

Peru's New President Wants to Reform Social Security



Lima, July 8 (RHC)-- Peru's newly-elected President Pedro Pablo Kuczynski said he will reform the country's social security system when he takes office. The system, public and private, is responsible for the administration of workers' contributions, health system and retirement, and manages more than US\$37 million in funds each year.

The Peruvian Congress gave approval to measures this week whereby people who reach retirement age, at 65 years old, can withdraw up to 95.5 percent of their savings. Likewise, contributors of any age can withdraw up to 25 percent of their money to invest in housing.

Kuczynski has said this issue is critical for the economy of the nation, and there needs to be control over the flow of money out of pension funds, to stop the indiscriminate outflow of funds owned by workers.

The incoming president -- who will be sworn in officially on July 28 -- said he will work toward opening new options for funds and expand the base of pensioners. This decision has caused a debate in Congress over a conflict of interests, since Kuczynski's new finance minister will be businessman Alfredo Thorne, who was previously in charge of the largest private pension funds.

Retirement pensions in this country are among the lowest in Latin America, ranging between \$50 and \$300 USD, depending on years of contribution and whether the fund manager was private or public.

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