PUBLIC BURDEN, PRIVATE SOLUTIONS: RETHINKING BRAZIL'S PENSION SYSTEM THROUGH CANADIAN INSIGHTS

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This paper presents a comparative analysis of the pension systems in Brazil and Canada, highlighting the need for reform in Brazil's public pension model. Brazil's current system, heavily reliant on a pay-as-you-go (PAYG) structure, is projected to consume 13.9% of gross domestic product (GDP) by 2060 due to demographic pressures such as population aging and declining fertility. In contrast, Canada's three-pillar system – comprising universal public benefits, mandatory contributory plans, and voluntary private savings – offers a more balanced and sustainable approach.

The study traces the historical evolution of both countries' pension frameworks, emphasizing Canada's adaptability through incremental reforms and Brazil's struggle with fiscal sustainability despite recent constitutional amendments. It identifies key demographic trends, such as rising old-age dependency ratios and increasing life expectancy, that threaten the viability of Brazil's current system.

To address these challenges, the paper proposes seven policy recommendations for Brazil: expand access to employer-sponsored pension plans (EFPCs); promote the Free Benefit Generating Plan (PGBL) to increase individual savings; introduce new tax incentives for voluntary retirement savings; improve portability of pension plans across employers; leverage immigration to counterbalance demographic decline; strengthen financial literacy and retirement planning education; and reform the public pension system to complement private savings mechanisms.

The analysis underscores that while Brazil's private pension participation is low, those who do participate save at levels comparable to Canadians when adjusted for income. This suggests strong potential for growth if supported by appropriate policy measures.

Ultimately, the paper advocates for a shift toward a more diversified pension system in Brazil, drawing on Canadian insights to enhance fiscal sustainability and retirement security. It concludes by calling for continued research and political commitment to implement these reforms effectively.