



Argentina – an overview of employee benefits

<p>State and Mandatory Benefits</p>	<p>Retirement age is 65 for men and 60 for women. Since 1994, mandatory retirement benefits have been provided from a defined benefit social security system and defined contribution individual private retirement accounts. The individual accounts were originally invested with private funds (AFJPs) but these were nationalised in 2008 and the accounts are now run by the social security agency (ANSES). Employer contributions are applied to the defined benefit system; employee contributions are applied either to the defined benefit or defined contribution system. Employees had to choose which system to join by 1st July 1994, but can always transfer from the defined benefit to the defined contribution system. New employees who do not make a choice are enrolled in the defined benefit system. The defined benefit system provides a basic benefit (PBU), a compensatory benefit (PC) and an additional benefit (PAP) for contributors who remain in the system. The maximum PBU and PC pension is ARS 3,888.33 a month (2007). The defined benefit system also provides survivors' and disability pensions. Medical care is provided for all employees and their families by the National Health Administration (ANSSAL).</p>
<p>Typical New Private Plan</p>	<p>Additional employer and employee contributions may be paid to a defined contribution individual retirement account with an insurance company. A life assurance benefit of ARS 6,750 must be provided for all employees. The benefit may be increased by the employer, typically to 18 to 30 times monthly earnings. Private medical care is uncommon.</p>
<p>Typical Costs</p>	<p>Employers contribute 16% of covered earnings for State and mandatory benefits; employees contribute 11%. Covered earnings are earnings up to 75 MOPRE a month, equal to ARS 9,000 (2009). Employers contribute 5% of earnings for medical care; employees contribute 3%.</p>
<p>Tax implications</p>	<p>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.</p>
<p>Labour Law Issues</p>	<p>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.</p>
<p>Pooling Potential</p>	<p>There is potential for pooling insured benefits.</p>
<p>International Financial Reporting Standard</p>	<p>The use of International Financial Reporting Standards is not permitted for either listed or unlisted companies.</p>
<p>Local IBN Contacts</p>	<p>Ricardo J Rosenthal, President, rjr@maklerseguros.com.ar; Nelida Casillas de Dalimier, International Gatekeeper, nelida.casillas@maklerseguros.com</p> <p>MAKLER S.A. (Head Office) 25 de Mayo 596 C1002ABL Buenos Aires Argentina</p> <p>Phone: + 54 11 5275-7400 Web site: www.maklerseguros.com.ar</p> <p>Other locations: Montevideo, Uruguay.</p>