

Brazilian president seeks to raise retirement age in pension reform



Brasilia, February 21 (RHC)-- Brazilian President Jair Bolsonaro has delivered his Social Security Reform Proposal to the country's National Congress, which would mandate a minimum retirement age of 65 for men and 62 for women at the end of a 12-year transition period.

"I would not like to have to reform the pensions, but I am obliged to do so. Otherwise, the country could go bankrupt in 2022 or 2023," Bolsonaro said, as reported by *Iberoeconomia*. The transition time proposed by the Bolsonaro administration is smaller than that proposed by former President Michael Temer, who foresaw 21 years.

In the pension reform proposal, the Brazilian government would establish new employee contribution rates and is also expected to affect public servant and military pensions.

Bolsonaro's economic team previously said that the Social Security Reform Proposal will seek to implement a capitalization scheme, which means that each worker finances his or her own retirement with deposits into an individual account. However, details about this capitalization scheme have not been presented yet.

Once delivered to the Congress, Bolsonaro's proposal will have to follow the normal legislative process of approval. First, it will go to the Chamber of Deputies' Constitution Justice and Citizenship Commission, which determines the constitutionality of the law. Then the Chamber of Deputies creates a special sub-committee on the subject.

If approved by this sub-committee, the text goes to a floor vote in the lower chamber, the Chamber of Deputies, where it then goes through two rounds of discussion and voting. In both rounds, Bolsonaro's

proposal needs to be approved by at least 308 of the 513 members.

Then the Social Security Reform Proposal will go to the Senate, where it must obtain at least 49 votes. If senators change the text of the law, the proposal will return to the Chamber of Deputies for reconciliation. The reform is approved when both lower house lawmakers and senators have reconciled a law with common text.

In Brazil, the current retirement rules do not require a minimum age. A full retirement, which means an amount equal to 80% of the highest contributions, can be obtained after 35 years of working contributions for men, and 30 years of contributions for woman.

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