talking about workplace safety planning	60.0%	66.7%	45.8%	53.2%	61.5%	67.3%	59.6%
I inherited / inherited my parents' assets	37.8%	32.5%	45.7%	28.9%	38.3%	33.3%	36.6%

Note: the previous numbers represent summary options of "somewhat agree" and "totally agree." The first three options by zone have been highlighted. In certain cases, four options were highlighted when the classified third and fourth numbers were equal.

Of respondents, 42.8 percent are not willing to trust financial institutions, this indicator being higher in Cuyo and Patagonia, although, where consumers have some confidence, the level of trust is higher among young workers. Most respondents trust their financial security in retirement. Nearly two thirds of respondents are confident of maintaining a similar lifestyle in retirement. This trend is especially high among Patagonia respondents, where almost 70.4 percent are confident in having the desired retirement lifestyle. Either the level of trust is also higher among retirees, or they have found a way to manage their retirement expenses, or they can still rely on the younger generation for their expenses.

A low 38.7 percent said they are currently very involved in monitoring and managing their retirement savings, while 23.7 percent had previously said they had a formal written retirement plan. This low incidence is a clear proof that the help of financial professionals is needed to guide the young recipients of the demographic bonus in the education, orientation, and planning of their retirement. It should also be borne in mind that Cuyo respondents mostly would like their employers to make available more complete information and guidance on savings and retirement planning. That finding is a wake-up call that should be considered for a macro-plan of financial education through proactive institutions.

However, about 57.2 percent of the country rely on financial institutions in matters related to their money. Cuyo shows a slight differential. This average rate of confidence is possibly influenced by the boom-bust cyclical effects of the Argentine economy. Notably, half of the respondents are barely willing to buy or plan to buy a financial product that will provide guaranteed income for life. The level of interest is higher among retirees.

Almost half of the respondents in Latin America consider it their responsibility to plan retirement and do not want to depend on the government or family members. The only exception to some extent is Argentina, where 55 percent of respondents state that the primary responsibility for retirement security must be that of government entities. However, 36 percent would accept the responsibility of financing their retirement (Figure 15).

Figure 15 — Main Responsibility for Providing Retirement Funds

Answering the question: *Who should be primarily responsible for providing retirement funds?*

■ Entrepreneurs (if applicable)
■ Government / government agencies / social security
■ The family members
■ The individuals themselves (through planning and financial investments)
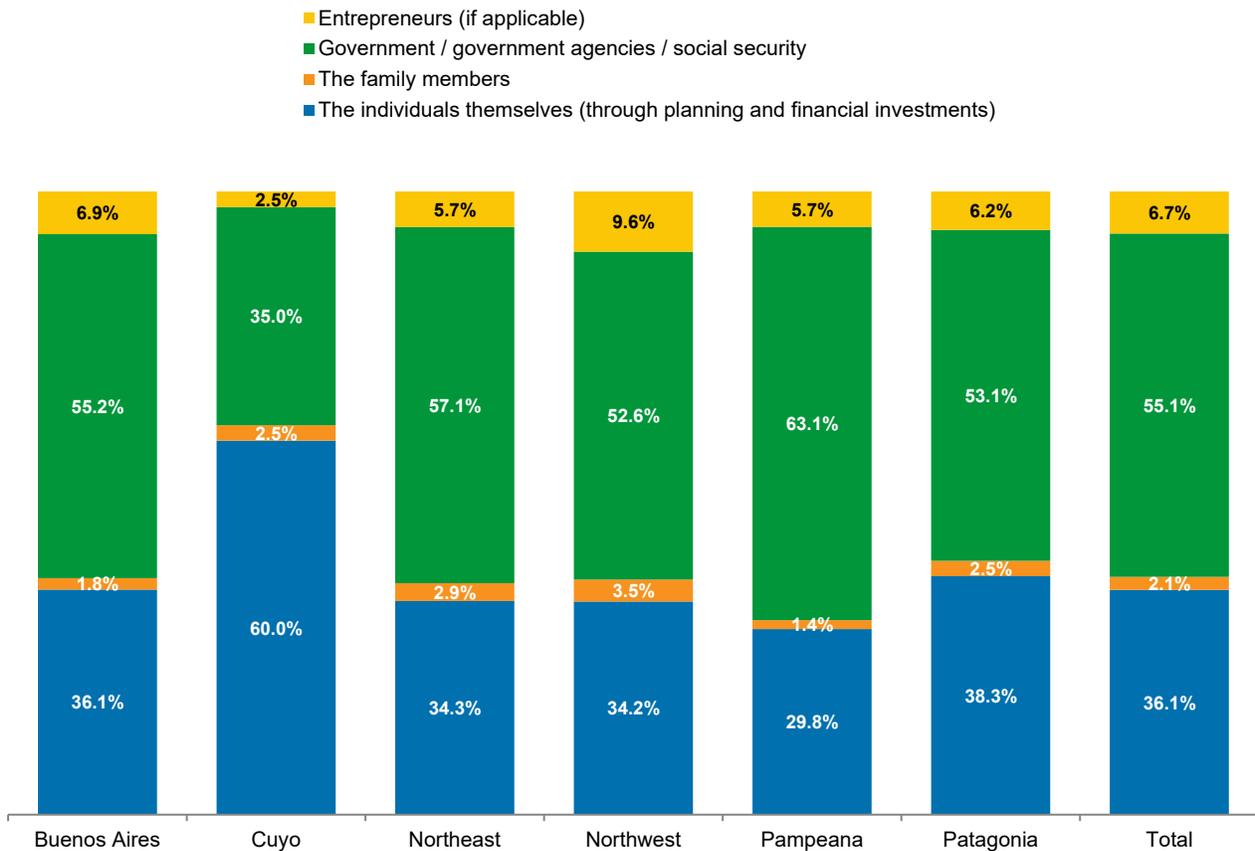
Dependence on the government for retirement income is quite high, especially among the younger generation.

Just over a third of respondents in Argentina consider it their responsibility to finance their retirement. However, there is some difference between generations. The proportion of respondents who consider it their own responsibility is much higher among young and pre-retired workers (35 percent) than among retirees (29 percent). This finding does not necessarily suggest a change in mentality, where the younger generation is willing to be proactive and meet their future needs, since among those who said they wanted to depend on the government to obtain income after retirement, 30 percent were young workers. Of those who indicated dependence on previous employers, 43 percent were young.

In line with what the majority of respondents indicated above, a high percentage agrees that it is NOT their responsibility to organize retirement financing, although more than 80 percent of people also plan to generate retirement income from personal savings and investments (Table 10). However, respondents indicated a high level of acceptance in most options, suggesting an awareness that a single income stream may not generate adequate retirement income.

Respondents also indicated that they would depend on full-time / part-time work income, possibly suggesting that they will extend their working lives through retirement. In addition, the traditional mode of retirement income, that is, family dependency, is over 40 percent. This proportion is still relatively high, since reliance on family for retirement support is more typical of traditional societies. It is striking that it is in the Northeast where this proportion is highest. In addition, there is an apparent contradiction in the fact that, although the majority indicated that it is the primary responsibility of the government / government agencies to finance retirement income, almost 81 percent wish to rely on personal savings and investments.

There was also some interest in relying on an inheritance (76.9 percent) and on rental and real estate income (59.5 percent). Neither life insurance nor personal retirement plans (voluntary plans purchased directly from banks and brokers / insurance agents) were much favored by Patagonia respondents. However, sources of income, such as Income from full-time / part-time work, were the most favored in the Northeast.

Table 10 — Source of Anticipated or Current Retirement Income

Responding to the question: *Which of the following sources of income does your household currently receive? [IF YOU ARE A WORKER] Indicate what sources of income you expect to receive during retirement.*

	Buenos Aires	Cuyo	Northeast	Northwest	Pampeana	Patagonia	Total
Personal savings and investments	80.3%	72.5%	88.6%	80.7%	85.1%	79.0%	80.9%
Social pension/Other local pension options/Social Security	81.3%	60.0%	82.9%	78.1%	78.7%	81.5%	79.8%
Rent of real estate	58.9%	37.5%	68.6%	60.5%	64.5%	60.5%	59.5%
Complementary business pension plans (private pension plans offered by employer with voluntary membership) / Voluntary plans by the employer	42.1%	35.0%	54.3%	39.5%	36.9%	45.7%	41.5%
Income from full-time / part-time work	46.5%	32.5%	65.7%	48.2%	34.0%	45.7%	45.0%
Inheritance of a family member	78.4%	70.0%	88.6%	79.8%	70.2%	71.6%	76.9%
Family assistance (incl. children)	40.1%	37.5%	62.9%	45.6%	41.1%	42.0%	41.7%
Life insurance	29.3%	30.0%	34.3%	35.1%	28.4%	25.9%	29.7%
Reverse mortgage	46.5%	50.0%	80.0%	42.1%	59.6%	51.9%	49.6%
Personal retirement plans (voluntary plans purchased directly through banks and brokers / insurance agents)	19.2%	15.0%	31.4%	17.5%	16.3%	23.5%	19.2%

Note: The above numbers represent the summary options of "Primary Source" and "Secondary Source" from the general options of "Primary Source," "Secondary Source," and "Not a Source."

Forty-five percent of respondents indicated that they would depend on full-time/part-time work income to support their retirement. This is an early warning signal of a possible growing trend, as more and more retirees choose to continue working after retirement.

More than half of the respondents indicated that they had access to a traditional or defined benefit (DB) pension plans from their employers (Figure 16). In Cuyo, the proportion increases to around 69.2 percent. In another case, only 12 percent of respondents indicated that they had access to employer-sponsored defined contribution (DC) plans. Perhaps surprisingly, only 24 percent of respondents said a retirement insurance plan was available to them.

Figure 16 — Retirement Plan Available Through Current Employer, Job, or Profession

Answering the question: *What pension plans are available to you through your current employer, profession, or job?*

- A traditional pension plan or an employer defined benefit plan (active or frozen)
- A defined annual contribution of the company
- Stock ownership plan for employees/stock purchase plan
- Retirement insurance
- None of the above plans is currently available.
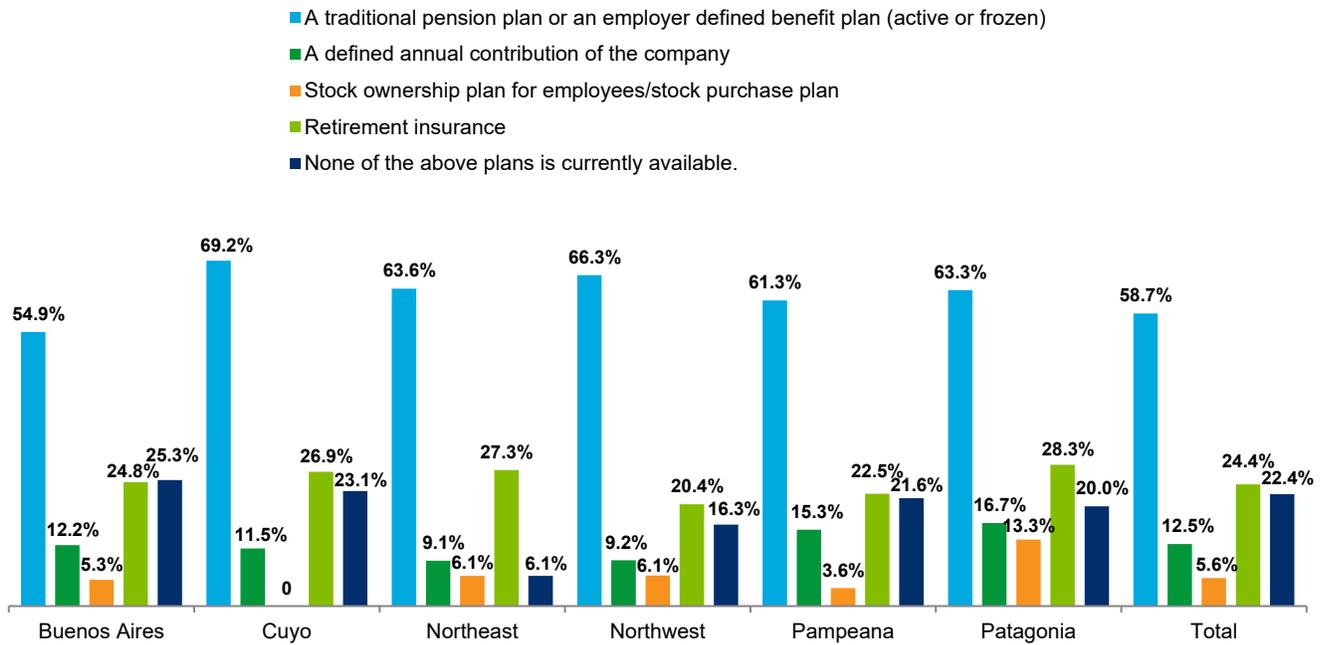
Definitions: A **defined benefit plan** is a supplementary pension plan sponsored by the employer in which the worker's benefits are calculated using a formula that considers factors such as time of service and salary history. A **defined contribution plan** is a supplementary pension plan in which the worker and/or the employer contributes to the individual account of the official under the plan. The timing of distribution includes contributions and gains or losses on investments, minus administrative and investment management fees. The sponsoring company generally matches the contributions made by the official. The defined contribution plan has restrictions that control when and how much each employee can withdraw funds without penalties.

Just over 13 percent of respondents in Argentina stated that, although they did before, they currently do not contribute to any employer-sponsored retirement savings plan (Figure 17). Among non-taxpayers, 7.5 percent are not contributing even though the option is available, and 20.5 percent are not because some do not have the option to contribute because the employer does not offer it. Significantly, more than 45 percent of respondents in Cuyo said their employers do not offer retirement savings plans.

Figure 17 — Contribution to Employer-Sponsored Retirement Savings Plan

Answering the question posed to those who work full time or are self-employed /family business: *Do you currently contribute or have contributed to any type of supplementary pension plan sponsored by the employer?*

■ Yes, I currently contribute
■ No, I contributed previously, but at the moment I am not contributing
■ No, although available, I have never contributed, nor am I contributing at the moment
■ No, my employer does not offer it

Region	Yes, I currently contribute	No, contributed previously	No, never contributed	No, employer does not offer
Total	58.7%	13.2%	7.5%	20.5%
Patagonia	72.9%	10.4%	8.3%	8.3%
Pampeana	48.3%	14.9%	11.5%	25.3%
Northwest	57.3%	14.6%	7.3%	20.7%
Northeast	61.3%	19.4%	0	19.4%
Cuyo	35.0%	10.0%	10.0%	45.0%
Buenos Aires	60.8%	12.4%	7.0%	19.7%

Across Argentina, 58.7 percent of respondents said they were contributing to an employer-sponsored retirement savings plan. This percentage is higher than the Latin American average of 53.2 percent. More respondents in southern Argentina stated that they contributed; 72.5 percent of Patagonia claimed to be contributing to employer-sponsored savings plans, making them the subregion with the highest contribution rate.

Figure 18 — Part of Retirement Savings in Employer-Sponsored Plans

Responding to the following questions: *What percentage of all retirement savings in your household are employer-sponsored savings? And what percentage is outside of the savings plans sponsored by your employer?*

53%   47%

■ Savings plans sponsored by employer   ■ Outside of employer-sponsored savings plans
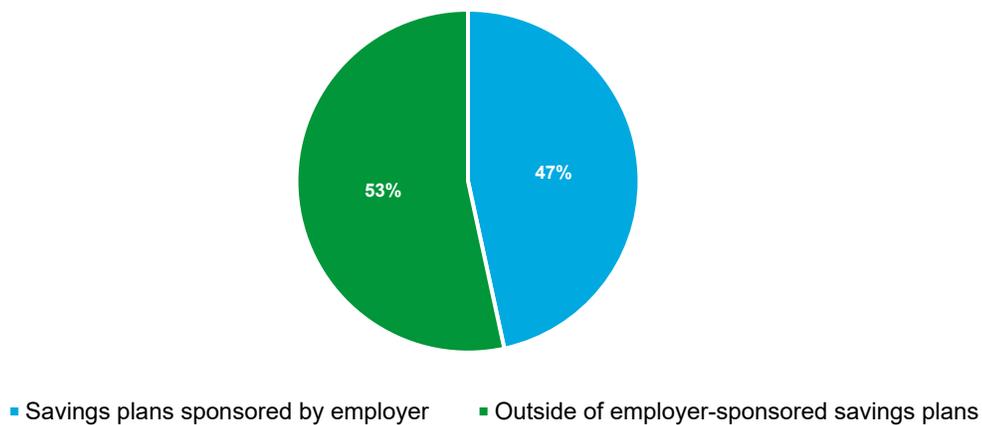
Figure 19 — Extension of Matching Employer Contributions

Answering the question: *When you make contributions to your supplementary pension plan, does your employer currently provide a match (for example, 5 percent of the value of your contribution)?*

Legend:
- Yes, of more than 5% of my salary
- Yes, between 3% and 5% of my salary
- Yes, less than 3% of my salary
- No, no contribution is made by the employer
- I can't say

	Buenos Aires	Cuyo	Northeast	Northwest	Pampeana	Patagonia	Total
I can't say	12.3%	11.1%	16.0%	22.0%	18.2%	17.5%	15.0%
No, no contribution	11.9%	22.2% / 0	16.0%	15.3%	14.5% / 0	10.0%	12.9%
Yes, less than 3%	6.9%		4.0%	6.8%		7.5%	5.8%
Yes, between 3% and 5%	26.5%	11.1%	20.0%	35.6%	29.1%	27.5%	27.5%
Yes, more than 5%	42.3%	55.6%	44.0%	20.3%	38.2%	37.5%	38.8%

Nearly forty percent of respondents revealed that they received contributions equivalent to their contributions above 5 percent of their salaries, and 27.5 percent said they receive contributions of about 3 percent to 5 percent of their salaries. Twenty-two percent of Cuyo respondents said they received no contributions from the employer (Figure 19).

Figure 20 — Supplementary Sponsored Pension to Cover Basic Retirement Expenses

Answering the questions: *Is the amount of income from Social Security and supplementary pension through a defined benefit plan sponsored by the employer sufficient to meet your basic needs? Do you think that the amount of income from Social Security and the supplementary provision through an employer-defined defined benefit plan will be sufficient to meet your basic needs during the retirement period?*

Legend:
- Yes, absolutely
- Yes, probably

	Yes, absolutely	Yes, probably
Total	15.5%	30.3%
Patagonia	22.2%	29.6%
Pampeana	12.1%	36.2%
Northwest	12.3%	28.1%
Northeast	28.6%	34.3%
Cuyo	25.0%	27.5%
Buenos Aires	14.5%	29.4%
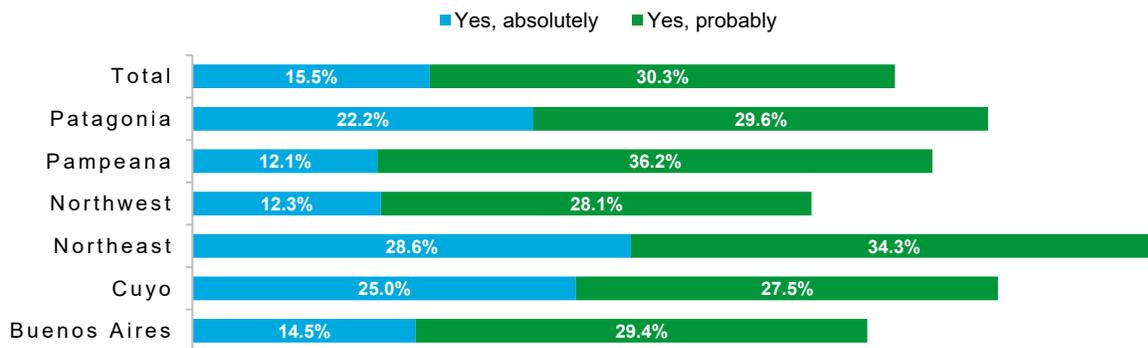
Note: The response options provided were: "Yes, absolutely," "Yes, probably," "No, that is unlikely," "Definitely not," and "I can't say." For easy viewing, only the "Yes, absolutely," and "Yes, probably," options are shown.

Forty-six percent of respondents said that the income earned from social pensions and defined benefit pensions sponsored by their employers is "definitely" or most "likely" enough to meet their basic life needs. The level of confidence is especially high throughout the Northeast, where almost 63 percent said it is "absolutely" or "probably" sufficient to meet the basic needs of retirement life (Figure 20).

However, the level of trust is low, especially among retirees, since only 11 percent of those who said it is "definitely" or "likely" that it is sufficient to meet the basic needs of life in retirement were retired.

The international LIMRA SOA pension study seeks to identify the multiple sources of retirement income that respondents aspire to have (Table 11). It therefore presents data demonstrating whether consumers have an appetite for investments to finance their retirement years.

Property rental income is a popular way to generate retirement income, in addition to interest and dividend withdrawals.

While the preferred method of generating retirement income from savings varies by region, there is a preference for financial products that provide guaranteed lifetime income and products with options to withdraw interest and dividend earnings, while leaving capital intact.

Although, compared to Latin America, respondents in Argentina were not among the countries that expressed the highest levels of interest to buy or search for a product that converts part or all of household savings into guaranteed income for life. Among those who are working and not retired, only 46 percent expressed interest. However, respondents did express an interest in investing retirement savings in properties and generating rental income. This phenomenon is quite exclusive to some markets, perhaps due to an expected growth in real estate prices driven by greater urbanization. However, the recent economic history of Argentina must be considered as an influence (Table 11).

Table 11 — Method to Generate Income From Retirement Savings

Answering the question: Which of the following best describes how your household plans to generate income from retirement savings?

	Buenos Aires	Cuyo	Northeast	Northwest	Pampeana	Patagonia	Total
Withdrawal preferences							
Make regular withdrawals of part of the capital and part of the income	11.2%	15.0%	14.3%	10.5%	9.9%	17.3%	11.7%
Make occasional withdrawals, or when necessary, from part of the capital and part of the income	20.4%	17.5%	20.0%	19.3%	21.3%	18.5%	20.1%
Make withdrawals only from interest and dividends, without touching capital	23.1%	20.0%	34.3%	28.1%	22.0%	29.6%	24.3%
None of the above options. In my household, we do not intend to use retirement savings to generate income	14.0%	22.5%	2.9%	6.1%	17.0%	21.0%	14.1%
Interest in the purchase of properties or annuities for income or growth							
Buy or search for a product that converts part or total of domestic savings into a guaranteed annuity	21.1%	12.5%	14.3%	16.7%	22.7%	19.8%	20.1%
Corporate life annuity with tax benefit and survival coverage (contract that seeks the payment of continued deferred income for business owners, executives, and shareholders)	6.5%	7.5%	5.7%	9.6%	2.8%	6.2%	6.3%
Invest the savings for retirement in real estate and thereby generate rental income	37.5%	35.0%	57.1%	36.8%	35.5%	27.2%	36.9%
Opt for a reverse mortgage	2.5%	0	8.6%	1.8%	1.4%	3.7%	2.5%
Temporary private income / private income	16.7%	17.5%	17.1%	12.3%	14.2%	12.3%	15.6%
I can't say	16.1%	2.5%	17.1%	20.2%	14.9%	22.2%	16.4%

Note: The first three results per market have been highlighted for easy reference.

In addition to identifying investment preferences, it is also important to understand when consumers plan to retire and if their savings are sufficient to finance their needs during retirement. The retirement industry also needs to understand the consumer perspective on the time needed to save for retirement, how many years consumers expect the retirement to last, and if consumers correctly estimate their life expectancies at age 60 years.

In Argentina, the time dedicated to retirement planning, 45 years, is among the three highest in Latin America. Almost 19 percent have this span of years to save, but, together with those who begin to save between 20 years and 30 years, the proportion reaches 61 percent. Most respondents begin saving for retirement around age 20 and spend approximately 45 years preparing for it (Figure 21).

Respondents stated that they plan to retire at age 65, which seems to be a contradiction, given the fact that a significant proportion of them had previously stated that they would work full or part time to earn retirement income.

Respondents of the Retired Segment (age 61–75 Years) Plan to Retire or Retired at Age 65.

Figure 21 — Retirement and Retirement Planning

Answering the questions: *At what age do you expect to retire? How old were you when you retired? At what age will you start saving/investing for retirement?*

Argentina		
Percentage of respondents/ age started to save for retirement	Percentage of respondents/ retirement age	Period to Save
18.8% at age 20	43.7% at age 65	45 years

Figure 22 — I Regret Delaying Retirement Savings

Responding to: *I am sorry to have started saving and investing for retirement a bit late OR I have NOT started saving for retirement at all.*

Region	Percentage
Total	36.1%
Patagonia	29.6%
Pampeana	31.2%
Northwest	35.1%
Northeast	31.4%
Cuyo	45.0%
Buenos Aires	38.0%
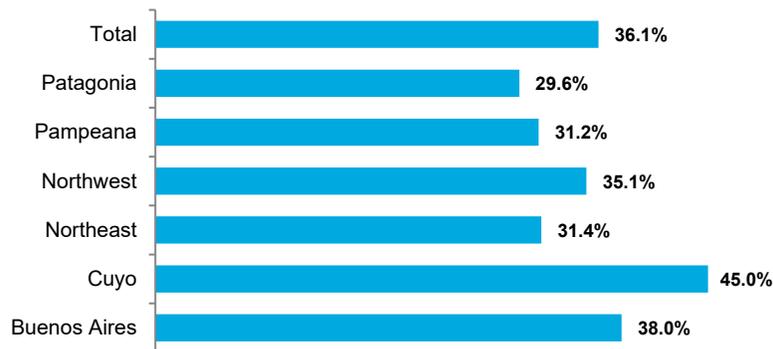
Nearly 4 in 10 respondents regret having started saving late for retirement or did not start saving at all.

Almost 4 out of 10 respondents regret delaying retirement savings or not starting to save for retirement (Figure 22). The feeling of regret is quite high among pre-retirees where 41 percent say they regret delaying retirement planning.

In addition, 67 percent of respondents in Argentina anticipate a gap in retirement funds when they turn age 60, and 33 percent expect to have more than 81 percent of the funds they need to lead a comfortable retired life (see Figure 23). Respondents from the Northwest and Northeast expected a much larger gap in retirement funds compared to other parts of the country.

In addition, the fact that the estimated financing gap between retirees and pre-retirees is even greater underlines the tendency of the younger generation to underestimate the amount of time required to accumulate funds for the main expenses needed during the different stages of life.

Sixty-seven percent anticipate a gap in retirement funds when they turn age 60.

Figure 23 — Early Gap in Retirement Funds

In response to the questions: *What percentage of the total retirement funds (which you may need to maintain a comfortable retirement life) do you anticipate having when you turn age 60? What percentage of the total retirement funds (which you may need to maintain a comfortable retirement life) did you anticipate that you would have when you turned age 60?*

Legend: ■0-80% ■81%-100%

Region	0-80%	81%-100%
Total	67.0%	33.0%
Patagonia	66.7%	33.3%
Pampeana	68.2%	31.8%
Northwest	72.5%	27.5%
Northeast	72.7%	27.3%
Cuyo	66.7%	33.3%
Buenos Aires	65.6%	34.4%
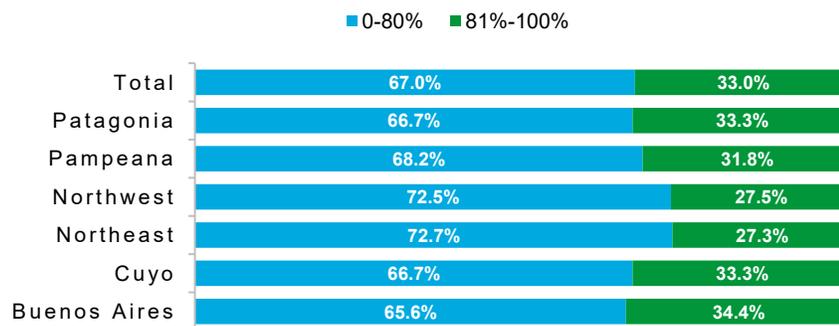
Respondents overestimated life expectancy at 60 years by about 11 percent, which implies that the funding gap for retirement is slightly smaller than they expected (Figure 24). Respondents expected to live around 21.5 additional years when turning 60, compared to the reality of 19.3 years.

Respondents overestimate life expectancy.

Figure 24 — Anticipated Life Expectancy at Age 60 Versus Actual Life Expectancy at Age 60

Subjective Expectation of Life in Retirement at Age 60					
Argentina	Brasil	Chile	Colombia	México	Perú
21.5	20.2	19.6	25.2	20.7	20.6

Versus

Current Actual Life Expectancy at Age 60					
Argentina	Brasil	Chile	Colombia	México	Perú
19.3	19.4	23.5	20.4	18.2	20.4

+ / −					
11%	4%	-17%	24%	14%	1%

Note: For comparison, 2035 – 2040 data has been used from UN Population Division, considering the age band and quota used in the study.

Although the majority of respondents in Argentina expect a gap in retirement funds when they turn age 60, the fact of being in the middle of the demographic bonus can obscure the potential challenges and the importance of retirement planning. More than 82 percent of respondents were concerned that the value of savings and assets may not keep up with inflation. In addition, they were also concerned that the government or the company would reduce health benefits or health insurance (Table 12).

Some of the respondents are worried about finding available long-term care / nursing home services, but many more are worried about being able to pay for health costs not covered by a supplemental health plan.

Some of the regions also have concerns that are unique, for example, more than 91 percent of Northeast respondents are concerned about tax increases, followed by 90 percent of Cuyo's.

The decline in interest rates and the value of assets due to inflation, along with health care expenses, remain the main concerns in retirement.

Table 12 — Key Concerns About Retirement

	Buenos Aires	Cuyo	Northeast	Northwest	Pampeana	Patagonia	Total
Longevity Risk							
Possibility that you or your spouse / partner outlive your assets	51.3%	52.5%	57.1%	50.9%	46.1%	49.4%	**51%**
Subsistence of your spouse / partner if you are going to die first	61.4%	75.0%	68.6%	61.4%	62.4%	60.5%	**62%**
Your own livelihood if your spouse / partner dies first	57.4%	55.0%	62.9%	61.4%	55.3%	59.3%	**58%**
Health Risk and Long-Term Care							
Be able to pay for health costs not covered by a supplemental health plan	81.8%	77.5%	91.4%	86.8%	85.1%	87.7%	**83%**
Find available long-term care / nursing home services	58.9%	60.0%	74.3%	64.0%	63.1%	60.5%	**61%**
A chronic disease can drain lifetime savings	78.6%	72.5%	80.0%	78.9%	73.0%	72.8%	**77%**
Caring for the elderly	64.4%	52.5%	77.1%	70.2%	66.0%	65.4%	**65%**
Public Policy Risk							
The government or the company will reduce health or health insurance benefits	82.3%	82.5%	88.6%	80.7%	83.7%	81.5%	**82%**
The government or the company will reduce the pension	79.9%	82.5%	80.0%	83.3%	80.1%	72.8%	**80%**
A society made up of older people will make it difficult for the government to assist the elderly	69.6%	72.5%	68.6%	71.9%	68.1%	67.9%	**70%**

Note: The first three results per market have been highlighted for easy reference. In cases where the third concern had similar results with the subsequent concerns, they were also highlighted.
Of the three options of "primary concern," "secondary concern," "and not a concern," the above results represent a summary result of "primary concern" and "secondary concern."

Table 12 — Key Concerns About Retirement *(continued)*

|	Buenos Aires	Cuyo	Northeast	Northwest	Pampeana	Patagonia	Total
Economic and Market Risks							
The value of your savings and assets may not be able to track the inflation of the period	81.6%	80.0%	82.9%	81.6%	80.1%	85.2%	**82%**
Tax increase	86.6%	90.0%	91.4%	87.7%	89.4%	81.5%	**87%**
Prolonged stock market slowdown	58.9%	62.5%	74.3%	67.5%	57.4%	61.7%	**61%**
Fall in interest rates	61.2%	55.0%	77.1%	67.5%	63.8%	63.0%	**63%**
Inflation increase	90.0%	92.5%	94.3%	91.2%	88.7%	87.7%	**90%**
Increase in the price of the Colombia dollar	0	0	0	0	0	0	**0**
Continue working after I retire	69.7%	65.0%	74.3%	66.7%	67.4%	60.5%	**68%**
Legacy to Relatives and Other Relatives							
Inability to find or keep a job during retirement	66.7%	60.0%	62.9%	66.7%	59.6%	63.0%	**65%**
I haven't started retirement planning yet	53.7%	69.2%	48.5%	59.2%	50.5%	55.0%	**54%**
Possibility of not being able to leave money for children or other heirs	55.4%	57.5%	74.3%	64.0%	59.6%	50.6%	**57%**
Possibility that my children do not take care of me and my spouse during the retirement period	47.7%	55.0%	57.1%	50.0%	48.9%	56.8%	**49%**
My children belong to "neither-nor" group. (They neither work nor study, and they still depend financially on parents as adults.)	30.9%	30.0%	40.0%	32.5%	22.7%	27.2%	**30%**

Note: The first three results per market have been highlighted for easy reference. In cases where the third concern had similar results with the subsequent concerns, they were also highlighted. Of the three options of "primary concern," "secondary concern," "and not a concern," the above results represent a summary result of "primary concern" and "secondary concern."

Figure 25 — Self-Assessment on Knowledge of Investments or Financial Products

Answering the question: *In general, what is your level of knowledge about investments or financial products?*

Legend: ■ Very knowledgeable ■ Somewhat knowledgeable

| Region	Very knowledgeable	Somewhat knowledgeable
Total	5.3%	43.2%
Patagonia	6.2%	43.2%
Pampeana	5.0%	36.2%
Northwest	4.4%	43.9%
Northeast	11.4%	34.3%
Cuyo	5.0%	30.0%
Buenos Aires	5.0%	46.2%
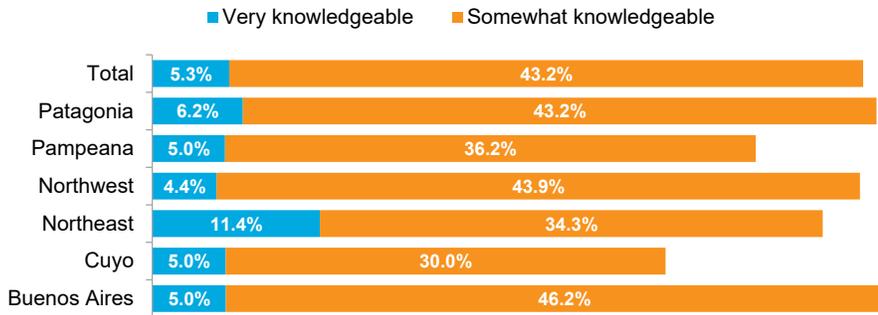
Note: Four options were offered to respondents: "Expert," "A little knowledgeable," "Not very knowledgeable," "Not at all knowledgeable." The above results represent: "Expert," "A little knowledgeable."

More than 36 percent of respondents acknowledge their responsibility to generate their own retirement income and do not seek external advice from professionals for retirement planning. Based on their self-assessments, more than 4 out of 10 respondents said they had enough knowledge about investments or financial products (Figure 25). Consumers in Buenos Aires and Patagonia claimed to have more knowledge compared to respondents from Cuyo and Pampeana. It is important to keep in mind that these answers are self-assessments. It is possible that while respondents know the investment options available in the market, they may not have the ability to understand, analyze, and invest successfully in long-term investment products.

Argentine consumers express a relatively high level of confidence in their ability to make financial and investment decisions, and a significant 66 percent of respondents expressed their willingness to convert a portion of their assets into annuities to generate retirement income (Figure 26). Respondents, particularly from the Northeast, expressed great interest in annuities.

The level of interest in converting assets of a portion or an additional portion of assets into a guaranteed retirement annuity for life was particularly high among the workers and pre-retirees segment, especially in Cuyo and Pampeana.

Figure 26 — Willingness to Convert a Portion of Assets Into an Annuity

Answering the question: *Annuities can provide a lifetime income stream in exchange for a premium payment. Typically, people no longer have access to the assets used to pay the annuity once it is purchased. Would you consider converting a part of your assets or an additional part of your assets into a guaranteed retirement annuity for life?*

Region	Percent
Buenos Aires	66%
Cuyo	68%
Northeast	74%
Northwest	71%
Pampeana	63%
Patagonia	67%
Total	66%
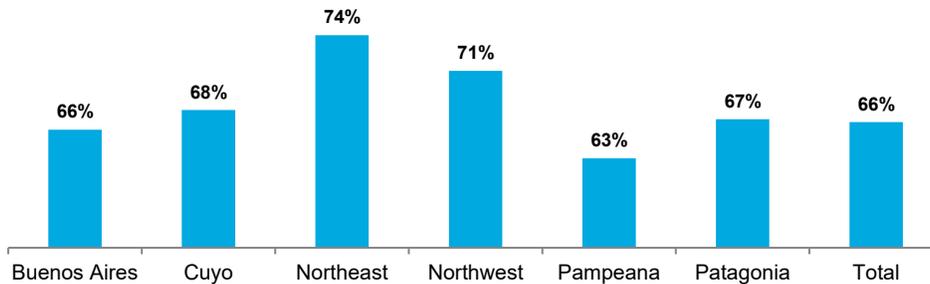
Note: The above results show people who answered "Yes."

Figure 27 — Interest in Buying an Annuity With Deferred Taxes

Answering the question: *A deferred tax annuity is a product issued by a life insurance company that allows the insured to save money for retirement. Income taxes are deferred until you start withdrawing money from the annuity. Annuity products also offer the ability to convert the balance into monthly payments for a lifetime. If these products were available in your market, what would be your level of purchase interest?*
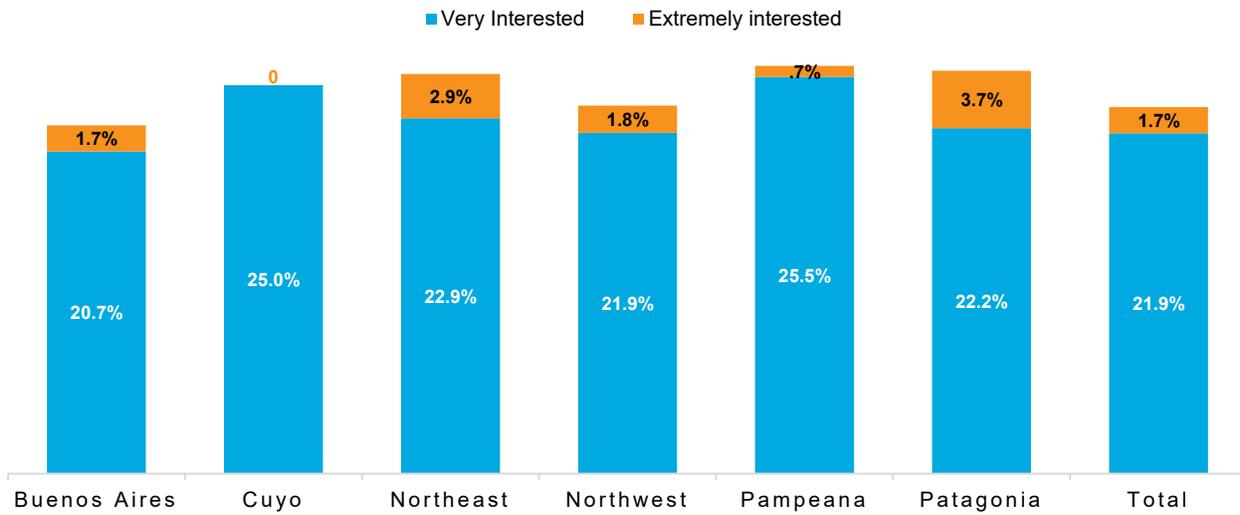
Note: The above results represent responses from "Extremely interested" and "Very interested." Respondents were offered the following options: "No interest," "Somewhat interested," "Very interested," "Extremely interested."

Some of the respondents also expressed a high level of interest in deferring their tax payments to an annuity with deferred taxes (Figure 27). The general level of interest in annuities with deferred taxes was quite high in all respondents. Overall, in Argentina, 23.6 percent said they are very or extremely interested in annuities with deferred taxes, and Patagonia, Northeast, and Pampeana expressed a slightly higher level of interest. Through the generations, young workers and pre-retirees were much more interested than retirees.

Table 13 — Preferred Method of Obtaining Information

Answering the question: *Where do you get information about investments, financial products, or private pension plans? Select all the options that apply to your case.*

	Buenos Aires	Cuyo	Northeast	Northwest	Pampeana	Patagonia	Total
Workshops and / or seminars	4.5%	2.5%	5.7%	5.3%	4.3%	13.6%	5.3%
Brochures or other printed materials provided by the employer	6.2%	0	2.9%	7.0%	2.1%	12.3%	5.8%
My own consultant / financial planner / insurance broker	19.6%	20.0%	22.9%	17.5%	14.2%	12.3%	18.1%
Employer (Human Resources or Benefits Department)	9.2%	7.5%	14.3%	10.5%	7.1%	13.6%	9.5%
Representatives of the company that manages my employer's private contribution defined contribution plans	9.2%	10.0%	5.7%	5.3%	6.4%	12.3%	8.5%
Website with information about my specific private pension / pension fund account	21.2%	22.5%	11.4%	18.4%	21.3%	25.9%	21.0%
Social networks / networking sites	20.2%	12.5%	25.7%	17.5%	20.6%	21.0%	19.9%
Mobile applications	9.7%	5.0%	11.4%	11.4%	7.8%	13.6%	9.8%
Family, friends, or co-workers	37.0%	20.0%	40.0%	36.0%	36.9%	44.4%	36.9%
Finance websites	48.2%	42.5%	34.3%	44.7%	48.2%	49.4%	47.2%
Websites	36.8%	22.5%	28.6%	35.1%	38.3%	40.7%	36.3%
Books, magazines, and newspapers	17.2%	20.0%	22.9%	17.5%	18.4%	27.2%	18.5%
TV or radio programs	18.1%	27.5%	20.0%	17.5%	17.7%	16.0%	18.2%
From nowhere. I don't know where	13.9%	20.0%	11.4%	16.7%	11.3%	18.5%	14.4%

Note: This is a multiple choice question. The first three results per market have been highlighted for easy reference.

Digital channels / methods, together with family, friends, or co-workers, are the main source of information on investments, financial products, or retirement planning.

With the combination of the urgent need and the great interest of consumers, it is of the utmost importance that the financial industry refine its focus and work with the government and other partners to create and deliver affordable products to help address the anticipated retirement funding gap.

To this end, this study identifies retirement planning behaviors and product preferences. Long before consumers make the decision to buy annuities / other financial products for retirement income, they need to contact different sources for information on investment options and related product features (Table 13). In Argentina, where 59 percent plan retirement on their own, it is very necessary for the industry to provide easily understood and accessible information. It is equally critical that the information be accurate and help consumers take measures for a positive retirement outcome.

Digital channels have become one of the popular sources of information for respondents, and almost half of them visit financial websites for their information needs. In fact, social networking / social networking sites are also highly preferred, especially by the younger generation. Therefore, instead of offering traditional methods of communication and education, the industry needs to rethink how to share product planning and retirement information through preferred channels.

Table 14 — Usefulness of the Information Obtained From Different Channels or Methods

Answering the question: *What source of information did you find most useful?*

Methods / Channels	Buenos Aires	Cuyo	Northeast	Northwest	Pampeana	Patagonia	Total
Finance websites	25.8%	21.9%	6.5%	23.2%	22.4%	25.8%	24.2%
My own consultant / financial planner / insurance broker	14.4%	25.0%	12.9%	10.5%	10.4%	4.5%	13.0%
Family, friends, or co-workers	19.2%	6.3%	29.0%	25.3%	20.8%	18.2%	19.9%
Websites	12.4%	21.9%	9.7%	9.5%	14.4%	12.1%	12.6%
Website with information about my specific private pension / pension fund account	5.8%	6.3%	6.5%	4.2%	6.4%	9.1%	6.0%
Representatives of the company that manages my employer's private contribution defined contribution plans	2.7%	3.1%	3.2%	3.2%	0.8%	3.0%	2.5%
Social networks / networking sites	4.1%	0	9.7%	3.2%	3.2%	6.1%	4.1%
Employer (Human Resources or Benefits Department)	1.9%	6.3%	3.2%	2.1%	4.8%	6.1%	2.9%
Books, magazines, and newspapers	4.1%	0	9.7%	5.3%	7.2%	6.1%	4.9%
TV or radio programs	4.5%	3.1%	3.2%	4.2%	4.0%	4.5%	4.3%
Workshops and / or seminars	0.8%	0	0	2.1%	0.8%	3.0%	1.0%
Mobile applications	1.4%	3.1%	3.2%	4.2%	1.6%	1.5%	1.9%
Brochures or other printed materials provided by the employer	1.2%	0	0	2.1%	0	0	0.9%

Note: The options were provided according to the options selected for the preferred method for obtaining information on investments, financial products, or retirement planning. The first three results per market have been highlighted for easy reference. Note: Respondents were allowed to choose only one option. Results below 5 percent represent an option chosen for a sample of 10 or fewer respondents.

Consumers indicated that internet information / financial websites is very useful and is the first option to obtain product information, in addition to family, friends, or co-workers (Table 14). Argentine consumers preferred to contact financial advisors / planners / insurance agents to obtain information. These consultants / planners / insurance agents are trained professionals. They are expected to have solid product knowledge and deliver it in a clear and easy-to-understand way. The trained professional's experience adds to the value of human contact and a face-to-face conversation, and its impact cannot be ruled out.

The contribution of financial advisors / planners / insurance agents to deliver information is not sufficiently valued. Possibly the industry needs to rethink how to not only help consumers find the right products but also deliver information in a way that builds trust among consumers, reinforced by human contact. With this approach, these industry professionals will emerge as the most preferred source of information.

Finance website are the most preferred mode and channel for obtaining information; information from financial advisors/planners/Insurance agents is considered very useful, although they are not the most preferred source of information.

The survey asked respondents to share their preferences, aside from cost issues, for the characteristics of financial products or investments that could be used to generate income in retirement (Table 15). Consumers showed strong preferences for inflation-adjusted income and income that has the potential to grow with the market.

Specifically, respondents also demonstrated preferences for investments that generated income, guarantee lifetime income, and guaranteed returns.

There were also certain strong preferences that varied by region. For example, the Northwest expressed a greater preference for product characteristics that allow changes in income to reflect changing needs and inflation levels. Northeast respondents would like to have products where income has the potential for market growth.

Respondents were not interested in insurance products with a single or level premium, although an increasing premium structure was marginally preferred.

Throughout Argentina, consumers indicated a preference for the more conservative product characteristics of guaranteed income and inflation-adjusted income.

Table 15 — Most Preferred Product Features

Answering the question: *Regardless of cost issues, which of the following characteristics are most important to you when selecting financial products or investments that could be used to generate income in retirement?*

	Buenos Aires	Cuyo	Northeast	Northwest	Pampeana	Patagonia	Total
Guaranteed annuity	51.5%	52.5%	51.4%	48.2%	46.8%	50.6%	50.4%
Income adjusted for inflation	58.4%	60.0%	60.0%	62.3%	64.5%	56.8%	59.7%
Income that will remain the same or fixed throughout the retirement period	34.6%	32.5%	42.9%	28.9%	34.8%	33.3%	34.1%
Income that has the potential to grow with the market	51.0%	50.0%	65.7%	52.6%	54.6%	50.6%	52.1%
Income that will continue after my death or the death of my spouse	43.3%	60.0%	54.3%	42.1%	46.8%	44.4%	44.8%
Income amount that can be modified as my needs change	45.3%	47.5%	45.7%	53.5%	50.4%	42.0%	46.8%
Income that can be converted into a lump-sum payment	28.1%	35.0%	31.4%	23.7%	24.1%	33.3%	27.8%
Initial investment that is preserved or protected	43.3%	52.5%	51.4%	50.9%	46.8%	48.1%	45.7%
Control over how investments are managed	44.8%	42.5%	54.3%	44.7%	47.5%	43.2%	45.3%
Investment with guaranteed return	51.2%	47.5%	48.6%	52.6%	48.9%	44.4%	50.2%
Money for heirs or for charity institutions posthumously	27.3%	27.5%	31.4%	23.7%	29.8%	19.8%	26.8%
Ability to make withdrawals of securities that exceed the regular amount of the withdrawal	31.3%	32.5%	28.6%	28.1%	31.2%	37.0%	31.3%
Option to receive predefined payments of annuities in foreign currency (for example, USD, AUD)	45.5%	45.0%	45.7%	46.5%	46.8%	40.7%	45.4%
Single premium	21.7%	17.5%	20.0%	19.3%	14.9%	14.8%	19.7%
Level premium	18.4%	20.0%	14.3%	15.8%	21.3%	19.8%	18.5%
Increasing premium	27.6%	17.5%	20.0%	22.8%	25.5%	33.3%	26.6%
Fiscal benefits	37.5%	30.0%	28.6%	29.8%	34.0%	37.0%	35.5%
Option to withdraw all the money as a lump sum and manage on your own	36.5%	37.5%	42.9%	29.8%	35.5%	38.3%	36.0%

Note: The following options were given to respondents: "Not at all important," "Somewhat important," "Very important," "I don't understand this feature." The previous results are the percentage of respondents who selected "Very important." The first three results per market have been highlighted for easy reference.

Definitions — Single premium: an insurance plan in which a lump sum of cash is paid in advance to guarantee payment to the beneficiaries. Level premium: a type of term life insurance for which premiums remain the same for the entire duration of the contract. Increasing premium: the insurance premium is calculated according to the insured's age, which means that the younger they are, the lower the cost and premiums will be, and the premiums will increase over time.

Banks emerged as the most preferred channel to buy retirement products.

Table 16 — Top Five Channels for Retirement Products

Answering the question: *If you had to buy a product with the features you selected, where would you like to buy it?*

	Buenos Aires	Cuyo	Northeast	Northwest	Pampeana	Patagonia	Total
Bank	51.3%	52.5%	51.4%	53.5%	51.8%	40.7%	50.8%
Broker / financial consultant (sells multiple products)	12.5%	10.0%	5.7%	5.3%	7.8%	3.7%	10.0%
Insurance company	11.2%	12.5%	14.3%	16.7%	11.3%	17.3%	12.5%
Through the company's website	6.5%	2.5%	11.4%	3.5%	7.8%	8.6%	6.5%
Broker of a private pension company	5.2%	5.0%	2.9%	5.3%	7.8%	11.1%	5.9%
Specific broker of an insurance company	3.2%	2.5%	0	2.6%	5.7%	4.9%	3.5%
Comparison sites for insurance offers	3.0%	0	0	2.6%	2.8%	3.7%	2.8%
Mobile applications	2.3%	0	2.9%	4.4%	0.7%	1.2%	2.2%
By post	1.5%	7.5%	2.9%	4.4%	1.4%	2.5%	2.2%
By phone	0.5%	2.5%	5.7%	0	0	1.2%	0.7%

Banks are the preferred channel to buy retirement products, far ahead of the insurance companies and brokers channels (Table 16). With the penetration of the internet in Argentina, online channels were, somewhat surprisingly, not widely preferred.

Maintaining physical health and well-being remains a priority for the majority.

However, through all these investments and product concerns, respondents have their uniquely individual goals to achieve in retirement (Table 17). The main priority among respondents was to maintain good health and well-being. They also expressed a strong desire to travel more, spend more time with friends and family, and be able to provide a satisfactory solution to the issue of care during the last years of their lives. A minority expressed the desire to move from their homes to communities for retired people or nursing homes.

Table 17 — Important Aspects of Retirement Life

Responding to: *Many people have specific hopes and aspirations for their retirement. How important is it for you to achieve each of the following in retirement?*

	Buenos Aires	Cuyo	Northeast	Northwest	Pampeana	Patagonia	Total
Maintain my physical health and well-being	77.1%	70.0%	74.3%	71.1%	79.4%	74.1%	76.1%
Travel more	61.9%	50.0%	57.1%	50.9%	64.5%	70.4%	61.1%
Spend more time with friends and family	58.2%	57.5%	60.0%	61.4%	58.9%	49.4%	58.0%
Being able to achieve a satisfactory solution to the issue of care during the last years of my life, when I may be totally dependent	55.0%	55.0%	45.7%	50.9%	52.5%	56.8%	54.0%
Stay in my current residence	43.3%	50.0%	57.1%	40.4%	46.8%	35.8%	43.6%
Learn a new skill/hobby	38.3%	35.0%	37.1%	36.8%	31.9%	38.3%	37.1%
To be able to support my family financially	37.0%	62.5%	51.4%	35.1%	43.3%	37.0%	39.1%
Move to another area to have adequate living conditions (better weather, costs, and facilities)	25.3%	30.0%	28.6%	21.9%	20.6%	19.8%	24.1%
Save to leave a legacy	20.9%	25.0%	40.0%	22.8%	23.4%	18.5%	22.1%
Join some type of group/activity/ community for retirees	18.2%	25.0%	22.9%	19.3%	16.3%	22.2%	18.8%
Switch to a condominium for the elderly (exclusive residential complex for the elderly with infrastructure, health services, and caregivers)	8.5%	7.5%	20.0%	6.1%	4.3%	9.9%	8.1%
Switch to a community for retirees	6.9%	2.5%	14.3%	5.3%	2.1%	11.1%	6.4%

Note: The results represent "Very important" responses of the general options: "Not important," "Important," and "Very important."

Opportunities for the Industry

The industry has a significant opportunity — and responsibility — to help address the impending gap in retirement funds and to develop and deliver the products that consumers have identified in this study. The findings of this consumer research point to compelling opportunities for the financial services industry to explore. These opportunities include:

Responsibility: More than 36 percent of respondents in Argentina consider it their own responsibility to finance their retirement. However, there is some difference among generations. The proportion of respondents who consider it their own responsibility is much higher among young and pre-retired workers (35 percent) than among retirees (29 percent). This finding does not necessarily suggest a change in the mentality of the younger generations, where the younger generation is willing to be proactive and meet their future needs, since among those who said they wanted to depend on the government to obtain income after retirement, 30 percent were young workers. Of those who indicated dependence on previous employers, 43 percent were young. The industry needs to take advantage of this opportunity and help people build a retirement fund.

Retirement planning: About 27.4 percent of respondents have not taken any initiative on retirement planning, suggesting that more than a quarter of the population may not be aware of the need to prepare for a stable retirement and is not taking advantage of the demographic bonus. About a third of respondents indicated that they do not work with any financial professional. This trend is stronger in the northeast regions, especially among young workers (30–45 years old) and pre-retirees (46–60 years old). In Pampeana, for example, 83 percent of young workers and 44 percent of pre-retirees do not work with a retirement-planning professional. Clearly, the industry has a significant opportunity to educate this segment of the population about the need for long-term savings with appropriate instruments.

Key aspiration: Maintaining good health and well-being was one of the top priorities among respondents. They also expressed a strong desire to spend more time with friends and family and would like to travel. These goals are not impossible to achieve, as long as people start saving.

Procrastination: Although the proportion of those who consider it their responsibility to plan retirement is low, 4 out of 10 respondents regret having delayed retirement savings or not starting to save for retirement. The feeling of regret is quite high among pre-retirees, where 40 percent say they regret delaying retirement planning. These regrets also suggest that people often miscalculate how much money and how much time they need to save and invest, only to realize at a later age that they have not saved enough. They certainly need some professional advice to guide them. Although some were willing to take responsibility, they may not have enough "financial knowledge" to understand the impact of starting to save late. This is where the industry has to guide people on when to start, how to start, and possible areas of investment.

Retirement fund gap: Sixty-seven percent of respondents in Argentina anticipate a gap in retirement funds when they turn age 60, and only 33 percent expect to have more than 81 percent of the funds they need to lead a comfortable retired life. Respondents from the Northwest and Northeast expected a much larger gap in retirement funds compared to other parts of the country. Respondents overestimated life expectancy at age 60 years by about 11 percent, which means that the funding gap for retirement is a little smaller than they expect. Respondents expected to live an additional 21.5 years after turning age 60, compared to an actual 19.3 years. It is possible that while a country is experiencing a demographic advantage, its citizens do not recognize their coming retirement challenges. Nevertheless, inaction should not continue to be the norm. The industry must intervene to train financial advisors and other mass

channels to provide consumers with tools to assess their individual retirement needs. Only then can the industry begin to close the retirement fund gap. A gap of this importance presents a great opportunity for the industry to increase its participation in a relatively unexploited market with enormous potential.

Overestimating life expectancy: In some parts of the world, life expectancy is often underestimated, which makes matters worse, since it implies that the gap in retirement funds is usually greater than anticipated. This affects not only the amount of necessary retirement income, but also the expenses of medical care in retirement. In Argentina, it is the opposite case, as most overestimate life expectancy. That is, people expect to live longer than is realistic. Although the majority of respondents in Argentina expect a gap in retirement funds when turning age 60, the fact of being in the middle of the demographic bonus can make them forget that they face unique challenges and have valid reasons to worry about retirement. More than 82 percent of respondents were concerned that the value of savings and assets may not keep up with inflation. In addition, they were also concerned that the government or the company responsible for benefits would reduce health benefits or health insurance.

Willingness to buy annuities: A significant 66 percent of respondents expressed their willingness to convert a portion of their assets into annuities to generate retirement income (Figure 26). Respondents, particularly from the Northeast, expressed great interest in annuities. The level of interest in converting assets of a portion or an additional portion of assets into a guaranteed retirement annuity for life was particularly high among the workers and pre-retirees segment, especially in Cuyo and Pampeana. The fact that consumers are willing to invest in such products, as long as their concerns are resolved through these products, represents a potentially historic opportunity for the industry.

Characteristics of preferred products: Consumers showed strong preferences for inflation-adjusted income and income that has the potential to grow with the market. Specifically, respondents also have an affinity with the characteristics that guarantee lifetime income, income, and features that offer guaranteed returns on investments. The key to successful retirement planning is to start early and end up saving enough. Taking into account the fact that Argentina is experiencing a demographic advantage, consumers and the industry have sufficient time to prepare and act.

Preferred channels to buy: Banks are the preferred channel to buy retirement products, far ahead of insurance companies and brokers channels. Even online channels were not more highly preferred. In the Northeast, respondents registered a surprisingly low (11 percent) preference for online channels.

Appendix

This series of studies is an extension of the Asia 2018 retirement study, which was a collaboration between the Society of Actuaries (SOA) and LIMRA, and is aimed at discovering the challenges facing selected markets in Latin America. Its objective is to provide information on consumer perceptions of retirement in six major Latin American regions.

Latin American markets studied in the series include Argentina, Brazil, Chile, Colombia, Mexico, and Peru. The series also provides general regional averages. This study focuses on Argentina.

Table A-1 — Respondents by Work Status
Answering the question: *Are you currently ...?*

	Buenos Aires	Cuyo	Northeast	Northwest	Pampeana	Patagonia	Total
I have paid and full-time work	52.5%	47.5%	54.3%	60.5%	55.3%	50.6%	53.5%
I have freelance work and/or a family business full time	18.4%	12.5%	25.7%	16.7%	14.2%	13.6%	17.2%
I have a part-time job	8.5%	5.0%	14.3%	8.8%	9.2%	9.9%	8.8%
I have part-time work even after I have formally retired (for example, receive retirement and work part time)	5.0%	7.5%	0	5.3%	5.0%	6.2%	5.1%
I have full-time work even after I have formally retired (for example, receive retirement and work full time)	2.7%	2.5%	0	0.9%	0.7%	1.2%	2.0%
I am retired without paid work (for example, receives retirement and does not work)	12.9%	25.0%	5.7%	7.9%	15.6%	18.5%	13.4%

Table A-2 — Respondents by Type of Employer
Answering the question: *Which of the following best describes your employer / From what type of employer did you retire?*

	Buenos Aires	Cuyo	Northeast	Northwest	Pampeana	Patagonia	Total
Public sector (including government-controlled public institutions)	30.3%	57.5%	42.9%	33.3%	37.6%	38.3%	33.8%
Private sector (company)	41.1%	10.0%	31.4%	39.5%	36.9%	33.3%	38.2%
SME (small or medium business)	10.7%	20.0%	8.6%	14.0%	8.5%	11.1%	11.1%
Own / family business	17.9%	12.5%	17.1%	13.2%	17.0%	17.3%	16.9%

Table A-3 — Respondents by Household Size

Answering the question: *What is the size of your household?*

	Buenos Aires	Cuyo	Northeast	Northwest	Pampeana	Patagonia	Total
1	9.9%	7.5%	5.7%	7.0%	8.5%	4.9%	8.7%
2	24.6%	25.0%	25.7%	27.2%	27.7%	30.9%	25.9%
3	27.6%	20.0%	37.1%	27.2%	22.7%	23.5%	26.6%
4	24.6%	27.5%	20.0%	25.4%	27.0%	19.8%	24.6%
5	10.2%	15.0%	5.7%	6.1%	10.6%	17.3%	10.4%
6	1.8%	0	2.9%	5.3%	2.1%	3.7%	2.4%
7	0.8%	2.5%	2.9%	0	0.7%	0	0.8%
8	0.3%	2.5%	0.0%	0.9%	0.7%	0	0.5%
9	0	0	0	0.9%	0	0	0.1%

Figure A-1 — Respondents by Gender

Answering the question: *Are you …?*

- Male
- Female
- Other*

	Buenos Aires	Cuyo	Northeast	Northwest	Pampeana	Patagonia	Total
Male	47%	58%	51%	55%	55%	53%	50%
Female	53%	43%	49%	45%	45%	47%	50%
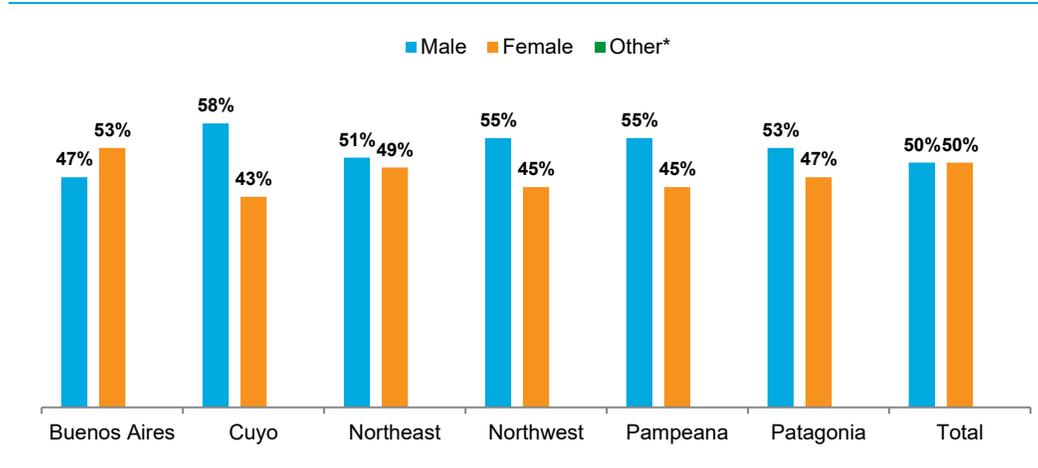
*No respondents identified themselves as "Other."

Table A-4 — Respondents by Urban / Rural

Answering the question: *How would you describe the place where you live?*

	Buenos Aires	Cuyo	Northeast	Northwest	Pampeana	Patagonia	Total
Big city	77.6%	62.5%	57.1%	38.6%	67.4%	51.9%	68.4%
Medium/Small City	20.6%	35.0%	40.0%	29.8%	31.9%	46.9%	26.6%
Town	1.5%	0	2.9%	20.2%	0.7%	1.2%	3.5%
Rural	0.3%	2.5%	0	11.4%	0	0	1.6%

Table A-5 — Respondents by Total Annual Income Before Taxes

Answering the question: *Which of the following ranges describes the total annual income before your household's taxes? Include any income from work-related income: investments, interest, dividends, Social Security, pensions, etc.*

	Buenos Aires	Cuyo	Northeast	Northwest	Pampeana	Patagonia	Total
9,501 AR$ – 18,000 AR$	0	0	0	0	0	0	0
18,001 AR$ – 36,000 AR$	24.9%	27.5%	28.6%	34.2%	23.4%	28.4%	26.3%
36,001 AR$ – 80,000 AR$	45.0%	50.0%	51.4%	40.4%	44.0%	35.8%	44.0%
80,001 AR$ – 170,000 AR$	20.1%	20.0%	11.4%	17.5%	21.3%	24.7%	20.0%
170,001 AR$ – 240,000 AR$	5.0%	0	0	5.3%	4.3%	4.9%	4.6%
240,000+ AR$	5.0%	2.5%	8.6%	2.6%	7.1%	6.2%	5.2%

Table A-6 — Respondents by Current Housing Situation

Answering the question: *What is your current housing situation?*

	Buenos Aires	Cuyo	Northeast	Northwest	Pampeana	Patagonia	Total
I own my apartment or house	9.0%	22.5%	14.3%	7.9%	11.3%	7.4%	9.8%
I rent from a landlord	19.9%	15.0%	22.9%	18.4%	15.6%	16.0%	18.7%
Live with parents, other family members, friends or other relatives	4.8%	5.0%	8.6%	6.1%	2.1%	7.4%	5.0%
Other	0.5%	2.5%	0	0	0	0	0.4%
I have my own house without a mortgage	65.7%	55.0%	54.3%	67.5%	70.9%	69.1%	66.1%

Table A-7 — Respondents by Level of Education

Answering the question: *Which of the following best describes your highest level of education?*

	Buenos Aires	Cuyo	Northeast	Northwest	Pampeana	Patagonia	Total
Any	0	0	0	0	0	0	0
Primary	0.5%	0	0	0	0.7%	0	0.4%
High school	20.4%	10.0%	14.3%	23.7%	17.0%	17.3%	19.4%
Tertiary non-university	15.2%	17.5%	14.3%	14.0%	17.7%	18.5%	15.8%
University	44.1%	57.5%	48.6%	48.2%	51.8%	45.7%	46.5%
Master or doctorate	18.7%	12.5%	22.9%	12.3%	12.1%	17.3%	16.8%
Other	1.0%	2.5%	0	1.8%	0.7%	1.2%	1.1%

Table A-8 — Subregion Detail: Argentina

Answering the question: *Which of the following regions are you from?*

Buenos Aires	Cuyo	Northeast	Northwest	Pampeana	Patagonia
Berisso	Albardon	Resistencia	Aguilares	Caleta Olivia	Bariloche
Buenos Aires	Barreal	Corrientes	Anta	Cipolletti	Nahuel Huapi
Catamarca	Formosa	General José de San Martín	Chivilcoy	Comodoro Rivadavia	Río Grande
Ciudad de Mar del Plata	Godoy Cruz	Puerto Tirol	Tartagal	Concepcion	Ushuaia
Coronel Brandsen	Las Heras	Quitilipi	Famaillá	Concordia	Viedma
Don Torcuato	Mendoza		Jujuy	Córdoba	Villa La Angostura
Ensenada	Posadas		La Caldera	Coronda	
Ezpeleta	Santa Lucia		Palpalá	El Calafate	
Garín	Trelew		Rosario de Lerma	Esquel	
Hurlingham	Tunuyan		San Fernando	General Roca	
José C. Paz			San Miguel de Tucumán	Granadero Baigorria	
Lanús			San Salvador de Jujuy	Los Antiguos	
Lomas de Zamora			Simoca	Neuquen	
Luján			Tafi Viejo	Paraná	
Mar del Plata			Villa Mazan	Pico Truncado	
Necochea			Yerba Buena	Puerto Deseado	
Palermo			Salta	Río Turbio	
Presidente Derqui				Rosario	
Ramos Mejía				Rosario del Tala	
San Justro				San Lorenzo	
San Miguel				Santa Fe	
Tigre				Toay	
Vicente López				Unquillo	
Vila Crespo				Villa Sarmiento	

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