

Assessing Redistribution within Social Insurance Systems: The Case of Argentina

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We assess the implicit redistribution within the Argentinean pension and unemployment insurance programs on a lifetime basis. Using household surveys, we simulate lifetime declared labor income and flows of contributions and benefits, and compute the expected present values of income and net flows. We find that the PAYG-DB system prevailing in Argentina appears to have a regressive impact on income distribution, with an overall increase in the Gini coefficient of around 1.4pp (2.5%). Under alternative scenarios that assume a weak enforcement of the law and different discount rates, the results change and the system becomes less regressive or even slightly progressive.