**An Inventory of Pension Reforms, January to April 2020**

Since the initial outbreak of the novel coronavirus (COVID-19) in January, countries around the world have adopted a variety of reforms to lessen the pandemic’s social and economic effects. This article provides an inventory of pension reforms identified as of mid-April, focusing on two main categories:

1. Reforms affecting contribution rates, including reductions, suspensions, and deferrals; and
2. Reforms affecting benefits, including extra lump-sum payments to pensioners, increases in monthly benefit amounts, advanced payments, and suspensions of early-withdrawal penalties for private pension savings.

These reforms are often part of larger stimulus packages that include increases in other social benefits (such as unemployment insurance) and various forms of assistance to businesses and individuals. This article focuses on measures affecting public and private pensions.

**Contribution Rate Reforms**

The most common pension reforms implemented in recent months involve temporary reductions, suspensions, and/or deferrals of pension contributions. The aim of such measures is largely to reduce the crisis’s short-term economic effects on employers (by reducing labor costs to help employers keep more employees on the payroll and avoid bankruptcy) and employees (by increasing income for those who continue to work). Countries that have enacted contribution rate reforms include:

- **Argentina.** The government reduced employer social security (ANSES) contributions by up to 95 percent for firms with up to 100 employees registered as of February 29. (ANSES contributions finance old-age, survivors, and disability insurance [OASDI] pensions, sickness and maternity benefits, unemployment benefits, and family allowances.) In addition, employers may defer payment of the portion of ANSES contributions used to finance OASDI that were due in March and April.

- **Belgium.** Employers affected by COVID-19 may defer payment of their social security contributions (those due from March 20 onward) until December 15. In addition, self-employed persons may, under certain conditions, request a 1-year deferment, an exemption (for contributions due in the first 2 quarters of 2020), or a reduction (for the rest of 2020) in contributions.

- **Bolivia.** Effective March 31, the Pension and Insurance Auditing Authority (APS) has suspended contributions to the mandatory individual account program (SIP) due in March (for employers/employees) or April (for self-employed persons). Contributions will not be collected while the country’s quarantine remains in effect.

- **Brazil.** The government deferred the due date for employers’ social security contributions: those originally due in March are now due in July, while those due in April are now due in September. (Employers contribute 20 percent of monthly covered payroll to finance OASDI programs, cash sickness and maternity benefits, and family allowances.)

- **China.** Employer contributions for old-age pensions, workers’ compensation, unemployment insurance, and health benefits have been suspended or reduced, depending on the province and size of the employer’s workforce. In the Hubei province, all employers (regardless of size) are exempt from paying...
contributions for the 5-month period from February to June 2020. In all other provinces, autonomous regions, and municipalities, small- and medium-sized employers are exempt from paying contributions in this 5-month period, while large employers may reduce contributions by 50 percent for the 3-month period from February to April 2020. (The definitions of small, medium, and large employers vary by industry.)

- **Finland.** The government reduced the employer contribution rate for occupational pensions paid from May through December by 2.6 percentage points. The reduction will be financed from a buffer fund for the program; the buffer fund will be replenished through a higher employer contribution rate from 2022 to 2025. In addition, the 2-month payment period for contributions may be extended by up to 3 months for contributions due for February through May.

- **France.** Employers may defer the payment of all or part of their (and their employees’) social security (URSSAF) contributions by up to 3 months with no penalty. The deferment initially applied to contributions due on March 15, but was extended to cover those due on April 5 and April 15.

- **Germany.** From March 2020 through the end of the year, the government will reimburse the social security contributions for employees who experience a reduction in work hours and pay (called Kurzarbeit, or short-time work.)

- **Greece.** The government deferred employer and employee social security contributions by 6 months; contributions that were due on March 31 and April 30 are now due on September 30 and October 31, respectively.

- **Hungary.** On March 18, the government introduced an amendment that exempts employers and employees from paying a portion of their social security contributions for March through June 2020. (Employees will contribute 4 percent of gross monthly earnings to the medical benefits program only.)

- **Iceland.** Employers who have been significantly affected by COVID-19 may defer up to three payments of social security contributions due from April 1 through December 1. The payment deadline for these deferred contributions is January 15, 2021.

- **Jersey.** Social security contributions for the first 2 quarters of 2020 (those due in April and July) will be automatically deferred by 12 months for employers with less than 80 employees and self-employed persons. (Employers with 80 or more employees who can demonstrate that they have been severely affected by the crisis may request a deferral.)

- **Jordan.** Private-sector employers can choose to suspend employer and employee contributions to the country’s old-age pension program for 3 months starting in March. Employers who choose not to do so may instead defer their contributions for this 3-month period and pay them over a period extending to the end of 2023 with no interest.

- **Lebanon.** Social security contributions for the first 6 months of 2020 have been deferred by 6 months from their original due dates.

- **Malaysia.** On April 1, the employee contribution rate under the Employees Provident Fund (EPF) fell from 11 percent of monthly earnings to 7 percent for fund members younger than age 60. (Fund members can choose to keep their contribution rate at 11 percent by submitting a form on the EPF website.) The contribution rate reduction is expected to be in effect from April 1 through the end of the year.

- **Malta.** As part of a larger tax deferral measure, social security contributions due in March and April 2020 can be deferred and paid in four equal installments from May to August 2020.

- **Montenegro.** Private-sector employers affected by COVID-19 may request to defer their social security contributions by 90 days.

- **Morocco.** Employers who continue paying the wages of at least 80 percent of their employees are exempt from paying social security contributions until June 30, 2020. The employees must be registered with the National Social Security Fund.

- **Netherlands.** Employers participating in various occupational pension programs may defer their contributions; those in the travel sector and hospitality industry may defer contributions by 1 month, while those in the building, metal, and cleaning sectors, and hairdressers may defer them by up to 2 months.

- **North Macedonia.** The government will pay up to 50 percent of contributions in April, May, and June for employees in industries affected by COVID-19 (including tourism, transportation, and catering).
• **Norway.** The government reduced the employer contribution rate (covering OASDI, sickness, maternity, work injury, and unemployment benefits) for May and June by 4 percentage points: from 14.1 percent of gross monthly payroll to 10.1 percent. In addition, social security contributions originally due on May 15 will be deferred to August 15. (Contributions due on July 15 are also likely to be deferred.)

• **Peru.** Employee contributions (plus administrative fees) to the mandatory individual account program (SPP) are suspended in April. Insured persons generally contribute 10 percent of gross monthly earnings to SPP. (Administrative fees vary based on when workers first become insured.)

• **Poland.** Employers may request a 3-month deferral of social security contributions due in March, April, and May.

• **Portugal.** Employers may defer payment of contributions due in March, April, and May 2020; those who opt to do so will be required to pay one-third of the value of contributions in the month they are due, and can choose to pay the remaining two-thirds in equal installments from either July to September or from July to December. All small employers (those with fewer than 50 employees) are eligible for the deferral; those with at least 50 employees must generally show at least a 20-percent loss of earnings in the period from March through May 2020 compared with the same period in 2019.

• **Russia.** Small- and medium-sized employers (SMEs) may defer payment of social insurance contributions (along with all other taxes except for value-added tax) for 6 months. In addition, the social insurance contribution rate paid by SMEs on earnings above the minimum wage was permanently reduced from 30 percent to 15 percent. (Social insurance contributions are paid entirely by the employer, and finance OASDI and sickness and maternity benefits.)

• **Samoa.** Employers in the hospitality sector may defer payment of their contributions to the country’s provident fund program; contributions for the period from January to June are now due in July. (Employers contribute 7 percent of gross monthly payroll.)

• **Spain.** Employers who temporarily reduce employees’ working hours or suspend work contracts are exempt from paying all or part of their social security contributions. The government will cover 100 percent of these contributions for employers with less than 50 employees, and 75 percent for those with 50 or more employees.

• **Switzerland.** Employers affected by the crisis may request a temporary deferral of contributions to certain social insurance programs, including the old-age pension program (Assurance-Vieillesse et Survivants, or AVS) and the disability insurance program (Assurance-Invalidité, or AI).

• **Thailand.** The government reduced employer and employee contribution rates from 5 percent of gross monthly payroll/earnings to 4 percent until August 2020.

• **Uganda.** Employers facing economic distress may request a deferral of their National Social Security Fund contributions for April, May, and June by up to 3 months with no penalty.

• **United Kingdom.** As part of a new job retention program (Coronavirus Job Retention Scheme), the government will cover 80 percent of employer contributions under the country’s auto-enrollment occupational pension program for employees on temporary paid leave. (The government’s contribution is based on the minimum contribution rate of 3 percent, on monthly earnings up to £2,500 [US$3,090.66].) The program went into effect on March 1 and is expected to be in place for 4 months. In addition, employers who are contributing above the minimum contribution rate may, under certain conditions, temporarily reduce their contribution rate for these employees to the minimum rate without consultation.

• **Uruguay.** The government reduced social insurance contribution rates paid by employees of small firms (those with up to 10 employees), self-employed persons, and members of cooperatives by 40 percent for March and April; the remaining 60 percent of these contributions can be paid in six monthly installments starting in June.

• **Vietnam.** Employers and employees in industries affected by COVID-19 may defer their social insurance contributions for old-age and survivor benefits until June (or until December if still affected by COVID-19). The government will not charge interest on the late payments. To be eligible, the employer
must have experienced a decline in assets greater than 50 percent, or have suspended employment of at least 50 percent of their employees.

**Pension Benefit Reforms**

The second category of reforms adopted in response to COVID-19 are those that affect benefit payments. This includes targeted lump-sum payments, increases in benefit amounts, advanced payments, and new (temporary) rules for private pension accounts allowing for early withdrawals. Countries that have adopted pension benefit reforms include:

- **Australia.** Beneficiaries of the country’s social security programs—including the Age Pension, Disability Support Pension, and Widow Allowance—may be eligible to receive up to two tax-free Economic Support Payments of A$750 (US$454.33). The first payment will be made in April (to around 6.5 million eligible beneficiaries) and the second payment will be made in July (to around 5 million eligible beneficiaries.) In addition, under the country’s mandatory occupational pension program (Superannuation), participants experiencing severe hardship can withdraw up to A$10,000 (US$6,057.72) of their account balances in both the 2019/2020 and 2020/2021 financial years. (In Australia, the financial year ends on June 30.)

- **Barbados.** Pensioners may request payment of their pensions once every 4 weeks instead of once every 2 weeks.

- **Brazil.** The government will pay a portion of the 13th pension payment in May rather than in December. (The 13th month payment is typically paid in two installments—the first by November 30 and the second by December 20.)

- **Hong Kong (China).** Beneficiaries of certain social assistance benefits (including an old-age allowance, old-age living allowance, or a disability allowance) under the Comprehensive Social Security Assistance program will receive an extra allowance equal to 1 month of benefits.

- **Iceland.** Over a 15-month period (starting when the application is received), individuals may withdraw up to 800,000 kronor (US$5,604.61) a month—up to a maximum of 12 million kronor (US$84,069.19)—from their voluntary personal retirement accounts. Withdrawals will be taxed as regular income.

- **India.** Beneficiaries of the National Social Assistance Program will receive their pensions 3 months in advance. (Similar measures have been adopted by state governments.) In addition, participants in the National Pension System (an individual account program that primarily covers federal and state employees) may make partial withdrawals from their accounts to use toward the treatment of COVID-19.

- **Israel.** Employees aged 67 or older who are laid off from March 1 to April 19 may be eligible for an “adaptation grant.” The value of the grant depends on other pension income (excluding the state pension) and ranges from 1,000 new shekels (US$280.30) to 2,000 new shekels (US$560.60) for March and from 1,000 new shekels to 4,000 new shekels (US$1,121.21) for April. (The grant is not paid with monthly pension income exceeding 5,000 new shekels [US$1,401.51].)

- **Kazakhstan.** On March 31, the president announced a 10 percent increase in state pensions and other social benefits.

- **Mexico.** Beneficiaries receiving the old-age social pension (Pensión para Adultos Mayores) may receive an advance of their benefits, with the next payment for 4 months of benefits instead of 2 months.

- **New Zealand.** On April 1, the government implemented a permanent NZ$25 (US$14.74) a month increase in the universal old-age pension (New Zealand Superannuation) and doubled the amount of the Winter Energy Payment for 2020. (The Winter Energy Payment is automatically paid from May 1 to October 1 to beneficiaries of certain benefits, including New Zealand Superannuation.)

- **Peru.** Certain participants of the country’s mandatory individual account program (SPP) may withdraw up to 2,000 soles (US$581.83) from their individual accounts. To be eligible, an accountholder must not have contributed to his or her account from September 2019 to February 2020. In addition, the government is making advanced payments of certain social assistance benefits—including the noncontributory old-age pension (Pensión 65) and disability pension (CONTIGO)—by paying 4 months of benefits at once rather than 2 months.

- **Samoa.** The government will provide a special one-time payment of 300 tala (US$107.56) to beneficiaries under the country’s universal old-age pension program (the Senior Citizen Benefit Fund). In addition, employees in the hospitality sector who lost their jobs due to COVID-19 may withdraw
20 percent of their provident fund account balances or 4,000 tala (US$1,434.10), whichever is less.

- **Turkey.** The government increased the minimum old-age pension to 1,500 liras (US$224.94) and moved up an annual bonus payment to pensioners. (In 2017, the minimum old-age pension was 1,407 liras [US$211.00].)

- **Ukraine.** The government provided a one-time payment of 1,000 hryvnias (US$36.12) to low-income pensioners and a monthly pension increase of 500 hryvnias (US$18.06) to pensioners aged 80 or older.

The Americas

**U.S. Social Security Administration Releases Last Edition of Social Security Programs Throughout the World**

In March, the U.S. Social Security Administration (SSA) released *Social Security Programs Throughout the World: The Americas, 2019* (SSPTW), its last edition of this four-volume publication. The origins of this publication can be traced back to international research conducted by the President’s Committee on Economic Security to inform the development of the Social Security Act of 1935. After SSA was established in 1935, it started publishing SSPTW as a standalone report in 1937 and went on to produce 58 more volumes of the publication over the next 83 years. Over this time, SSPTW grew from a single table covering old-age, disability, and survivor programs in 27 countries to a four-volume series covering five branches of social security in around 180 countries. Starting in 2002, SSA partnered with the International Social Security Association (ISSA) to produce SSPTW. With the end of SSA’s involvement in this cooperative effort, the ISSA is planning to continue providing country summaries of social security programs around the world on its website [https://www.issa.int/en_GB/country-profiles](https://www.issa.int/en_GB/country-profiles).

The current edition of SSPTW provides a cross-national comparison of social security programs in 38 countries in North and South America. It summarizes the five main social insurance programs in those countries: (1) old age, disability, and survivors (OADS); (2) sickness and maternity; (3) work injury; (4) unemployment; and (5) family allowances. It is also the last regional volume in a four-volume series, with the other three volumes focusing on the social security systems of countries in Europe, Asia and the Pacific, and Africa.

Notable changes made since SSA released The Americas 2017 volume include:

- **New country**: Aruba.
- **Newly covered benefits**:
  - Argentina (noncontributory survivor pension and universal medical benefits).
  - Bolivia (universal funeral grant and universal medical benefits).
  - Chile (sick child benefit).
  - Colombia (old-age and survivor settlements).
  - Costa Rica (unemployment benefits).
  - Dominican Republic (old-age benefit and disability and survivor settlements).
  - Honduras (disabled child cash transfer).
  - Mexico (universal old-age pension).
  - Nicaragua (nursing allowance).
  - Panama (unemployment benefits).
  - Peru (social assistance funeral grant and medical benefits).
  - Paraguay (family allowance).
  - Suriname (death grant and maternity leave).
  - Venezuela (birth grant and maternity medical benefits).
- **Major changes to existing benefits**:
  - **OADS**: Antigua and Barbuda, Argentina, Belize, Canada, Chile, Costa Rica, Cuba, Ecuador, El Salvador, Mexico, Nicaragua, Peru, Uruguay, and Venezuela.
  - **Sickness and maternity**: Belize, Bermuda, Chile, Costa Rica, Mexico, and Nicaragua.
  - **Medical benefits**: Bolivia, El Salvador, Nicaragua, and Trinidad and Tobago.
  - **Work injury**: Belize, Chile, Costa Rica, Ecuador, El Salvador, Mexico, Nicaragua, and Peru.
  - **Family allowances**: Chile, Ecuador, El Salvador, Honduras, and Mexico.
– *Contribution rate increases for OADS programs:* Antigua and Barbuda, Argentina, British Virgin Islands, Canada, Costa Rica, Cuba, Dominica, Ecuador, Jamaica, Nicaragua, and Suriname.

– *Retirement age increases:* Antigua and Barbuda, Dominica, and Saint Vincent and the Grenadines.