



# IGP Country Profile 2022

## Argentina

Prepared by:  
**SMG LIFE**





## Preface

This Country Profile has been prepared by **SMG Life** for the International Group Program (IGP).

The International Group Program (IGP) is a network of major life insurance companies (Network Partners) operating throughout the world, who work together to meet the group insurance and pension needs of international corporations and their affiliates, branches, and subsidiaries.

Since 1967, the International Group Program has been an industry leader in the field of international benefits management, serving more multinational companies than any other network. IGP is represented in around 80 countries throughout the world and is known for the flexibility and quality of service we provide to our clients.

Working closely with our headquarters' staff in Boston and our regional offices in Brussels and Singapore, IGP Network Partners offer corporate clients the advantages of experienced local insurance management coupled with the resources of a professionally trained staff that specializes in international employee benefits.

IGP is managed by John Hancock Life Insurance Company (U.S.A.), the U.S. operation of Manulife Financial Corporation, a leading financial services group based in Toronto, Canada. Manulife offers its clients a diverse range of financial protection products and wealth management services. Both Manulife Financial and John Hancock are internationally recognized brands that have stood for financial strength and integrity for more than a century.

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**John Hancock Financial**  
P.O. Box 111, Boston, Massachusetts 02117  
United States  
T + 1 617-572-8677  
E [igpinfo@jhancock.com](mailto:igpinfo@jhancock.com)  
W [www.igpinfo.com](http://www.igpinfo.com)

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## Your Local Link to IGP in Argentina SMG Life

**SMG Life** is a member company of the Swiss Medical Group, which began in January 1989 with the construction of a clinic and maternity hospital that opened in 1991. In 1994, SMG created a pre-paid medical plan called Swiss Medical Medicina Privada. Through a series of successful acquisitions, SMG quickly became the number one provider of prepaid medical plans in Argentina. SMG has a strong brand name in the Argentine market. It provides medical services to approximately 530,000 people, and its clinics are top-quality facilities that use state-of-the-art technology.

Following its rapid growth in the prepaid health market, SMG expanded into insurance. In October 2002, SMG acquired the Argentine operations of The St. Paul Companies and, in December 2003, bought the Mass Mutual business. The company was then renamed SMG Life, and it is one of only two life insurance companies in Argentina to have a AAA rating from the Evaluadora Latinoamericana. SMG Life ranks among the top ten life insurers in Argentina.

SMG Life joined the International Group Program in 2004 when it acquired Principal Life, IGP's former network partner in Argentina. Key members of Principal Life and SMG Life combined their experience to provide service to over 1.1 million people insured through individual and group contracts.

### Key Products

#### Life & Personal Accident

- Group Life
- Personal Accident
- Credit Life
- Universal Life
- Unit-Linked
- Term Life
- Key Person Coverage
- Burial Services
- Compulsory, Contract, and Collective Labor Coverages

#### Rider Benefits

- Accidental Death and Disability
- Permanent and Partial/Total Disability
- Double Indemnity in Case of Accidental Death
- Spouse's Life
- Life Cover for Retirees
- Waiver of Premium
- Critical Illness Including Transplants
- Daily Hospitalization Benefit
- Daily Intensive Care Hospitalization Benefit

#### Medical

- Critical Illness
- Transplant
- Cancer
- Daily Hospitalization Benefit
- Daily Intensive Care Hospitalization Benefit
- Long-Term Care
- Surgery Benefit
- AIDS
- Prosthesis
- Chronic Renal Failure



## Your Local Link to IGP in Argentina SMG Life

### Annuities

- Group Pension Plans
- Individual Pension Plans
- Social Security Annuities

Additional information on SMG Life is available at: <https://swissmedicalseguros.com/>  
(Information in Spanish)

## Social Security Benefits and Customary Private Employee Benefits

### Introduction:

The Social Legislation of the Argentine Republic is one of the most complex in the world. The first legal antecedent on this subject can be found in the Argentine Civil Code, which was dictated in 1869. The first law concerning benefits for Retirement or Retirement (Jubilación) and Pensions for public officials, employees, and civil agents was introduced in 1904. In 1905, the "Dominical Rest" Law was passed, regulating the conditions of those workers who, due to their specific jobs, had to work on Sundays.

In 1915, Law No. 9688 became effective for all the territories of the republic. It regulated the employer's responsibilities regarding accidents at work and professional diseases.

In 1945, a great legislative movement started, establishing what is known as Professional Associations, Collective Agreements, and the Fund for Retirement Programs and Pensions, which is divided into the different trade unions.

The Minimum, Vital and Mobile Salary (MVMS) was enacted in 1964. This law considered that a minimum salary should guarantee an adequate living for the employee and his or her immediate family, hence the term "vital". The law also considered a minimum salary should be mobile due to the necessary fluctuations dictated by the cost of living index. Further monetary policies and their consequences neutralized its statistical usefulness.

Laws No. 18.037 and No. 18.038, approved in 1969 with successive amendments, became the basis of the National Retirement Scheme, in effect until January 31, 1994. Law No. 24.241 established the new Integral System of Retirement and Pension Benefits, which became effective on July 1, 1994.

The Labor Contract Law, No. 20.744, has been in force since 1974. It regulates and compiles several labor laws, although each union has its own collective agreement covering specific conditions for the relationship between the employer and the employee. It also establishes the maximum limit for compensation in case of dismissal.

The so-called Social Assistance Program (Obras Sociales) was created in 1970 and further revised in 1989 and 1997. It is through the Obras Sociales that the health system for union workers, mostly blue-collar workers, is organized. Workers are guaranteed the right to choose an Obras Social, regardless of their union affiliation.

Law 26.425, approved in December 2008, unified the system of retirement and pensions into a unique "pay-as-you-go" system called Sistema Integrado Previsional Argentino (SIPA).

Law 26.417, in force since 2009, stated that benefits are to be automatically adjusted by an index depending on the average workers' salaries and level of tax income to the Social Security System in March and September of each year.

### *Argentine Integrated Social Security System (SIPA)*

Argentina's pension system consists of two programs:

1. SIPA – a contributory social insurance program administered by ANSES  
SIPA is mandatory for employed and self-employed persons and is funded by contributions from employees and employers. It provides a benefit consisting of three parts:
  - a. A basic flat-rate pension
  - b. A compensatory pension for contributions made before July 1, 1994
  - c. An additional pension for contributions made since July 1, 1994
2. A non-contributory social assistance program administered by the Ministry of Social Development.



## Social Security Benefits and Customary Private Employee Benefits

### Social Security Contributions:

Both the employer and employee must make contributions to social security and to the healthcare system.

As of March 1, 2022, the minimum and maximum amounts of employee salary subject to social security contributions are as follows:

Minimum basis for social security contributions: ARS \$10,989.91  
Maximum: basis for social security contributions: ARS \$357,166.98

This cap is updated four times a year: March, June, September and December. Employer contributions are not subject to a cap.

Employer contributions are not capped.

In 2020, due to the COVID-19 pandemic, employer contributions to the Argentine Integrated Social Security System (SIPA) were reduced by as much as 95%, and part of the wages were covered by the National Social Security Administration (ANSES). To qualify for this reduction, a business had to show that it was adversely affected by the pandemic.

EMPLOYER		EMPLOYEE
19.50%	National Pension System, Family Allowance & Other Social Programs	14%
6%	Healthcare Benefits	3%

<b>GROUP LIFE BENEFITS</b>	
<b>Social Security Benefits</b>	<b>Customary Private Employee Benefits</b>
<p><b>Group Life Insurance</b></p> <p>Group life insurance constitutes a compulsory obligation by law. Enacted in 1974, it provides a benefit of ARS 20,000.</p> <p>Every employee or laborer is entitled to this benefit. The monthly premium is paid by the employer.</p> <p>Insurance companies may underwrite this coverage, but they merely act as administrators, because the risk is not absorbed directly by the insurers but through a Compensation Fund.</p> <p>Compulsory Group Life Insurance provides only death benefits.</p>	<p><b>Group Life Insurance</b></p> <p>There are voluntary life insurance plans because the amounts for compulsory coverage are quite small.</p> <p>The customary practice is for companies to buy group life insurance for their employees with coverage in case of death, which ranges between 18 to 24 and even 30 times the amount of a monthly salary.</p> <p>Normally, riders for accidental death, partial losses due to accidents, and total and permanent disability are also included.</p> <p>It is customary for companies to assume all or part of the cost of such benefits.</p> <p><i>Sample Plan</i></p> <p><i>Death Benefit:</i></p> <ul style="list-style-type: none"> <li>• Multiple of 24 Monthly Salaries</li> <li>• Multiple of 12 Monthly Salaries (Optional)</li> <li>• TPD Benefit: Equal to the Death Benefit</li> <li>• AD&amp;D Benefit: Equal to the Death Benefit</li> </ul> <p><i>Optional Riders:</i></p> <ul style="list-style-type: none"> <li>• Transplants</li> <li>• Terminal Disease</li> <li>• Serious illness</li> </ul> <p><i>Spouse's Coverage:</i></p> <ul style="list-style-type: none"> <li>• Equal to 50% or 100% of Employee's Death Benefit (Death + AD&amp;D + TPD by accident)</li> </ul>



<b>DISABILITY BENEFITS</b>	
<b>Social Security Benefits</b>	<b>Customary Private Employee Benefits</b>
<p><b>Disability Pension:</b></p> <p><i>Qualifying Criteria:</i></p> <ul style="list-style-type: none"> <li>• Younger than the normal retirement age (age 65 men, age 60 women) (Two years of age after the retirement age may be substituted for one year of missing contributions.)</li> <li>• Assessed loss of earning capacity of at least 66% as determined by a medical committee.</li> <li>• Made regular contributions or qualified irregular contributions.               <ul style="list-style-type: none"> <li>• Regular contributors must meet the requirements for the old-age pension, or the insured must have made at least 30 months of contributions in the 36 months before the onset of the disability.</li> <li>• Irregular contributors must have made 18 months of contributions in the 36 months before the onset of the disability or meet 50% of the minimum required contributions for the basic old-age pension provided via social insurance: 12 months of contributions in the 60 months before the onset of the disability.</li> </ul> </li> <li>• Unemployed and not receiving any other benefits</li> </ul> <p><i>Benefit:</i></p> <ul style="list-style-type: none"> <li>• <i>Regular Contributor:</i> 70% of the insured's average salary during the five years before the onset of the disability.</li> <li>• <i>Qualifying Irregular contributor:</i> 50% of the insured's average salary in the five years before the claim is made.</li> </ul> <p><b>Advanced-Age Disability Pension</b></p> <p><i>Qualifying Criteria:</i></p> <ul style="list-style-type: none"> <li>• Age 65</li> <li>• Assessed loss of earning capacity of at least 66% as determined by a medical committee.</li> <li>• Not receiving any other pension</li> <li>• is the sum of three components:               <ul style="list-style-type: none"> <li>• 70% of the basic flat-rate old-age pension</li> <li>• Compensatory pension based on years of contributions and service before July 1, 1994</li> <li>• An additional pension based on years of contributions since July 1, 1994.</li> </ul> </li> </ul> <p>The monthly <u>compensatory pension</u> is 1.5% of the insured's average monthly covered earnings in the last 10 years,</p>	<p><b>Disability Pension:</b></p> <p>Normally, riders for accidental death, partial losses due to accidents, and total and permanent disability are also included as part of a Group Life plan.</p> <p>It is customary for companies to assume all or part of the cost of such benefits.</p> <p><i>Sample Plan</i></p> <p><i>Death Benefit:</i></p> <ul style="list-style-type: none"> <li>• Multiple of 24 Monthly Salaries</li> <li>• Multiple of 12 Monthly Salaries (Optional)</li> <li>• TPD Benefit: Equal to the Death Benefit</li> <li>• AD&amp;D Benefit: Equal to the Death Benefit</li> </ul> <p><i>Optional Riders:</i></p> <ul style="list-style-type: none"> <li>• Transplants</li> <li>• Terminal Disease</li> <li>• Serious illness</li> </ul> <p><i>Spouse's Coverage:</i></p> <ul style="list-style-type: none"> <li>• Equal to 50% or 100% of Employee's Death Benefit (Death + AD&amp;D + TPD by accident)</li> </ul>

multiplied by the number of years of contributions (up to 35 years) paid before July 1, 1994.

The monthly additional pension is 1.5% of the insured's average monthly covered earnings in the last 10 years, multiplied by the number of years of contributions (up to 35 years) paid since July 1, 1994.

The minimum monthly advanced-age disability pension is 70% of the minimum monthly old-age pension (basic old-age pension, compensatory pension, and additional pension).

The advanced-age disability pension is paid monthly. A 13<sup>th</sup> payment equal to the regular monthly payment is divided in half and paid in June and December.

Benefits are adjusted automatically in March and September.

### **Non-contributory Disability Pension**

The Non-contributory Disability Pension is part of Social Assistance and means-tested.

#### *Qualifying Criteria:*

- Younger than the normal retirement age (age 65 men, age 60 women)
- Assessed loss of earning capacity of at least 76% as determined by a medical committee.
- Not receiving any other pension

#### *Benefit:*

- 70% of the minimum old-age pension (basic old-age pension, compensatory pension, and additional pension) is paid.
- Family Allowances may provide additional benefits for dependents.



## Social Security Benefits and Customary Private Employee Benefits

<b>SURVIVORS' BENEFITS</b>	
<b>Social Security Benefits</b>	<b>Customary Private Employee Benefits</b>
<p><b>Dependents' Pension:</b></p> <p>Payable to a widow or widower or unmarried children under 18 (no age limit if disabled).</p> <p><i>Qualifying Criteria:</i></p> <p>The deceased must have been receiving or entitled to receive a social security old-age or disability pension at the time of his or her death.</p> <p><i>Benefit:</i></p> <p>The benefit equals:</p> <ul style="list-style-type: none"> <li>• 70% for the widow or widower (no children)</li> <li>• 50% for the widow or widower (with eligible children)</li> <li>• 20% for each eligible child</li> </ul> <p>If there is no eligible widow or widower, the pension for the children will be increased by the amount of the pension for a widow or widower with eligible children.</p> <p>Aggregate pension cannot exceed 100% of benefit to which a deceased employee or retiree was entitled.</p> <p>Benefit is based on average salary during five years prior to death for an active employee or the amount of the retirement benefits in the case of the death of a retiree.</p> <p><b>Funeral Grant</b></p> <p>A funeral benefit is paid to the person who pays for the insured's funeral.</p>	<p><i>For more information, please see "Group Life Benefits".</i></p> <p><i>Sample Plan</i></p> <p><i>Death Benefit:</i></p> <ul style="list-style-type: none"> <li>• Multiple of 24 Monthly Salaries</li> <li>• Multiple of 12 Monthly Salaries (Optional)</li> <li>• TPD Benefit: Equal to the Death Benefit</li> <li>• AD&amp;D Benefit: Equal to the Death Benefit</li> </ul> <p><i>Optional Riders:</i></p> <ul style="list-style-type: none"> <li>• Transplants</li> <li>• Terminal Disease</li> <li>• Serious illness</li> </ul> <p><i>Spouse's Coverage:</i></p> <ul style="list-style-type: none"> <li>• Equal to 50% or 100% of Employee's Death Benefit (Death + AD&amp;D + TPD by accident)</li> </ul>

<b>MEDICAL BENEFITS</b>	
<b>Social Security Benefits</b>	<b>Customary Private Employee Benefits</b>
<p><b>Benefits</b></p> <p>The system of social assistance programs (Obras Sociales), created in 1970, underwent drastic changes in January of 1989. Law No. 23.660 established new rules, restoring control and management of the social assistance programs to the labor unions and modifying the contribution percentages.</p> <p>Obras Sociales provide health care either through their own health facilities or by contracting with providers in the private sector. They can vary widely depending on the region or union involved.</p> <p>Workers included in Articles 8 and 9 of Law 23.660 have the right to choose an Obras Social and, in all cases, have the right to resign from the Obras Social to which they previously belonged. Workers or laborers can change their Obras Social once a year, and the Obras Social is obliged to accept any worker or laborer.</p> <p>Due to concerns about insufficient coverage, Programa Médico Obligatorio (PMO) was enacted. PMO defined the minimum medical, dental, vision and maternity coverage that must be offered by any health care provider, without entrance exams, gaps or exemptions for pre-existing conditions.</p> <p>The chosen Obras Social is not obliged to give the new member more coverage than the compulsory medical program (PMO), even when the previous coverage was greater. In this case, the new affiliate can pay an optional fee, determined by the chosen Obras Social.</p> <p>Under Law No. 23.661, the National Health Administration (ANSSAL) was created. This agency supervises the entire hospital structure, including hospitals affiliated with the state or with the social assistance programs, as well as private hospitals. The Board of Directors of ANSSAL includes representatives of labor unions, employers, and the government. ANSSAL periodically establishes what benefits must be provided.</p> <p>The law establishes the compulsory inclusion of employees and laborers and their respective primary family groups; i.e., spouse, single children up to age 18 (age 25 if the child is a student), or disabled children with no age limit.</p> <p>Contributions are compulsory* as follows:</p> <ul style="list-style-type: none"> <li>• Employee: 3.0% of monthly salary plus 1.5% of monthly salary for each relative or dependent who is not included in the primary family group</li> <li>• Employer: 6.0% of employee's salary</li> </ul>	<p><b>Benefits</b></p> <p>Social Security provides compulsory benefits for every employee.</p> <p>Although, the National Scheme is designed to provide for immediate needs, voluntary health systems for certain specified groups do exist. These plans are implemented through contracts with private medical associations.</p>

- According to the Law, it is possible to pay extra contributions. The contributions vary in amount depending on the nature of the business.
- Employers shall deposit total contributions in accordance with the following:
  - 90% to the corresponding social assistance program
  - 10% to ANSSAL (to establish a redistribution fund)

In the case of a social assistance fund exclusively covering management personnel, the contributions are distributed as follows:

- 85% to the social assistance program
- 15% to ANSSAL

Employees are covered under various social programs according to the activity they perform, but they may now elect to receive medical care from hospitals affiliated with any social assistance program.

There are entities qualified by ANSSAL that act as intermediaries and subcontract medical services that are provided by private medical centers. Usually, people who select this type of medical assistance are employees whose income is above the median level, and they have the option to choose among several plans that are within their budget.

Normally, these private centers provide plans specially designed for high income personnel. The actual cost of these plans is covered by means of an additional payment.

### Family Allowances:

The scope of these allowances is very broad and reflects the government's concern regarding the preservation and well-being of families. These benefits are means-tested.

Benefits are provided for:

- Maternity
- Birth
- Adoption
- Marriage
- Prenatal Care
- Children
- Disabled Children
- Annual School Aid
- Annual School Aid for Disabled Children

Contributions are compulsory as follows:

Employees: None  
 Employers: 9% of payroll

<b>RETIREMENT BENEFITS</b>	
<b>Social Security Benefits</b>	<b>Customary Private Employee Benefits</b>
<p>Argentina had a dual social security system beginning in 1994, when it established a new system for retirement benefits based on the Chilean system of individual accounts, and at the same time, maintained the original pay-as-you-go pension system run by the state.</p> <p>Under this dual system, employer contributions were applied to the defined benefit plans run by the state, and employee contributions were made to individual retirement accounts managed by pension fund administration companies known as Administradoras de Fondos de Jubilaciones y Pensiones (AFJPs). AFJPs, which are mostly owned by insurance companies and banks, were required to meet and maintain strict requirements as to cash reserves and capitalization.</p> <p>In 2007, a new law became effective that allowed employees to switch from the individual account system back to the state's pay-as-you-go defined benefit plan.</p> <p>New employees who didn't indicate their choice of a pension system within 90 days of commencing work were automatically assigned to the pay-as-you-go system. This law also contained provisions to strengthen the pay-as-you-go system by increasing the monthly contribution ceiling and the number of months of required contributions for both systems.</p> <p>In 2008, the pension system was nationalized and the private system administered by AFJPs was abolished. A new unified "pay-as-you-go" system called "Sistema Integrado Previsional Argentino" (SIPA) was established.</p> <p>Under SIPA, individual accounts for each contributor no longer exist, and all private accounts have been transferred to the state. The enabling legislation is known as Law No 26.425.</p> <p><i>The following is a brief summary of the most important points:</i></p> <ul style="list-style-type: none"> <li>• The state guarantees to the beneficiaries of Private Pension Fund Administration Companies equal or better benefits.</li> <li>• Pensions for dependents, disability and retirement (old-age benefits) are administered by the state, through ANSES (National Administration of the Social Security).</li> <li>• The current beneficiaries of an annuity, who came to a Retirement Insurance Company from a Private Pension Fund Administration Company, will continue receiving the benefit through the Insurance Company.</li> <li>• The individual accounts of workers who had chosen to participate in the private system were transferred to ANSES. These funds will be part of the "Fondo de Garantía de Sustentabilidad" (Guarantee Fund of Livelihood) of the state system, which is used for paying benefits.</li> </ul>	<p>Argentina has a fully developed system of private pensions.</p> <p>In March of 1987, the National Superintendency of Insurance passed a resolution authorizing the establishment of insurance companies for the purpose of selling retirement insurance.</p> <p>Companies offering such retirement insurance (annuities) may not operate in any other line of business, and they must comply with the following regulations:</p> <ul style="list-style-type: none"> <li>• The minimum capital requirement must be 4% of mathematical reserves.</li> <li>• The value of the assets must either equal or exceed the value of the liabilities. Balance sheets must be submitted quarterly to the controlling authority. Easily realizable investments and assets should be sufficient to cover any possible payment on demand.</li> <li>• A report showing the condition of the investments must be issued monthly.</li> <li>• In addition to enforcing the above regulations, the Superintendency must approve all rates and policy texts. With regard to contracts and tariffs, the following will apply: <ul style="list-style-type: none"> <li>• Reserves, purchased annuities, cash surrender values, and premiums will be adjusted at a rate no higher than the yield on investments made by the insurance company. The minimum rate of adjustment will be equal to the yield on a group of investments, which will be established periodically by the insurance authorities.</li> <li>• Every six months, at least, the insurance company will advise each insured of the value of his or her plan, the rate of return, administrative charges, etc.</li> <li>• Plans will provide for the payment of the total cash surrender value either upon the insured's demand any time before payment of the annuity begins, or in case of the death of the insured, before the established retirement date.</li> <li>• This law was intended to encourage the development of funded pensions to complement the pay-as-you-go benefits provided by Social Security.</li> </ul> </li> </ul>

- The voluntary contributions of workers to their individual accounts either can be sent to ANSES to increase future benefits, or they can be administrated by an AFJP in order to buy a private annuity from an insurance company at the age of retirement.
- Benefits are automatically adjusted by an index in March and September.

### Participation

The law states that inclusion in this system is compulsory and applies to two clearly defined groups:

- Employees and laborers working either for the state or in private enterprises, with the following exceptions:
  - Military personnel of the Armed Forces
  - Military or police personnel of the Security and Defense Forces
  - Employees under 18 years of age
- For those who perform activities independently (i.e., professionals, executives, traders, etc.), the percentage to be contributed is compulsory and is fixed by categories determined according to the activity performed.

### Eligibility

#### *Minimum Retirement Age*

Dependent and Independent Workers:

- 65 years of age for men and 60 of age for women.
- Women may continue working until age 65.

#### *Minimum Years of Service*

30 years with contributions

In 2021, Argentina introduced pension credits for mothers who have reached the normal retirement age of 60 but have not met the minimum contribution requirement (30 years) for a contributory social insurance old-age pension. Credit can also be given for time spent on maternity leave.

Under the new legislation, qualifying mothers can receive:

- 1 year of credited contributions per child
- 2 years per adopted child or a child with disabilities
- 3 years per child if the mother previously received a universal child allowance

### Contributions

Contributions are compulsory as follows:

#### *Employees*

11% of payroll salary (+ 3% Social Health + 3% Social Services)

#### *Employers*

10.17% to 12.71% of payroll, depending on the type of company

Employer contributions are based on the total gross salary of the employee. There is no ceiling for employer contributions.

### Old-Age Benefit

The Old-Age Benefit is an amount resulting from the sum of the following benefits:

Universal Basic Benefit (Old Age Pension)

+

Compensation Benefit

+

Additional Benefit for Continuance

#### *Universal Basic Benefit (PBU – Prestación Básica Universal)*

A defined benefit plan that provides a basic monthly pension to all insured persons of retirement age who have made contributions for at least 30 years to either the former system (prior to 1994), the new system or both.

The benefit is financed by the employer and based on 16% of the employee's salary. The government makes up any shortfall.

The Monthly Basic Old Age Pension (Universal Basic Benefit) is ARS 14,926.92 (March 2022).

#### *Compensation Benefit (PC - Prestación Compensatoria)*

The monthly compensation benefit is provided by the state to people who contributed to the old system (prior to 1994).

It is based on 1.5% of the insured's average monthly earnings during the last ten years multiplied by the number of years of contributions paid before 1994, up to 35 years.

#### *Additional Benefit for Continuance*

The monthly additional benefit is based on 1.5% of the insured's average monthly earnings during the last ten years multiplied by the number of years of contributions paid since 1994, up to 35 years.

### Non-Contributory Pensions

- Argentine resident citizens aged 65 or older who do not qualify for any other pension can receive a non-contributory pension, known as *Pensión Universal Adulto Mayor (PUAM)*.

In addition to residents, naturalized individuals with 10 years of residence in the country (prior to the application), or foreigners with a minimum residence of 20 years may be eligible for the non-contributory pension. Individual must reside in Argentina once the pension commences.

The benefit is 80 percent of the legal minimum old-age pension.



- Non-contributory pension for *mothers who have or have had seven children* of any age or marital status (includes adopted children).
- *Pensión No Contributiva por Vejez*

A non-contributory pension for people 70 years of age or older, without social security or non-contributory coverage and who do not have family members that can provide financial support.

Means-Tested: The individual's income and assets must be below a subsistence level. The spouse cannot be receiving social insurance or a social assistance old-age or disability pension.

In addition to residents, naturalized individuals who have lived in Argentina for five years (prior to applying for the pension), or foreigners with a minimum residence of 40 years may be eligible for this pension.

In the event of the death of the insured, a spouse who is over 70 years of age, disabled and who has lived with the individual for the last 5 years prior to death is entitled to collect the pension.

The benefit is 70 percent of the legal minimum old-age pension.

### Miscellaneous Benefits:

- Family Allowances
- Compensation for Dismissal
- Supplementary Annual Salary (Aguinaldo)
- Minimum Vacation Leave
- Maternity Leave
- Study Period
- Working Hours Rules for Minors and Retention of Employment During Compulsory Military Service



## Social Security Benefits and Customary Private Employee Benefits

### Work Injury: Death and Disability Benefits:

Legislation making work injury insurance coverage mandatory became effective on July 1, 1996; prior to that, coverage had been voluntary.

Death or disability due to accidents at the workplace is covered. Accidents that occur while commuting to and from work are also covered. Coverage can be purchased from an authorized ART (Aseguradoras de Riesgos del Trabajo).

Argentine labor risk laws establish the payment of indemnities for death or disability. These indemnities can be grouped according to the causes that determine them.

For death or disability resulting from occupational diseases and accidents at work or in transit to and from work:

- Death Benefit
- Burial Expenses
- Disability Benefits

When the accident causes more than four days of disability, the following benefits apply:

- Total and Temporary Disability
- Total and Permanent Disability
- Partial and Temporary Disability
- Partial and Permanent Disability

If the disability requires another person's constant care, the benefits are increased by 50%.

For accidents or illness produced by indiscriminate causes, whether at work or elsewhere, the following benefits may apply:

- Death Benefit
- Disability Benefit

#### *Death Benefit:*

The benefit is an annuity paid as a lump-sum benefit equal to 53 times the monthly base earnings multiplied by a coefficient resulting from dividing 65 by the age of the worker at the time of death. The minimum amount for this calculation is ARS 180,000. There is another ARS 120,000 paid as a lump-sum benefit to the dependent's pension.



## Social Security Benefits and Customary Private Employee Benefits

### *Disability Benefit:*

When the accident causes more than four days of disability, the following benefits apply:

#### Total and Temporary:

Up to 1 year: 100% of daily salary

More than 1 year: Considered a permanent disability. The worker is entitled to the benefit for total and permanent disability as described below. The amounts paid during the first year will not be deducted.

#### Total and Permanent:

An annuity derived from a lump-sum payment equal to the death benefit as described above, plus an additional lump-sum of ARS 100,000.

#### Partial and Temporary:

Up to 1 year: 100% of daily salary

More than 1 year: Considered permanent. The worker is entitled to the benefit for partial and permanent disability as described below. The amounts paid during the first year will not be deducted.

#### Partial and Permanent:

70% of the salary based on the degree of disability, plus an additional lump-sum of ARS 80,000.

The labor legislation contemplates indemnities that, although limited by established maximums, constitute the worker's unquestionable right. However, the worker who wishes to do so may initiate legal action within the civil jurisdiction, as it provides indemnities practically without limits, although the outcome is not always certain. It is worth pointing out that if the verdict is unfavorable to the plaintiff, he or she will be unable to sue in pursuit of the indemnity to which he or she might have been entitled according to the labor legislation.

Every worker who contracts an illness or suffers an accident at work will be entitled to free medical attention and medicine until total recovery or death.

If a worker becomes disabled, this benefit will be extended until the disability is determined to be total and permanent, at which time he or she will receive the corresponding indemnity.



## Social Security Benefits and Customary Private Employee Benefits

### Accidents or Illnesses – Indiscriminate Causes:

For accidents or illnesses produced by indiscriminate causes, whether at work or elsewhere, the benefits are determined by Law No. 20.774 (Ley de Contrato de Trabajo) as follows:

#### *Death Benefit:*

An amount equal to 50% of one monthly salary for each year of service. (Anything over three months in the final year is considered an extra year of service.)

#### *Disability Benefit:*

An amount equal to one monthly salary for each year, subject to the same limits described above, paid in a lump-sum for total and permanent disability.

In the case of illness, the worker will continue to receive his or her monthly salary for a period of three months if the years of service are less than five, or for a period of six months if the years of service are more than five. In the case of workers with families, the payment period will be doubled.

Once any of the above-mentioned terms expire, and the worker is unable to resume his or her activities, the employer is obliged to retain his or her job for a period of one year from the date of the expiration of the original term.

NOTE: There are cases in which a worker may become entitled to additional benefits, depending upon the circumstances. The cost for the employer is determined by the direct payment of the benefit. There are non-life policies available in the market to cover the indemnities payable under the Labor Accidents Law.

## Labor Code

### Employment Contract:

Requirements to enter into a contract of employment:

- Older than 18 years old
- Over 14 years and under 18 years who live independently and whose parents are aware of their occupation
- Emancipated minors

It is presumed that employment contracts have an indefinite period unless a specific law allows something different.

The law provides for a trial period of three months, which may be extended to six months. During this period, the employee could be dismissed without any compensation.

### Dismissals:

The employer must notify the employee a month before dismissal. If notice is not provided, the employee is entitled to be compensated for lack of notice.

The law requires that upon dismissing an employee or laborer, the employer must pay an amount equal to one monthly salary for every year of service. (Anything over three months in the final year is considered an extra year of service.)

Notice of dismissal must be given at least 15 days prior to termination of employment that lasted longer than one month but less than three months; one month prior to termination of employment if the worker has been active for a period of more than three months but less than five years, and two months prior to termination of employment if the employee has more than five years of service. If adequate notice of dismissal is not given, an additional indemnity equal to one or two monthly salaries (according to the years of service) must be paid.

### Salary:

Minimum salary is determined by law (Article 14 of the National Constitution of Argentina). The Labor Ministry regularly updates it by decree.

The employer and employee are free to agree on a salary. However, it is forbidden to establish a salary lower than the minimum established by law, collective agreements or settlement agreements.

Due to inflation, the National Monthly Minimum Wage in Argentina increased three times as follows:

ARS 31,104 in September 2021

ARS 32,000 in October 2021

ARS 33,000 in February 2022

### Supplementary Annual Salary (Aguinaldo):

Every worker is entitled to this benefit, paid in two installments (June and December), equal to 50% of the highest salary earned during the previous six-month period, in proportion with the days worked in case of a dismissal.

Retired personnel (jubilados) and pensioners are also recipients of this benefit under the same conditions as people in active service.



## Labor Code

### Working Hours for Minors:

Minors age 14 to 16 are not allowed to work for more than 6 hours a day or 36 hours a week. From 16 to 18 years of age, this period may be extended to 8 hours a day and 48 hours a week. The minor will receive the same pay as older workers, providing he or she performs similar tasks.

### Leaves:

#### *Minimum Vacation Leave:*

The law fixes the minimum period of vacation leave to which a worker is entitled, depending on the number of years of service, a minimum of fourteen days for six months of service or one day per each twenty days worked. However, for certain activities, there are special agreements that establish longer vacation periods.

#### *Maternity Leave:*

Female employees are entitled to 90 days of consecutive leave – 45 days before confinement and up to 45 days after childbirth. The worker may choose to reduce the first leave to a period of not less than 30 days in order to extend the second period; however, the maximum number of days cannot exceed 90. If, due to illness originating either during pregnancy or at childbirth, the worker is unable to resume her duties, she becomes entitled to disability benefits.

#### *Paternity Leave:*

Two consecutive days

#### *Marriage Leave:*

Ten days leave

#### *Study Period:*

A student enrolled in an official degree career class is entitled to a ten-working day period to study (no more than two consecutive days).

All of the above benefits may be modified in favor of the employee depending on the collective agreement that dictates the activities of the employee. For example, the employee may receive more than 14 working days per year to study, but the benefit cannot be less than 10 days.

### Unemployment:

The right of workers and salaried employees to receive unemployment benefits was mandated by National Employment Law (No. 24.013). Contributions are paid by the employer to the National Employment Fund (Fondo Nacional de Empleo) created to finance the system.

Benefits include:

- Monthly cash benefit
- Family Allowance
- Medical assistance
- Recognition of seniority with regard to pensions
- Access to professional training programs and education assistance
- Assistance with job search

In order for the worker to be eligible, the employer has to have made contributions to the National Employment Fund for a minimum of six months during the last three years prior to the date of unemployment.

Number of Contributions	Benefit Period
From 6 to 11 months	2 months
From 12 to 23 months	4 months
From 24 to 35 months	8 months
36 months or more	12 months

If an employee has worked for more than 45 years, the benefit is extended for an additional six months.

The monthly benefit for months 1-4 is 50% of the employee's highest salary in the six months prior to unemployment. The benefit amount for the remaining months is calculated as shown below:

Number of Months	Benefit Amount
Months 1- 4	50% of the employee's highest salary in the six months prior to unemployment.
Months 5 - 8	85% of the benefit received during months 1-4
Months 9 - 12	70% of the benefit received during months 5-8

The monthly benefit cannot exceed ARS 400 or be less than ARS 250.

### Tax Considerations:

Type of Insurance	Contributions	Benefits
Employee Benefits	<p><i>Employer:</i></p> <p>Argentine Law establishes that the employer's voluntary contributions for employee benefits are deductible as a business expense. Such contributions are not considered taxable income to the employee.</p> <p>All premiums for group life insurance are subject to a 0.6% tax.</p>	Benefits paid for insured death, accident or disability are not subject to tax.
	<p><i>Employee:</i></p> <p>Any contribution made by an employee toward life insurance is tax-deductible. The government fixes a maximum on the amount of life insurance that can be deducted per year.</p> <p>Employees can deduct AR\$ 996 (USD 63) per year from their contribution to the group life insurance.</p> <p><i>Retirement Insurance:</i> Employees have no tax incentives.</p>	





## Sample Employee Benefit Plans

<u>Type of Company</u>	<u>Death Benefit</u>	<u>Accidental Death and Dismemberment</u>	<u>Permanent and Total Disability</u>	<u>Spouse's Coverage</u>
<b>Service Company (Credit Card)</b>  468 employees	An amount equal to 13 times monthly salary  Maximum: ARS 3,000,000	<u>Accidental Death:</u> A benefit equal to 13 times monthly salary, payable in addition to the principal amount of life insurance.  Maximum: ARS 3,000,000  <u>Dismemberment:</u> An amount up to the death benefit, scaled according to the degree of disability.	A lump-sum benefit equal to the principal amount of life insurance.	N/A
<b>Chemical Company</b>  908 employees	An amount equal to 24 times monthly salary.  Maximum: ARS 6,000,000	<u>Accidental Death:</u> A benefit equal to 24 times monthly salary, payable in addition to the principal amount of life insurance.  Maximum: ARS 6,000,000  <u>Dismemberment:</u> An amount up to the death benefit, scaled according to the degree of disability.	A lump-sum benefit equal to the principal amount of life insurance.	A benefit equal to 50% of the employee's insured amount.



## Sample Employee Benefit Plans

<u>Type of Company</u>	<u>Death Benefit</u>	<u>Accidental Death and Dismemberment</u>	<u>Permanent and Total Disability</u>	<u>Spouse's Coverage</u>
<b>Plastics Manufacturer</b>  349 employees	<u>Optional Plan:</u>  An amount equal to 12 or 24 times monthly salary.  Maximum: ARS 5,000,000	<u>Accidental Death:</u> A benefit equal to 12 or 24 times monthly salary, payable in addition to the principal amount of life insurance.  Maximum: ARS 5,000,000  <u>Dismemberment:</u> An amount up to the death benefit, scaled according to the degree of disability.	A lump-sum benefit equal to the principal amount of life insurance.	N/A
	<u>Company Paid Plan:</u>  An amount equal to 13 times monthly salary  Maximum: ARS 148,650	<u>Accidental Death:</u> A benefit equal to 13 times monthly salary, payable in addition to the principal amount.  Maximum: ARS 5,000,000  <u>Dismemberment:</u> An amount up to the death benefit, scaled according to the degree of disability.	A lump-sum benefit equal to the principal amount of life insurance.	N/A

## Sample Employee Benefit Plans

<u>Type of Company</u>	<u>Death Benefit</u>	<u>Accidental Death and Dismemberment</u>	<u>Permanent and Total Disability</u>	<u>Spouse's Coverage</u>
<b>Adhesives, Films and Tapes Manufacturer</b>  392 Employees	An amount equal to 24 times monthly salary.  Maximum: ARS 3,000,000	<u>Accidental Death:</u> A benefit equal to 24 times monthly salary, payable in addition to the principal amount of life insurance.  Maximum: ARS 3,000,000  <u>Dismemberment:</u> An amount up to the death benefit, scaled according to the degree of disability.	A lump-sum benefit equal to the principal amount of life insurance.	A benefit equal to 50% of the insured employee's minimum benefit.
<b>Car Oil Distributor</b>  40 Employees	An amount equal to 24 times the monthly salary.  Maximum: ARS 4,000,000	<u>Accidental Death:</u> An additional amount equal to the death benefit.  Maximum: ARS 4,000,000	A lump-sum benefit equal to the principal amount of life insurance.	N/A
<b>Laboratory</b>  311 Employees	An amount equal to 40 times the monthly salary.  Maximum: ARS 6,000,000	<u>Accidental Death:</u> A benefit equal to 40 times the monthly salary, payable in addition to the principal amount of life insurance.  Maximum: ARS 6,000,000  <u>Dismemberment:</u> An amount up to the death benefit, scaled to the degree of disability.	A lump-sum benefit equal to the principal amount of life insurance.	N/A

## Useful Links

Argentinean Ministry of Work, Employment & Social Security	<a href="https://www.argentina.gob.ar/capital-humano/trabajo">https://www.argentina.gob.ar/capital-humano/trabajo</a>
Argentinean National Administration of Social Security	<a href="https://www.anses.gob.ar/">https://www.anses.gob.ar/</a>
Argentinean Ministry of Economy	<a href="http://www.mecon.gov.ar">www.mecon.gov.ar</a>
CIA World Factbook - Demographic & Macro-Economic Information	<a href="https://www.cia.gov/the-world-factbook/countries/argentina/">https://www.cia.gov/the-world-factbook/countries/argentina/</a>
For more information on SMG Life, please visit:	<a href="https://swissmedicalseguros.com/">https://swissmedicalseguros.com/</a>



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