

Pensions at a Glance 2023



Brazil

Brazil: Pension system in 2022

The Regime Geral de Previdência Social (RGPS), covers the private sector workforce. It is financed through payroll taxes, shared by the employer and the employee, revenues from sales taxes and federal transfers that cover shortfalls of the system. It is a mandatory, pay-as-you-go financed single-pillar scheme, which is operated by the National Social Security Institute.

Key Indicators: Brazil

		Brazil	OECD
Average worker earnings (AW)	BRL	32 235	213 070
	USD	6 242	41 261
Public pension spending	% of GDP		7.7
Life expectancy	at birth	73.4	80.7
	at age 65	81.1	84.6
Population over age 65	% of working-age population	15.8	31.3

Qualifying conditions

Following the pension reform of 2019, the retirement age for private-sector employees, in 2022, is 61 years for women, increasing to age 62 in 2023 and 65 for men, with 15 years of contribution for women and 20 years for men (15 years for men already affiliated to the regime before 2019). Retirement based on length of contribution is no longer possible. Previously, retirement was possible at any age after having contributed to social security for 35 years for men and 30 years for women. It is possible to retire earlier, under transition rules, for those already affiliated to the regime before 2019.

Benefit calculation

Contributions vary by earnings level at 7.5% for monthly earnings up to BRL 1 212 (legal monthly minimum wage – January 2022), 9% for earnings from BRL 1 212.01 to BRL 2 427.35, 12% for earnings from BRL 2 427.36 to BRL 3 641.03 and 14% for earnings from BRL 3 641.04 to BRL 7 087.22, that represents the ceiling to the salary of contribution and benefits in general scheme.

Following the pension reform of 2019, the benefit amount corresponds to 60% + 2% per year of contribution that exceeds the contribution years of 15 for women and 20 years for men (15 years for men already affiliated to the regime before 2019), applied over the average contribution salary.

There are 13 payments a year with benefits adjusted annually. For the two-thirds of private-sector pensioners who receive the minimum pension amount, annual adjustments are equivalent to those of the minimum wage. Pensions that exceed the minimum level are adjusted according to changes in the consumer price index.

Social assistance programmes for old-age population

Pension-like assistance benefits are also available to those who do not qualify for a retirement benefit. The BPC-LOAS was created to assist old-age people (aged 65 and above) or disabled people whose household income per capita is under one-quarter of the minimum wage. They receive an amount equal to the minimum wage and their conditions are revised every two years. Beneficiaries cannot receive any other non-contributory benefit from the government, but social assistance received by another member of the household is not considered. However, regular pension benefits received by another member of the household are considered. The logistics is made by the INSS (medical certification and means-test), but the responsibility for the benefit is given to the Ministry of Social Development– MDS.

There is another benefit called Previdencia Rural (Rural Pension) for men aged 60+ and women aged 55+, who have completed at least 180 months of work in rural areas. The benefit is equal to the minimum wage.

Variant careers

Early retirement

Following the pension reform of 2019 there is no longer the option to retire early for those already not affiliated to the pension system.

Late retirement

Pensions can be claimed along with employment.

Childcare

There are no credits for periods out of the labour market.

Unemployment

There are no credits for periods out of the labour market.

Self-employed

Self-employed workers are covered by the same system as for employees covering both the employer and employer contributions. The base used for pensions is after the deduction of social security contributions.

Personal income tax and social security contributions

Taxation of pensioners

In 2022, individuals (workers and pensioners) with monthly income above BRL 1 903.98 pay taxes according to the following:

Monthly earning From	To	Tax
BRL 1 903.98	BRL 2 826.65	7.5%
BRL 2 826.66	BRL 3 751,05	15%
BRL 3 751,06	BRL 4 664.68	22.5%
BRL 4 664.69	or more	27.5%

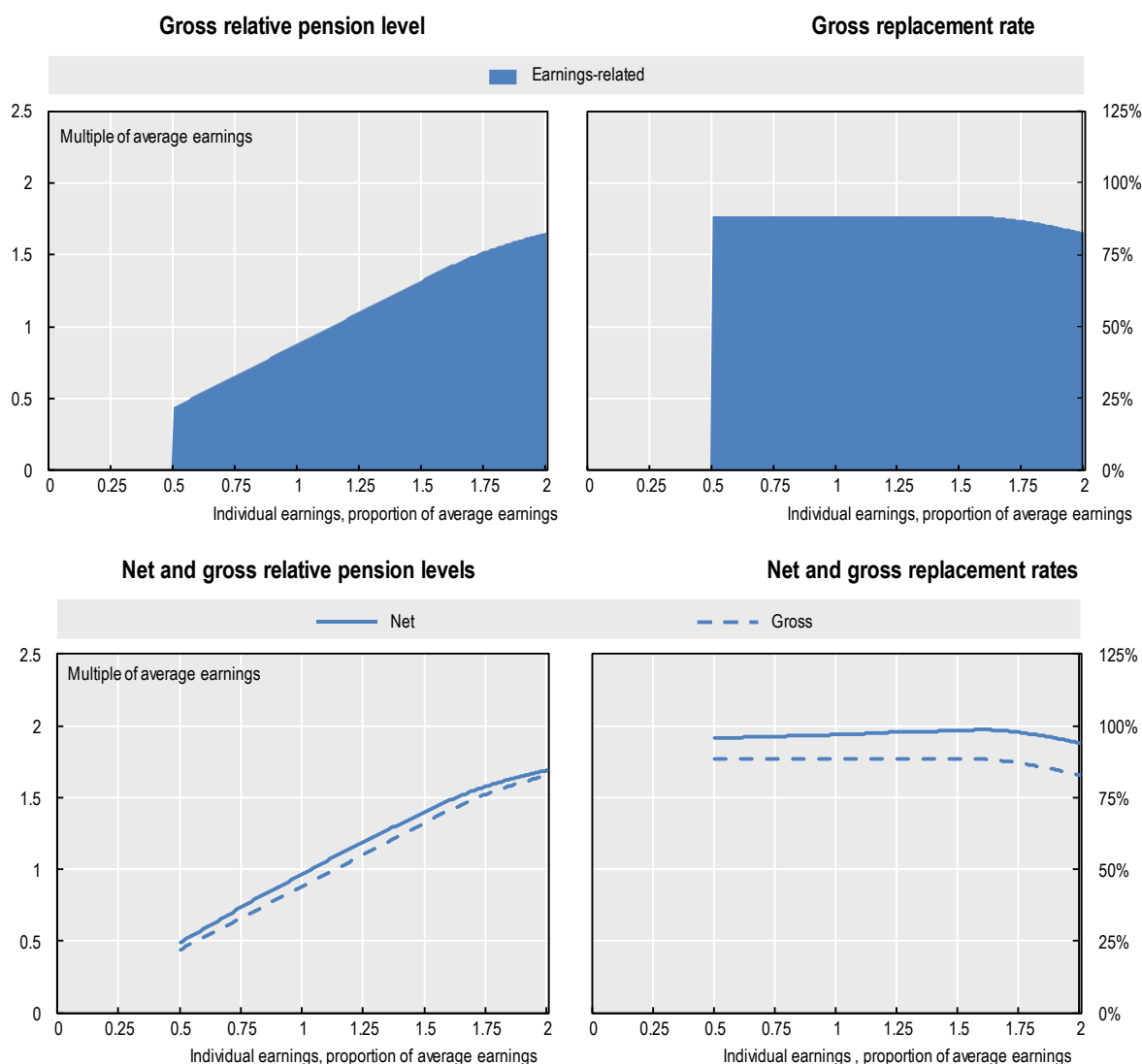
Taxation of pension income

No special rules apply.

Social security contributions paid by pensioners

Pensioners do not pay social security contributions on their benefits, but if they work, social security contributions must be paid on their earnings.

Pension modelling results: Brazil in 2065 retirement at age 65 (men)



Men Women (where different)	Individual earnings, multiple of average					
	0.5	0.75	1	1.5	2	3
Gross relative pension level	44.2	66.3	88.4	132.6	165.4	177.6
(% average gross earnings)	46.7	70.0	93.3	140.0	177.2	191.3
Net relative pension level	49.2	73.8	96.9	140.2	169.0	179.3
(% net average earnings)	51.9	77.9	102.0	147.1	179.0	190.4
Gross replacement rate	88.4	88.4	88.4	88.4	82.7	59.2
(% individual gross earnings)	93.3	93.3	93.3	93.3	88.6	63.8
Net replacement rate	95.7	96.2	96.9	98.4	94.1	70.8
(% individual net earnings)	101.1	101.6	102.0	103.2	99.6	75.2
Gross pension wealth	15.9	15.9	15.9	15.9	14.8	10.6
(multiple of individual gross earnings)	20.3	20.3	20.3	20.3	19.3	13.9
Net pension wealth	17.2	17.3	17.4	17.7	16.9	12.7
(multiple of individual net earnings)	22.0	22.1	22.2	22.5	21.7	16.4

Assumptions: Real rate of return 2.5%, real earnings growth 1.25%, inflation 2%, and real discount rate 1.5%. All systems are modelled and indexed according to what is legislated. Transitional rules apply where relevant. DC conversion rate equals 90%. Labour market entry occurs at age 22 in 2022. Tax system latest available: 2022.