

**Organisation for Economic Co-operation and Development**  
**Organisation de Coopération et de Développement**  
**Économiques**

**Under the aegis of the Centre for Co-operation with Non-Members**

**MINISTÉRIO DA PREVIDÊNCIA E ASSISTÊNCIA SOCIAL - MPAS**

**FUNDAÇÃO GETÚLIO VARGAS - FGV**

**Co-sponsored by:**

**The Internacional Pension Foundation**

**2<sup>nd</sup> OECD CONFERENCE ON PRIVATE**  
**PENSIONS IN BRAZIL**

**(Room Document N°20, Session 6)**

**São Paulo, Brazil**

**23-24 May 2002**

**2<sup>nd</sup> OECD CONFERENCE ON PRIVATE  
PENSIONS IN BRAZIL**

**Session 6:**

**Funding and Accounting Rules for  
Pension Entities and Plan Sponsors**



# Topics

- 1. Changes in the Legislation;**
- 2. Alterations in the procedures and criteria for the accompaniment of the plans of benefits covering;**
- 3. Revision / Establishment of actuarial criteria;**
- 4. Actuarial audits;**
- 5. Term of Technical Cooperation with IBGE, related to the construction of biometrics tables to Pension Fund.**



# 1. Changes in the Legislation

## Previous Legal Basement (Statutory Law)

✓ Law N° 6.435, de 15.07.77

Bases of Complementary Pensions

✓ Decree N° 81.240, de 20.01.78

Normative Act that regulates the Law N° 6.435

✓ Resolution MPAS/CPC N° 01, de 09.10.78

Actuarial Norms



# 1. Changes in the Legislation

## Actual Legislation

- ✓ **Complementary Law N° 108, de 29.05.01**  
**Public entities beings and your respective pension plan**
  
- ✓ **Complementary Law N° 109, de 29.05.01**  
**Bases of Complementary Pensions**  
**(Insert of definitions recognized internationally)**



# 1. Changes in the Legislation

## Main dispositions of the Complementary Law N° 109/2001

- ✓ The plans of benefits can be instituted by sponsors and “Instituidores”;
- ✓ Concept of level capitalization of the benefit plans (Art. 18 § 3º);
- ✓ The benefit plans should provide the institutes:
  - Portability; and
  - Proportional Differed Benefit.



## **2. Criteria for Accompaniment**

### **Previous Treatment (Law N° 6.435/77)**

- ✓ **Covering of 100% of the Granted Benefits and 70% of Benefits to be Granted;**

### **Current Treatment (Law N° 109/01)**

- ✓ **Covering of 100% of Granted Benefits and Benefits to be Granted;**



## **2. Criteria for Accompaniment**

In 2001 it was accomplished a study on the covering level of benefit plans, following the criteria of the Law N° 6.435/77.

**Main measures adopted:**

- ✓ **Revision / Adaptation of the costing plan;**
- ✓ **Negotiation of the funding requirements;**





## **2. Criteria for Accompaniment**

- ✓ **Revision of actuarial hypotheses;**
- ✓ **Creation of defined contribution plans.**

**Another study, similar to that accomplished in 2001, adopting the covering criteria of the current legislation.**



## **3. Actuarial Criteria**

**Revision / Establishment of norms for the benefit plans.**

- ✓ Biometrics, demographic and financial Hypotheses:**
  - Table of General Mortality;**
  - Turnover.**



## 4. Audit

- ✓ External audits, each 5 years;
- ✓ Actuarial aspects (Resolution MPAS/CGPC N.º 03, 19.12.01);

The actuarial audit will take into account analysis of hypotheses, parameters, regimes, financing methods, covering level and the participants' cadaster used in the elaborations of the actuarial evaluations of the benefit plans.



## **5. Biometrics Tables**

- ✓ **Term of Technical Cooperation with IBGE (Fundação Instituto Brasileiro de Geografia e Estatística - IBGE), related to the construction of biometrics tables to Pension Fund**