

ARGENTINA – AN OVERVIEW OF EMPLOYEE BENEFITS

State and Mandatory Benefits	Retirement age is 65 for men and 60 for women. Between 1994 and 2008, retirement benefits were provided from a defined benefit social security system and defined contribution individual retirement accounts which were invested with private funds (AFJPs). The private funds were nationalised in December 2008 and all benefits are now provided by the social security agency (ANSES). The retirement pension is calculated as 1.5% of final salary for each year of contributions. Final salary is the average salary in the last 10 years, up to the social security ceiling of ARS 16,214 a month. The social security system also provides survivors' and disability pensions. Medical care is overseen by the National Institute of Social Security (INSS), which direct contributions to either union-run welfare funds (Obras Sociales) or in the case of clerical and salaried workers, to private pre-paid medical plans.
Typical New Pension Plan	Additional employer and employee contributions may be paid to a defined contribution individual retirement account with an insurance company, particularly for employees with earnings above the social security ceiling. The contributions by both employer and employee are typically 2% of earnings up to the social security ceiling and 8% on the excess. A life assurance benefit of ARS 12,000 must be provided for all employees. The benefit may be increased by the employer, typically to 12 or 24 times monthly earnings. Private medical care is uncommon, except for executives.
Typical Costs	Employers contribute 17% of all earnings for state benefits; employees contribute 11% of covered earnings. Employers contribute 6% of all earnings for medical care; employees contribute 3% of covered earnings.
Tax Implications	Mandatory contributions are not tax deductible. Employer contributions for additional benefits are deductible as business expenses and not taxable to the employee. Employee contributions are tax deductible. Insured death benefits are tax free.
Labour Law Issues	Employees are entitled to compensation for dismissal. Employees and pensioners are entitled to a supplement of 50% of monthly salary or pension each June and December.
Pooling Potential	There is potential for pooling insured benefits.
International Financial Reporting	The use of International Financial Reporting Standards is not permitted for either listed or unlisted companies.
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