

# The Chilean Pension System: 1981-1997

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Rome, March 16-17 1998

- Description of the Systems
- Capitalization vs PAYG System
- Evolution of the System
- Pending Problems

# Description of the Systems

- Individual capitalization (defined-contribution benefits)
- Private management
- State role
  - » Regulation
  - » Supervision
  - » Distribution

# Capitalization vs PAYG System

	Capitalization	PAYG
1. Distortion of Labor Markets.	Low	High
2. Capital Market Development	Huge incentive	----
3. Administration cost.	High	Low
4. Risk faced by beneficiaries	High	Lower
5. Political Interference	Low	Very High
6. Redistribution policy	Not possible	Possible

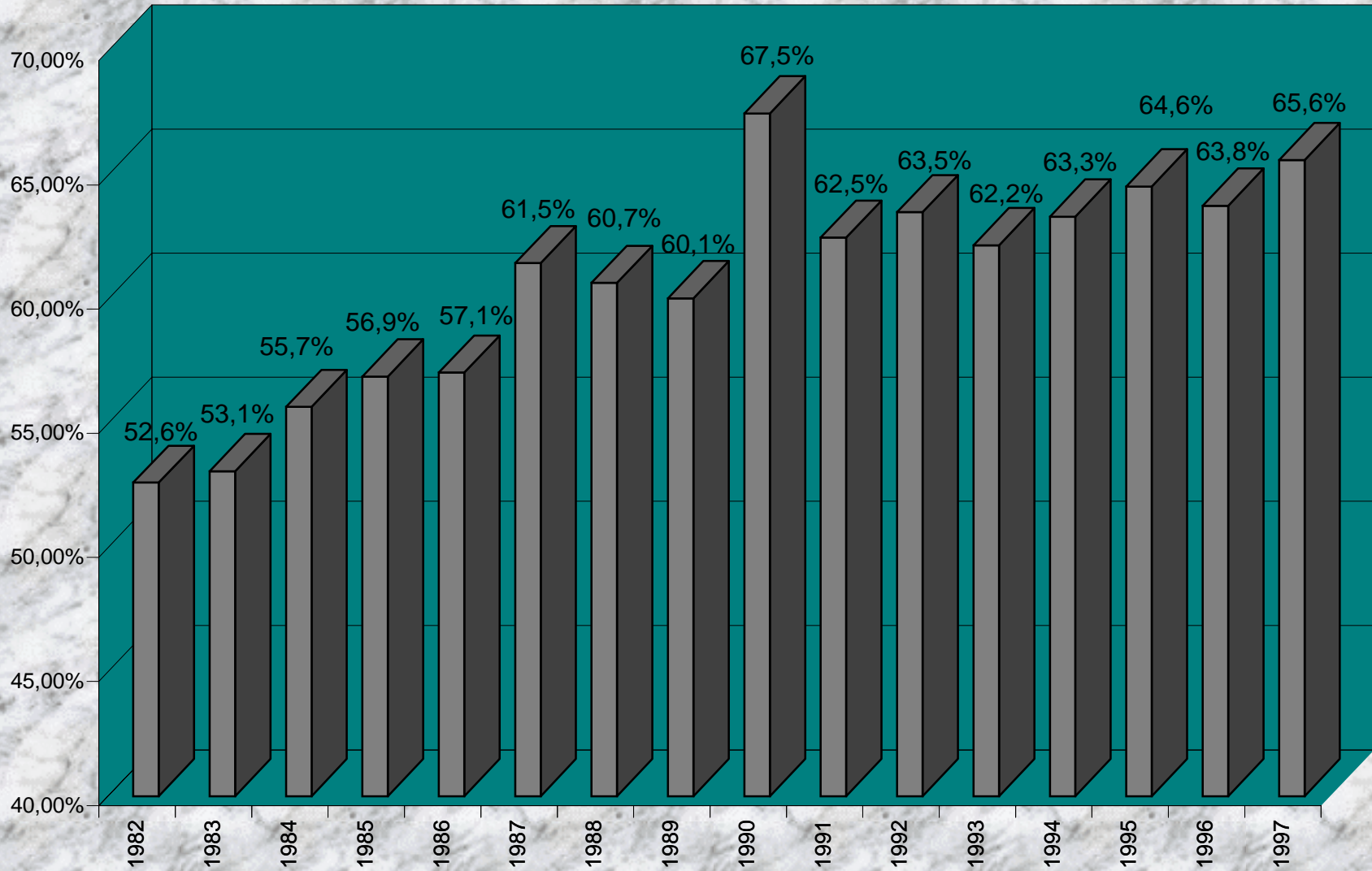
# Capitalization vs PAYG: Transition issues

- More capital accumulation ? No in direct way.  
Indirectly through capital market development.
- Does exist a Fiscal transitional cost ? No.  
Transitional Fiscal deficit is actually the payment of pension accumulated debt.

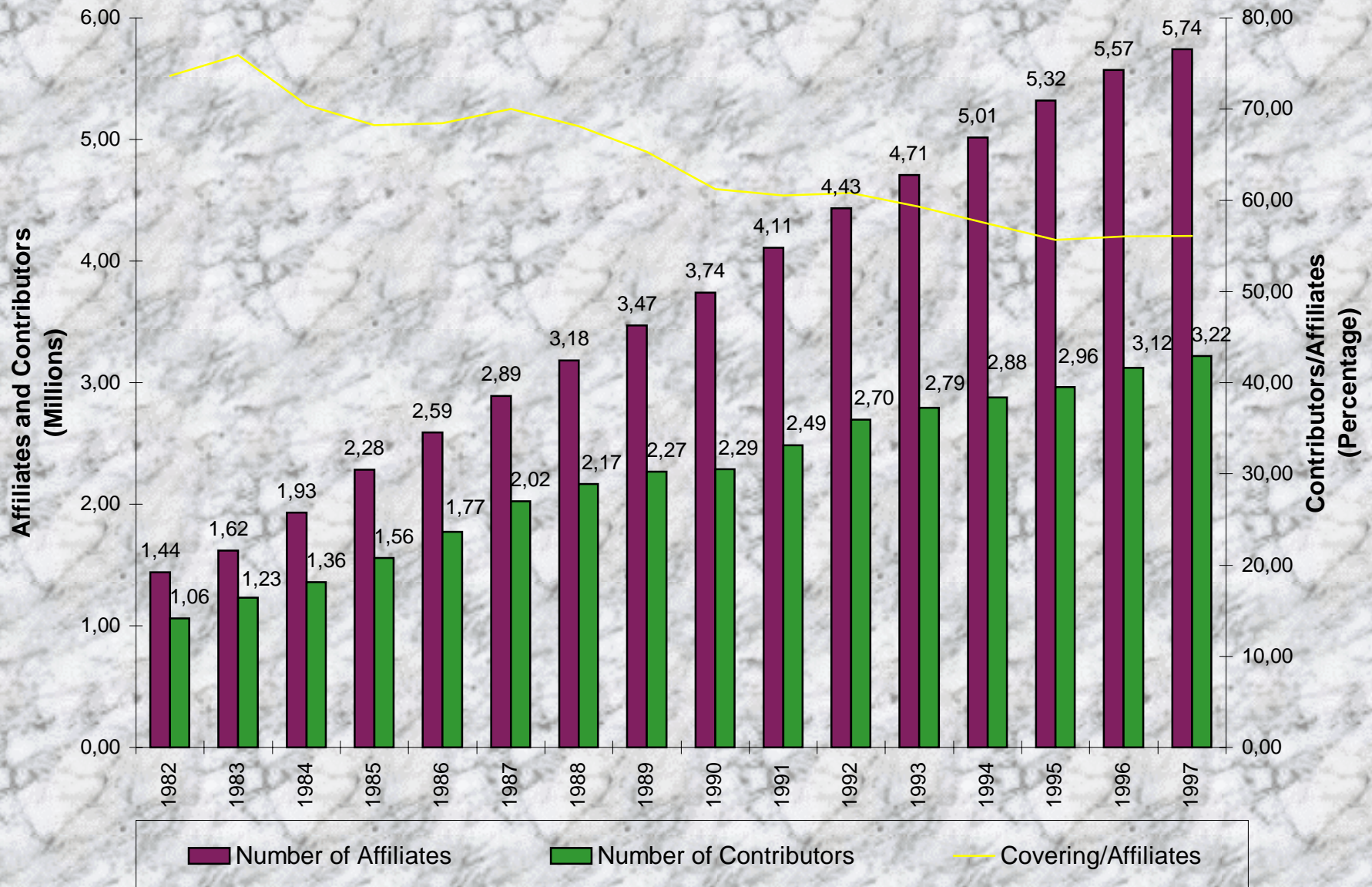


# Evolution of the System: 1981-1997

# Coverage

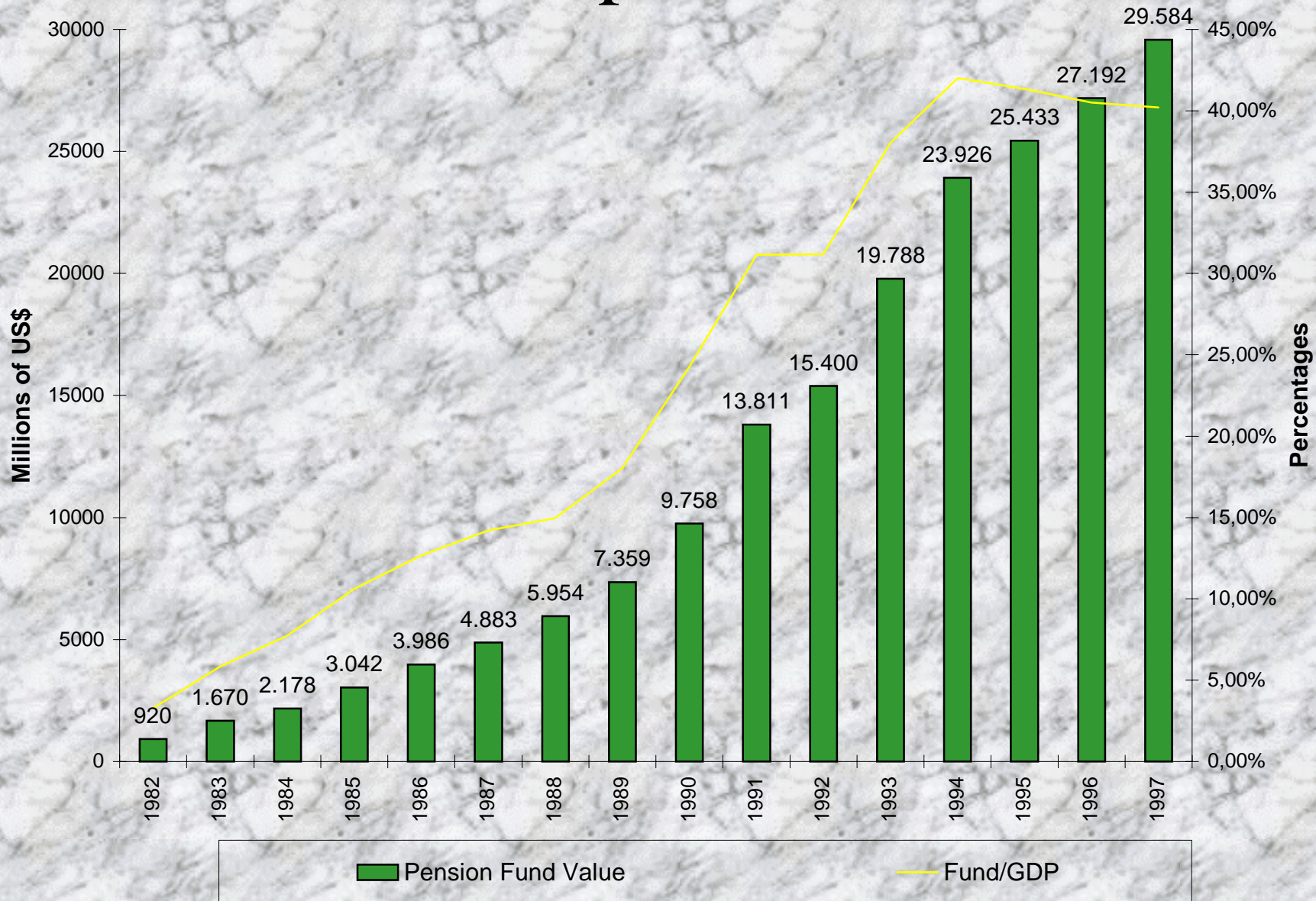


# Number of affiliates and contributors

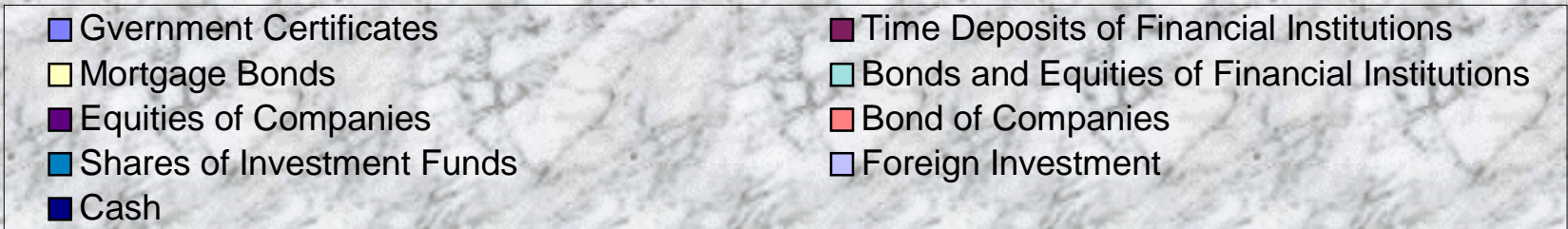
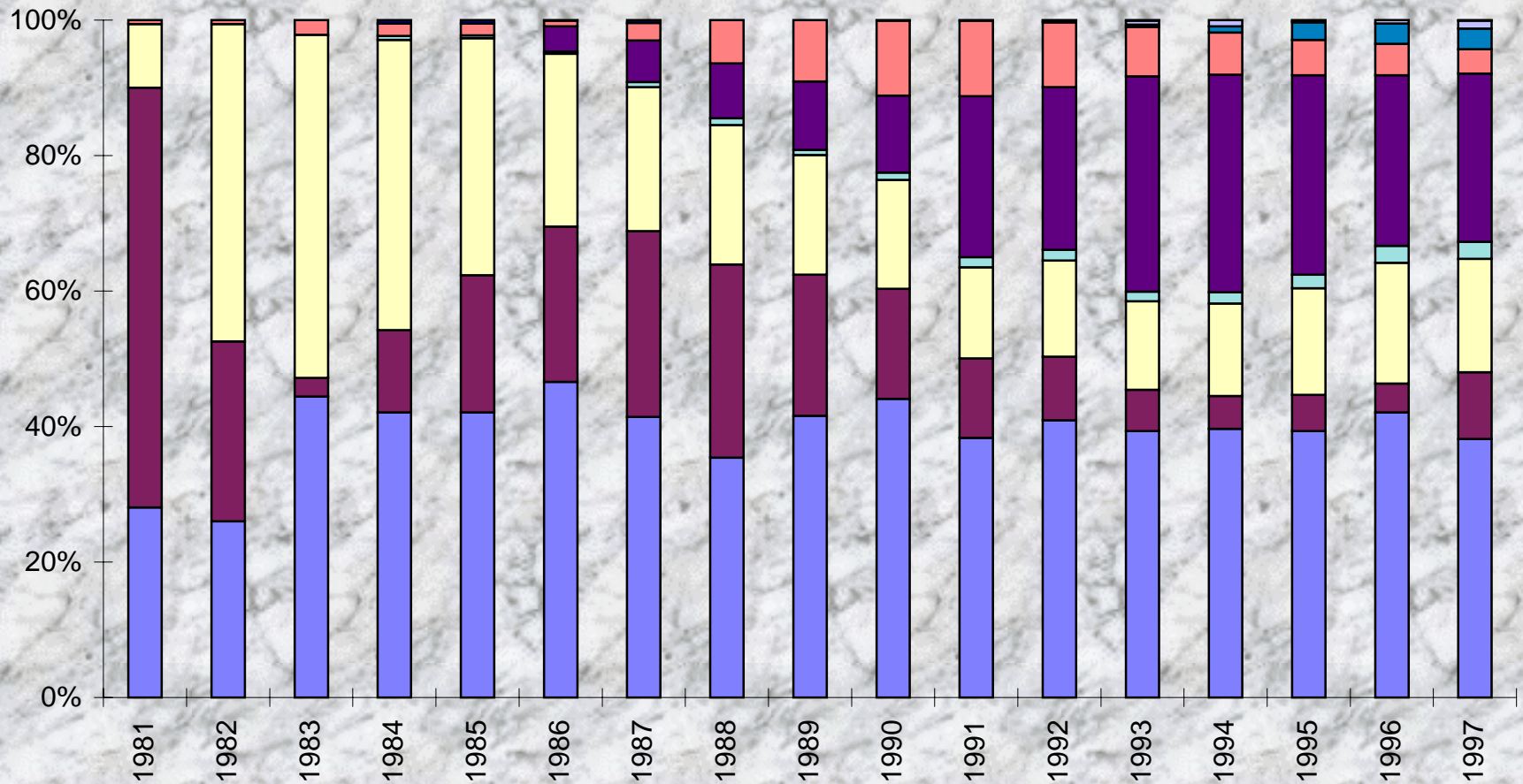




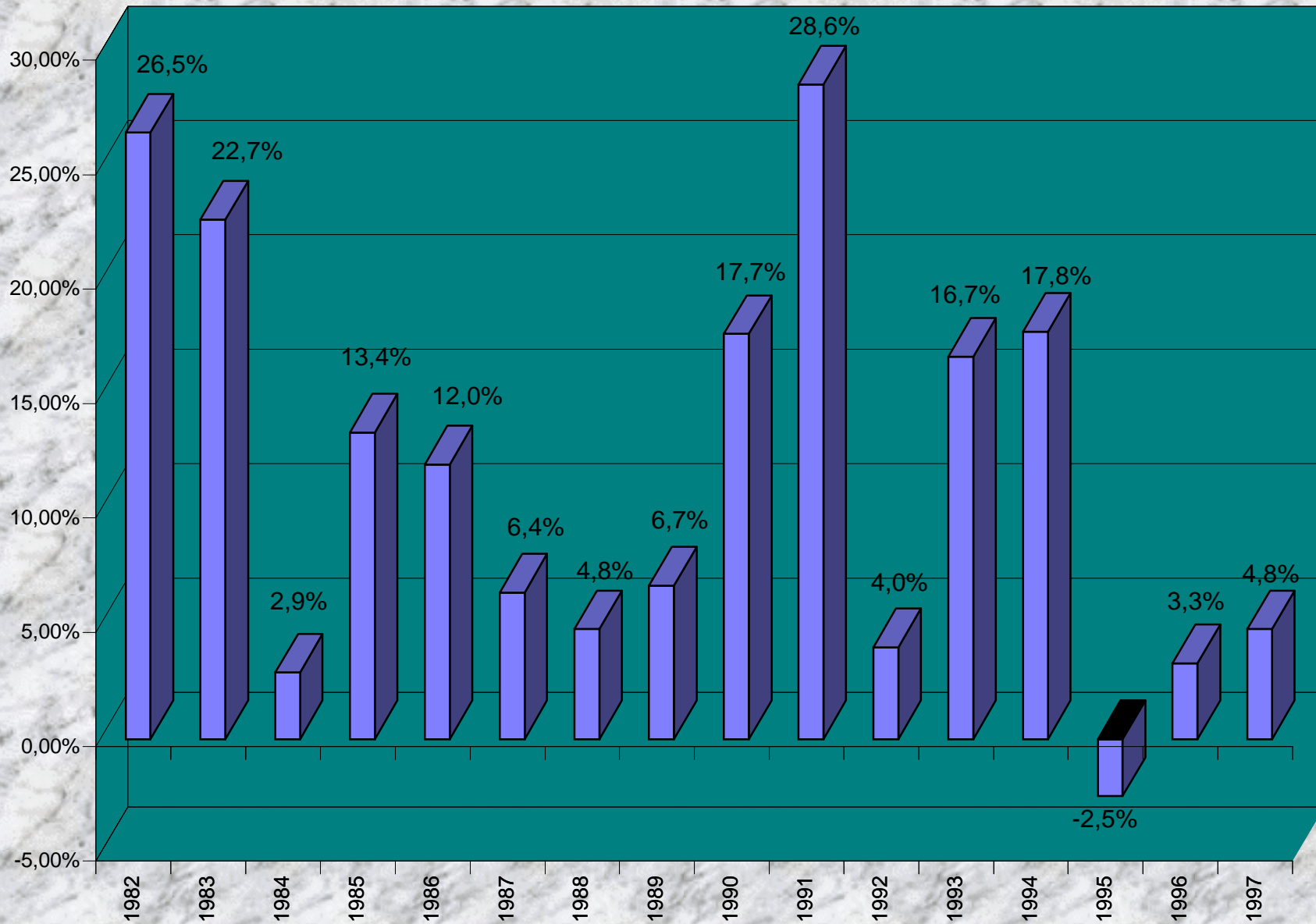
# Value of pension funds



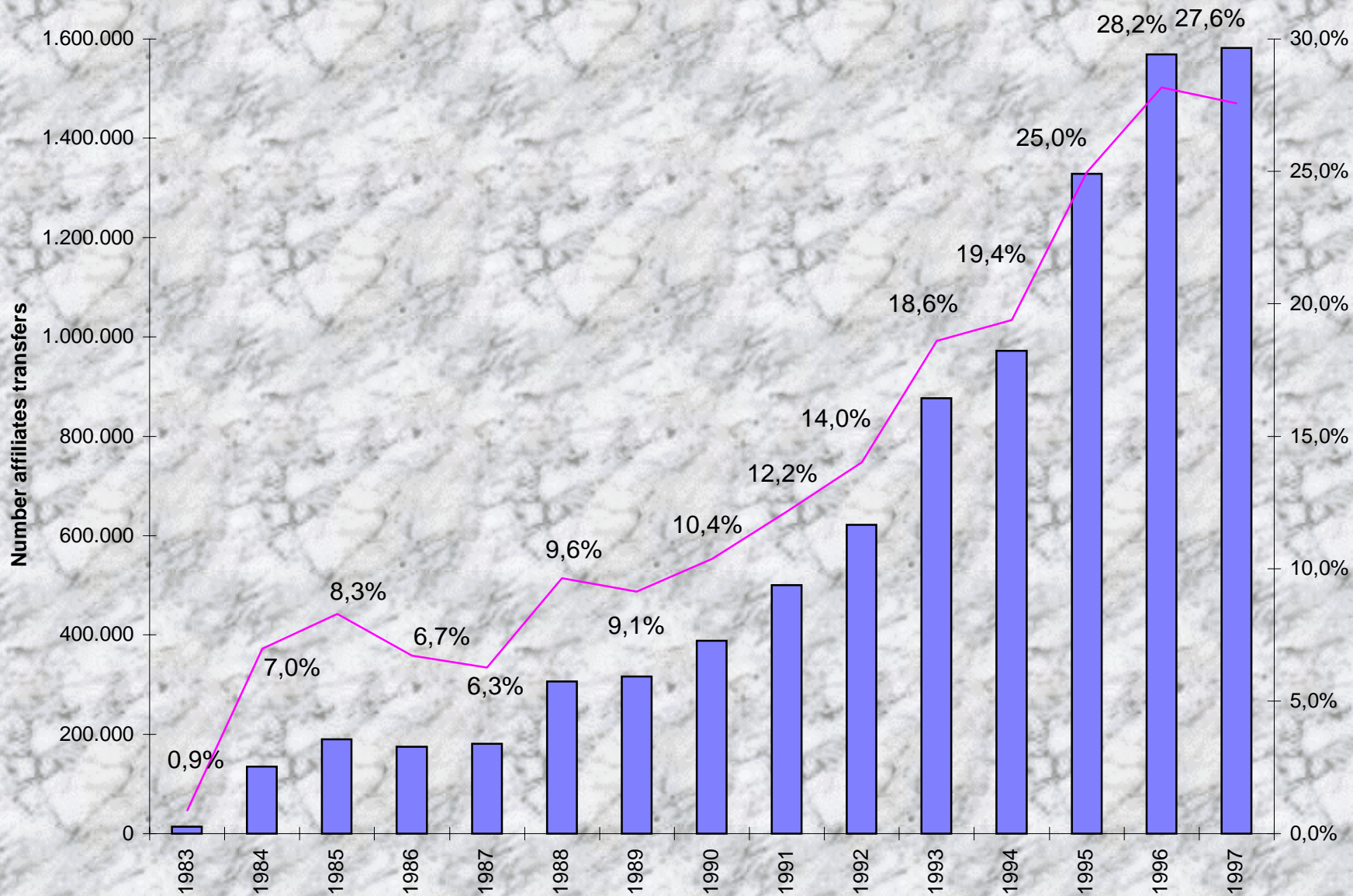
# Portfolio of pension funds



# Pension funds return



# Affiliates transfers between Managers



# Number of sale agents

