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AT THE UNIVERSITY OF MICHIGAN

**POLICY BRIEF #50**

**THE COLOMBIAN SOCIAL SECURITY SYSTEM**

B. Piedad Urdinola \*

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\* Assistant Professor at the Department of Statistics, Universidad Nacional de Colombia-Bogota.

In 1946, with the creation of the National Precaution Box, CAJANAL, or Caja Nacional de Prevision, the Colombian government created a social security system for its public employees. CAJANAL was later complemented in 1967 with the creation of a parallel system for private workers, the Social Security Institute (ISS), which later on absorbed workers at both public and private companies. The social security system was first conceived as an unfunded system with defined contributions, that is without any additional money other than worker's contribution, based on an individual's total number of worked weeks and a minimum retirement age.<sup>1</sup> However, as happens in many developing countries, the system suffered from two main problems which now have the public social security system on the verge of collapse. First, the contribution scheme was not always effective, which was particularly problematic among public institutions. Although the legislation was clear and accounting conventions indicated how much each company should contribute per worker to the ISS, companies did not always make payments on time and many did not make them at all. Second, the population growth rate since the creation of the system - due largely to a population acceleration beginning in the late 1950s - led to several years of surplus, as social security contributions outweighed benefit distributions. In turn, the system's surplus was used by the government in other areas with the promise that the funds would be replenished when needed. Yet this promise was broken. As of today, even after the important structural reforms of 1993, there are almost one and a half million retirees that depend on the public social security system, the payments to which now constitute one of the largest items within the national government's budget.

This document will present the main problems confronting the Colombian social security system today. Many current problems result from past decisions, and this document will emphasize the largest change since the system's creation, Law 100 of 1993 (Ley 100, 1993), and its implications.

## **THE PENSION DEBT**

During the late 1980s several of the national government's technical institutions started to notice the aforementioned problems in the social security system. Other studies on the topic also pointed out the lack of actuarial figures both for workers and retirees. Additionally, the fiscal account balance gave clear numbers on neither the actuarial deficit, nor the implicit debt that virtually all social security systems feature. As the fiscal burden grew, the public sector had to provide a subsidy - up to a 95% on the pension's payments. The proposed solution was to extinguish the social security system as it was created and move towards a private system. With that goal in mind, Law 100 of 1993 took effect, generating a mixed system of half-public and half-private pensions. Law 100 also sought to extinguish the public portion during a 20-year transitional period, leaving the system fully private afterward.

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<sup>1</sup> Unfunded pension systems are those created without any money supporting them once institutionalized. That is, they only depend on the money from contributions (workers) assuming that by the time they retire, there will be enough money to support their pensions.

The main reasons for reform were varied: expand coverage (which was low at the time), reduce the fiscal deficit, reduce evasion, and make the system more efficient by unifying all special regimes under one law. Thirteen years after Law 100 passed, the private accounts scheme has proved to be more efficient than the previous system, as several public special regimes were eliminated, the contributions are now made both from public organizations and private companies to the system. Notably, the reforms also made explicit the public sector's social security-related debt. However, social security coverage has not increased and instead has remained almost constant at 23.2% of the economically active population. Many issues relating to this discrepancy are still unresolved.

### **Special Regimes - or “Cajas” - within the System**

As referenced above, the social security system's creation established several special regimes within public institutions, known as “cajas”, which each had their own unique structure. For example, some cajas offered pensions and included medical services for their workers. The number of cajas totaled 1,040 including national and sub-national entities. Among the national cajas, the largest is CAJANAL, which has about 70% of total affiliated members. CAJANAL is followed in size by the armed forces' caja, communications sector caja (Caja de Previsión Social de Comunicaciones or Caprecom), the National University, and two regulatory institutions (Superintendencia de Sociedades and Superintendencia Bancaria). Law 100 established a period to end such special regimes (20 years), which implied a transitional period for all cajas to the newly-created private pension system. The transitional period has likely been too long and has created several distortions on the labor market, including opportunities for public workers and retirees to garner higher payments by exploiting systemic weaknesses.

Before the implementation of Law 100, some special regimes were created due to employee pressure and new cajas were born. Some of these new cajas offer the largest benefits among all special regimes. Notable among these is Fonprenor (created in 1985) covers members of Congress and congressional staff; el Fondo de Previsión Social del Magisterio (also 1985) which covers public teachers; and Capresub, created in 1991 for the employees working at the National President's office.

After the reform it was forbidden to accept new members in any caja, which has contributed to the deterioration in each of these institutions' financial position. Furthermore, there has been a sustained increase in the average payment to beneficiaries, placing additional strain on the pension system's solvency. To illustrate, by 1990 national cajas paid an average of 1.9 times the minimum wage, a number that escalated to 3.1 in 1996, and reached 4.9 times the minimum wage in 2001.<sup>2</sup> Table 1 in the appendix shows the average payments made through the public system by 2001, sorted by the average payment. By far, the largest average payment is made to congressional and Supreme Court retirees. This fact can be reconciled with the information from the 2005 general national budget (see Table 5); although there are not exact numbers of total individuals receiving pensions from these institutions, a similar estimation can be made. The budget presented in Table 2 shows estimated average pensions that keep similar levels to those

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<sup>2</sup> The daily minimum wage, in US dollars, was approximately \$2.43, \$4.73 and \$4.13 for 1990, 1996 and 2001 respectively.

presented in the previous Table; in which case, the highest average income pensions are paid by the caja that covers the Congress and public teachers (Magisterio).

Another issue Law 100 could not properly reform was the existence of special regimes, as some were excluded from pension reform. Cajas whose members work in the armed forces, public schools, or the Colombian Petroleum Oil Company (Ecopetrol) retained preferential treatment after the reform. These institutions also suffer from increasing average pension payments and increasing numbers of retirees. Indeed, the number of retirees, for all Cajas that retained preferential treatment, has more than doubled in the last 10 years. In 1991, there were 84,322 retirees; by 2002 this number increased to 209,500. If the number of workers contributing to the fund had increased at the same rate or if there were other ways to generate enough funds to cover the increasing demand a crisis could have been avoided, but this was not the case.

Thus, several proposals have emerged as potential solutions to Law 100's failure to keep cajas alive for an additional decade, as well as its inability to curb the existence of so-called special regimes. One solution proposes stopping preferential treatment and revisiting the conditions for retirement in the armed forces, as well as rigorous pension funding plans for such institutions. Indeed, Law 797 of 2003 increased both contribution rates and the number of required worked weeks until pension, while reducing the replacement rate (proportion of base income that retirees receive). Additionally, Law 860 of 2003 changed the transition year from 2014 to 2008. However, the high court declared such modifications illegal, rendering this solution not viable.

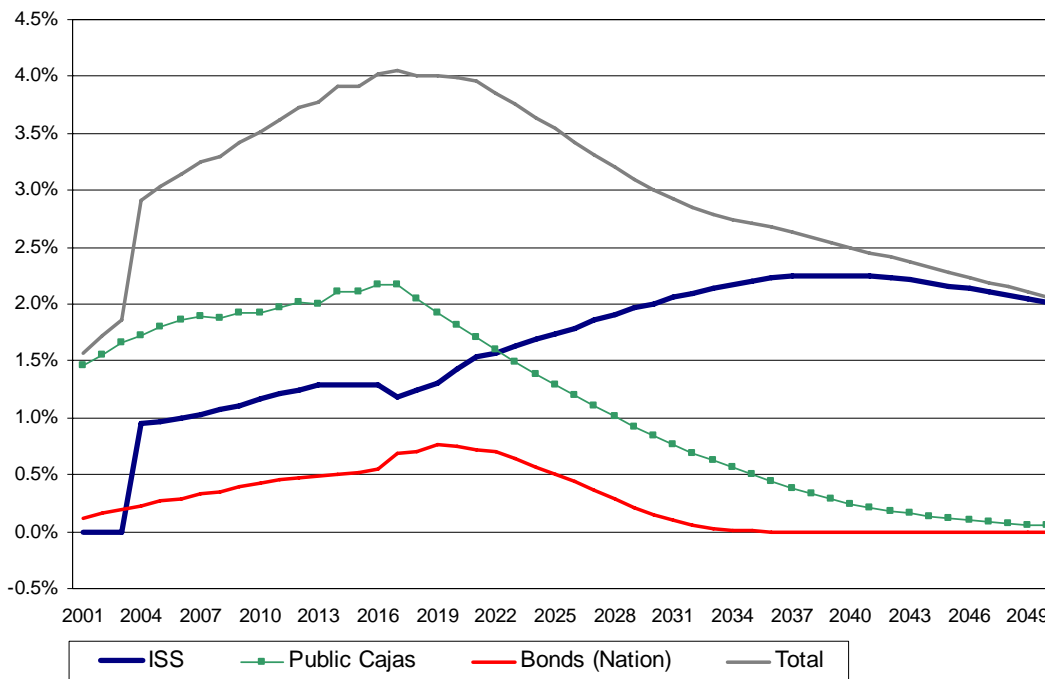
### **The Central Government's Financial Burden**

Colombia's population is mostly composed of young adults in their productive years (the proportion of population between ages 15 and 60 reaches 65% by year 2005), and yet has one of the highest pension debts in Latin America. As explained above, and in contrast to developed countries, this is the result of several financial and administrative problems related to the social security system, rather than solely the result of an aging population. Such problems led to Law 100's implementation which, in turn, allowed the construction of clearer accounting conventions, making explicit the pension debt.

The reform made explicit that the benefits offered by cajas and special regimes were financially unsustainable; in consequence the central government had to absorb most of this debt. The numbers are presented in Table 3 in the appendix, where one can see that during the last 14 years the item that has been growing the fastest among the public expenses is pension payments, next to total interest payments. Moreover, estimates for years 2004 and 2005 forecast levels of 3.8% and 4.5% of GDP, respectively, devoted to pension payments.

The sustained increases in public expenses do not seem to show signs of slowing in the near future. Graph 1 shows a forecast of pension-related public expenses as a proportion of GDP, aggregated by contributors. Certainly, this short-term deficit is generated for each of the components of the pensional general system (cajas, ISS and pensional bonds), while the long-term deficit is basically explained by processes of elimination of cajas and ISS.

**Graph 1: Operational Deficit Not Covered by the Public Social Security Sub-System in Net Present Value as a Percentage of GDP, 2001-2050**



Source: Estimates made in 2005 by the Economic Studies Directorate (DEE) - National Planning Department (DNP)

The original idea behind Law 100 – that of removing pension payments from the public sector’s cajas and the subsequent reduction of their obligations charged to the nation’s budget – has not yet been met. Moreover, a substantial portion of pension debt may not even be accounted for, as local governments lack reliable actuarial figures - a fact that has resulted in several corruption cases involving large sums of money.

Policymakers are targeting cajas and special regimes for the reduction of pension payments, but they are not targeting certain individuals responsible for the major fiscal problems – namely the small number of individuals retiring with the highest pensional levels, as shown in the following Graph. Graph 2 shows that around 70% of public sector retirees received between one and three times the minimum wage during the previous year. Thus, from the 1,216,122 retirees during the same period, it would be necessary to do research on the individuals at top percentiles of this distribution (at least in the last 10th percentile) and learn why are their pensions so high, above 16 minimum wages, and if there are any reforms that could be done to avoid the fiscal burden that only a few thousand are causing to Colombian central government.

**Graph 2: Cumulative Distribution of Public Sector Retirees According to Monthly Pension Level (expressed in minimum wage multiples), December 2003**



Source: Economic Studies Directorate (DEE) - National Planning Department (DNP)

Another issue is the lack of actuarial calculations for pensions. Both national and sub-national institutions suffer from a lack of information, which translates into illegal practices that ultimately increase public debt. For instance, several sub-national institutions have not released actuarial numbers since 1987. Recently, the Ministry of Finance has made a great effort in keeping pension accounts up-to-date by generating actuarial numbers for the largest public institutions, including universities and hospitals. The benefits of dedicating resources to such labor are automatic, given that it allows saving unnecessary expenses on nonexistent pensions and reducing potential corruption problems. Tables 4 and 5 in the appendix illustrate the benefits of keeping such numbers updated.

A more dramatic example of pension corruption, due to the lack of clear statistics and actuarial numbers, is the case of Foncolpuertos (Colombian Ports Company). This case has been pointed out by the government (Comptroller General) as "the largest focus of corruption in Colombia." Closing Foncolpuertos in 1997 allowed several technical institutions at the central government to follow each of the special treatment. For instance, there was evidence of high wages and pension benefits for some employees of the company. Table 6 in the appendix shows estimates for the pension passive accounts which illustrate the magnitude of the problem. There was an obvious increase in total number of persons, from one actuarial calculation to the following actuarial calculation, which made accountants at the Ministry of Finance suspicious about the Foncolpuertos case. In fact, the suppositions were confirmed when one more actuarial calculation was

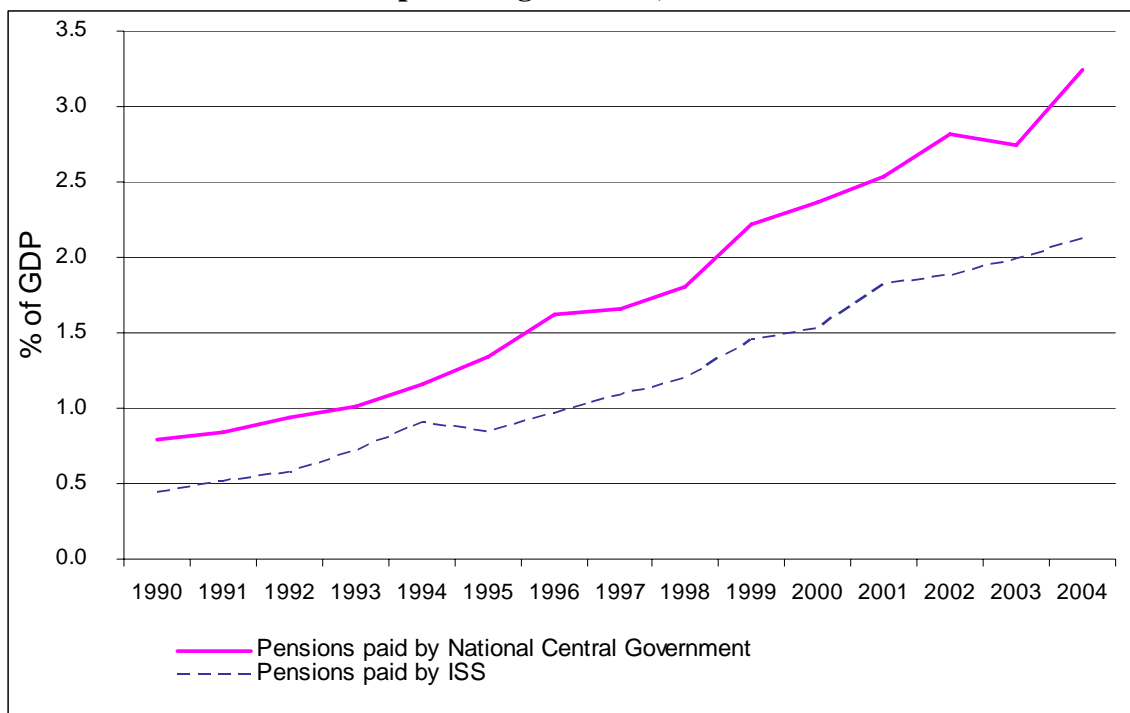
made. By December 2000, the actuarial passive was over 7 trillions of pesos (approx. 3.5 million US dollars) that had to be distributed only between 35,462 people. To put these numbers in context, the total amount that the 2004 tax reform proposed to collect by year 2005 was 1.767 million of millions pesos (0.5 million US dollars), from which it expected to collect for the pension system 178 millions of pesos.

### The Institute of Social Security (ISS)

Since Law 100 of 1993 passed the Institute of Social Security (ISS) has absorbed public employees who were previously enrolled at the public cajas eliminated by the reform. It is difficult to discuss, in detail, the problems that ISS faces today given that there is almost no information from this institute available. In fact, the lack of available information points out the government's vulnerability to corruption, as well as the lack of enforcement by the government controls institution (Superintendencia Bancaria) for the social security system and financial institutions. Notably, not even this institution has basic information on ISS, such as the number of members or retirees since 1998.

The available data, found in Graph 3, shows the evolution of pension payments made by the national government and ISS. The former includes payments to the public pension fund, comprised of national police, military forces, national train company, and congressional groups, among others. Even before the pension reform, it was already clear that the largest proportion of such payments fell on the central government's shoulders even more than on ISS' and the gap has been increasing over time.

**Graph 3: Pension Payments made by the National Central Government and ISS as a percentage of GDP, 1990-2004**



Source: Ministry of Finance

Notably, Law 100 did not clarify the new role of ISS. Several small reforms have passed over the years and each has given a new function to ISS. After the passage of Law 100 it appeared that ISS was going to compete with the rest of the newly-created private funds. However, as time went on the ISS decided to offer its services to public employees in response to the closing of cajas. As Table 7 in the appendix shows, the total number of members has rapidly increased after pension reform. However, this increase is well below the number of retirees, in absolute numbers. Moreover, the number of people paying into the system, who account for the system's financial stability, has been falling rapidly since the 1999 economic crisis. These structural deficiencies have led several experts to proclaim that the ISS should not receive any new members, resulting in the system's slow death. Otherwise, the efforts needed to keep the institution financially solvent would require aggressive measures with a great deal of inherent risk.

Another proposal from experts is to extend the functions of ISS to the poorest Colombians who have no access to social security. As one of the problems of the new mixed regime is the low coverage for the total population, which is particularly true for the lowest income groups. Thus, experts propose that the ISS cover such groups by reducing the minimum labor income levels for payments, which will allow these new members to have "minimum pensions." This proposal will certainly increase coverage and has progressive redistributive effects. Nevertheless, there are no actuarial methodologies that can estimate the viability of this proposal.

## **COVERAGE**

As mentioned before, one of the main goals of Law 100 was to increase the coverage of the social security system. However, this issue is hard to evaluate as there are almost no data available for members of the public portion of the system. As a result, the available information only covers private pensions, which prevents analysis (or comparisons) of both sub-systems. In particular, there are coverage statistics for both sub-systems since 1998, presented in Table 8 in the appendix. The data shows that the pension system's reform did not have the expected impact on coverage. The number of workers who were actually paying their contributions has increased by only one percentage point from 1994 to 2003 (from 22.5% to 23.2%).

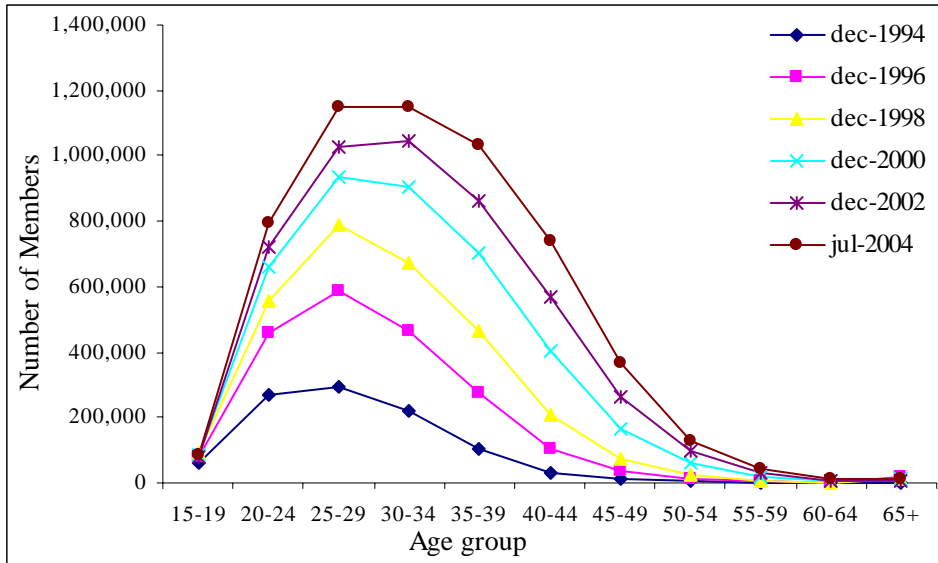
One of the benefits of Law 100 has been the resultant increase in the supply of social security services, to which demand has responded. This is particularly true for the young, economically active population and dependent employees (since September 1995, the proportion of independent workers has never been higher than 9.6%).<sup>3</sup> Graph 4 shows the sustained increase in the number of members since 1984 and, in particular, the increase in the number of younger members. The age with the highest frequency has shifted from 30-34 year olds in 1994 to 25-29 year-olds in 2004. More importantly, and at odds with several forecasts, there has been a notable increase in the number of members 35 and

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<sup>3</sup> Independent workers are those who work as contractors and, by law, this type of employee has to fully pay for his/her social security rather than splitting the amount between employees and employers, as dependent workers do.

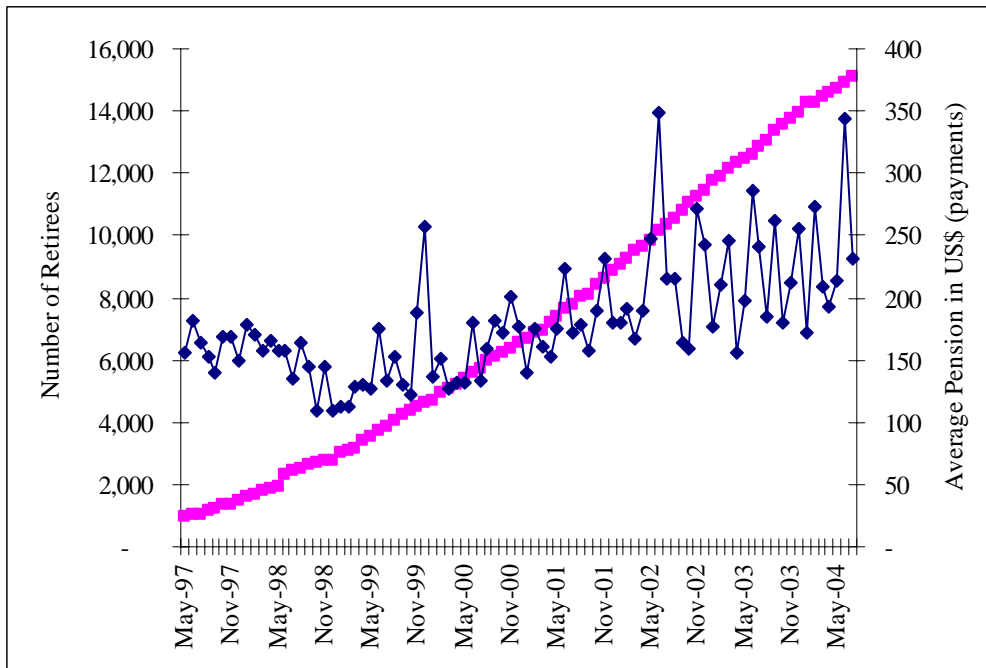
over. It is sufficient to look at the 1994 and 2004 curves to realize that - even controlling for the generational change - there is an important increase of members 50 and over. Finally, there is a marked increase in the number of retirees over the last seven years, as well as an increasing tendency in pension payments for the members of these private funds. Although there are several fluctuations month-to-month, the trend permits one to observe the system's financial feasibility in the short- and medium-term (Graph 5).

**Graph 4: Workers in the Private Pension Sub-System by Age Group, 1994-2004**



Source: Superintendencia Bancaria (Bank Superintendent)

**Graph 5: Number of Retirees and Average Pensions (in 1998 US\$) from the Private Pension Sub-System, 1997-2004**



Source: Superintendencia Bancaria

## FINAL COMMENTS

- The pension reform, Law 100, alleviated several of the problems that the social security system faced in Colombia, such as the reduction of special regimes (“cajas”) both at the national and sub-national levels. However, there are still several points to resolve on this issue.
- Unfortunately, the reform has allowed the co-existence of cajas and special regimes with private pensions, which greatly impacts the national debt. Also, coverage levels have not increased since the reform and have only reached 23.2% in recent times.
- It is also important to mention that there is poor information available related to the system – a problem that generates several managerial problems in the public sub-system. It also generates analytical problems, given that the available information allows the characterization of members, payers, and retirees only for individuals in the private pension sub-system.
- Pension reform allowed the public actualization of pension debt, and made clear several accounting problems occurring over several decades. The actualizations exposed the very fast growth in public expenses related to pension costs, which by 2004 was estimated to be 3.8% of GDP.
- The future of public finances is not optimistic. Pension debt growth forecasts point out that pension payments are the main problem for Colombia’s public finances in the coming years, as the number of retirees will increase and the pension debt will keep increasing at a larger pace than debt’s interests.
- Most proposals for further pension reform have focused on raising contributions, increasing the minimum age of retirement, and/or eliminating special regimes. The latter, in particular, represents a serious redistributive problem as 10% of retirees (of a total of about 1.2 million) received more than 16 times the minimum wage as a pension. Concurrently, more than half a million retirees received two or less minimum wages as pension.
- An important and often-ignored topic by many experts is the fact that maintaining up-to-date statistics and actuarial figures for both workers and retirees would help understand the exact amount of pension debt in each public institution. It would also help to reduce the incidence of corruption, which continues to drain government accounts.

## **ABOUT THE AUTHOR**

**B. PIEDAD URDINOLA** is an Assistant Professor in the Department of Statistics. She has also worked as a researcher at a leading economic think tank in Colombia, Fedesarrollo, and at the Universidad de los Andes, as well as in the National Planning Department.

Ms. Urdinola holds a Ph.D. in Demography from the University of California at Berkeley, and M.A. and B.A. in Economics from Universidad de los Andes (Colombia). Her main research interests focus on the interaction between Demography and Economics.

## APPENDIX

**Table 1: Average Pension in the Public Sub-System, 2001**

Regime	Average, in Minimum Wages
ISS	1.6
Armed Forces (Civilians)	1.8
Police (Civilians)	2.6
Teachers	2.7
Cajanal (Law 33 of 1985)	2.9
Police	3
Agrarian Bank	3.6
Telecom	4.2
National Television	5
Petroleum Oil Company (ECOPETROL)	6.1
Colombian Ports (Foncolpuertos)	6.8
Congress and High Courts	34.8
Shared with ISS	
Universities	5.8
Central Bank (Banco de la Republica)	7
University of Valle	7.8
University of Atlantico	9.1

Source: Rincón, Ramos and Lozano (2004)

**Table 2: Pensions as part of the National Budget (billions of pesos)**

PENSIONS	2005
Total Payments to Pensions (1+2)	16,025.6
<b>1. Payments of Pensions</b>	11,722.2
TOTAL ISS	4,176.5
ISS -Pensions	3,725.0
ISS – Ex-Health Workers	451.5
Other Pension Payments	7,545.7
Public Pensions Fund	4,300.3
Pension Bonds	453
Police Retirement Caja	878.1
Armed Forces Retirement Caja	733.3
Ministry of Defense Caja	316
Police Caja	243
Passive from National Trains Fund	209.7
Congressional Fund	199.9
Other Pension Payments	212.4
<b>2. Other items in Pensions</b>	4,303.4
Public Teachers Fund (Magisterio, including SGP) 1/	1,308.3
FONPET (including SGP) 1/	1,880.0
Workers payments (including SGP) 1/	877.1
Solidarity Pension Fund	143
Management of Pension Institutions	95

1/ Total SGP \$1.244,6 mm, distributed as:

FONPET \$641.2 mm., Fondo Magisterio \$259.3 mm, Health Sector, General Purpose, Departmental Cajas and Education \$344.1

Source: Law Project for the General National Budget-2005

**Table 3: Fiscal Balance as a Percentage of GDP, Central Government, 1990-2005 (%)**

CONCEPT	1990	1993	1995	2000	2003	2004	2005*
<b>EXPENSES</b>	<b>9.4</b>	<b>11.2</b>	<b>14.5</b>	<b>19.0</b>	<b>21.4</b>	<b>21.7</b>	<b>22.4</b>
<b>CURRENT PAYMENTS</b>	<b>7.6</b>	<b>9.7</b>	<b>11.3</b>	<b>17.2</b>	<b>19.5</b>	<b>20.5</b>	<b>21.4</b>
<b>INTEREST</b>	<b>1.1</b>	<b>1.1</b>	<b>1.2</b>	<b>4.1</b>	<b>4.6</b>	<b>4.5</b>	<b>4.7</b>
Interest on external debt	0.8	0.6	0.5	1.3	1.9	1.8	1.9
Interest on internal debt	0.3	0.5	0.8	2.8	2.7	2.7	2.9
<b>MANAGEMENT</b>	<b>6.5</b>	<b>8.6</b>	<b>10.1</b>	<b>13.2</b>	<b>14.8</b>	<b>16.0</b>	<b>16.7</b>
Personal Services	1.9	2.7	3.0	3.3	3.4	2.8	2.7
Transfers	3.8	5.2	6.2	9.1	10.5	12.1	13.0
Territorial	2.4	3.3	3.5	4.6	5.6	5.5	5.5
Pensions	0.8	1.0	1.4	2.2	3.1	3.8	4.5
Other transfers	0.7	0.9	1.4	2.3	1.8	2.8	3.0
General expenses and others	0.7	0.8	0.9	0.8	1.0	1.1	1.0
<b>INVESTMENT</b>	<b>1.7</b>	<b>1.9</b>	<b>2.1</b>	<b>1.5</b>	<b>1.3</b>	<b>1.0</b>	<b>0.9</b>
<b>NET BORROWING</b>	<b>0.2</b>	<b>0.5</b>	<b>0.2</b>	<b>0.5</b>	<b>0.4</b>	<b>0.3</b>	<b>0.2</b>
<b>PAYMENTS</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.2</b>	<b>0.2</b>	<b>0.2</b>
<b>FLOATING DEBT</b>	<b>0.0</b>	<b>-0.8</b>	<b>0.9</b>	<b>-0.3</b>	<b>0.0</b>	<b>-0.3</b>	<b>-0.3</b>
<b>(SURPLUS) DEFICIT TO FINANCE</b>	<b>-0.7</b>	<b>0.1</b>	<b>-3.1</b>	<b>-6.0</b>	<b>-6.0</b>	<b>-5.6</b>	<b>-6.6</b>

\*Years 2004 and 2005 are estimates

Source: Banco de la República and CONFIS

**Table 4: Passive Accounts to the Health Sector for Cordoba, Santander and Fundacion San Juan de Dios (thousands of pesos)****CORDOBA**

(In thousands of pesos)	ACTIVES RESERVES		
	<b>RESERVES OF RETIREES</b>	<b>2003 pesos*</b>	
<b>Results after Legal Revisions of Retirees</b>	<b>Persons</b>	<b>1993 pesos</b>	
Total retirees (original calculations)	333	9,720,751	62,137,320
Less total adjusted calculations	229	888,658	44,033,918
<b>Savings due to revisions</b>	<b>104</b>	<b>2,832,093</b>	<b>18,103,403</b>

\*Actuarial Forecast

**SANTANDER**

(In thousands of pesos)	ACTIVES RESERVES		
	<b>RESERVES OF RETIREES</b>	<b>2003 pesos*</b>	
<b>Results after Legal Revisions from Hospitals and Public Employees</b>	<b>Persons</b>	<b>1993 pesos</b>	
Estimated Pension from Conventions	2895	16,471,890	58,704,644
Less total adjusted calculations	2895	9,518,171	33,922,084
<b>Savings due to revisions</b>		<b>6,953,719</b>	<b>24,782,560</b>

\*Forecast to 2003

**FUNDACION SAN JUAN DE DIOS**

(In thousands of pesos)	RETIREES	
	<b>Number of Retirees</b>	<b>Value of Payments in 2003 pesos</b>
<b>Pensional payments 2003</b>		
Total payments as original calculations	1623	17,866,717
Less adjusted pensions	1498	16,640,211
<b>Savings due to revisions</b>	<b>125</b>	<b>1,226,505</b>

Source: Calculations made by Ministry of Finance in year 2005

**Table 5: Original Pension Passive Accounts and New Actuarial Estimations for Public Universities, December 2003 (Millions of pesos)**

<b>Actuarial Estimation</b>			
<b>University</b>	<b>Reserves</b>	<b>Bonds</b>	<b>Total Passive</b>
Total	3,870,331	663,080	5,751,678
Universidad de Antioquia			1,218,267
Universidad del Atlantico	634,246	30,754	665,001
Universidad Distrital	740,137	85,802	825,939
Universidad Industrial de Santander	347,407	146,073	493,480
Universidad del Valle	1,284,943	109,197	1,394,140

<b>Original Pension Passive Accounts</b>			
<b>University</b>	<b>Reserves</b>	<b>Bonds</b>	<b>Total Passive</b>
<b>Total</b>	<b>6,033,839</b>	<b>1,122,013</b>	<b>7,155,852</b>
Universidad de Antioquia	997,447	422,086	1,419,533
Universidad del Atlantico	857,493	32,221	889,714
Universidad Distrital	1,049,581		1,049,581
Universidad Industrial de Santander	489,389	524,118	1,013,507
Universidad del Valle	1,629,858		1,629,858

Source: Calculations made by Ministry of Finance, 2005

**Table 6: Actuarial Estimates of Pension Passive Accounts -Foncolpuertos (trillions of pesos)**

<b>Ending Date</b>	<b>Total Personas</b>	<b>Total Passive at ending date</b>	<b>Updated to 2004</b>
December 92	16,462	970,620	5,308,690
June 98	17,266	4,114,523	6,995,825
December 00*	35,462	7,295,496	9,730,653

Source: Ministry of Finances. \* Estimates made by Estupran, July 2001

**Table 7: Workers Currently Paying Contributions, Workers who have ever Contributed, and Retirees from ISS: 1994, 1997, and 2004**

	<b>1994</b>	<b>1997</b>	<b>2004</b>	<b>Change 1994-97</b>	<b>Change 1997-04</b>
Workers paying to ISS	2,911,238	2,828,597	2,043,154	-2.8%	-27.8%
Workers ever paid to ISS	3,424,986	4,503,478	5,667,346	31.5%	25.8%
Retirees ISS	292,249	364,869	544,597	24.8%	49.3%

Source: For years 1994 and 2004: Ministry of Finance; For 1997: Financial Newspaper "Portafolio" published in May 1998

**Table 8: Effective Coverage of the Social Security System, 1994 and 1997-2004**

	Active workers in private pension sub-system (1)	Active workers in public pension sub-system (2)	Total (3)=1+2	Working age population (older than 12 years) (4)	Effective Coverage (5)=3/4
1994	677,380	2,911,238	3,588,618	15,976,840	22.5%
1997	1,296,215	no data	no data	16,830,493	no data
1998	1,516,624	2,348,859	3,865,483	17,464,642	22.1%
1999	1,776,095	1,745,001	3,521,096	18,222,557	19.3%
2000	1,916,199	3,001,177	4,917,376	19,399,468	25.3%
2001	2,111,607	2,003,318	4,114,925	19,617,159	21.0%
2002	2,243,604	2,468,774	4,712,378	19,380,420	24.3%
2003	2,538,688	2,265,225	4,803,913	20,669,276	23.2%

Source: Asofondos, Superintendencia Bancaria and ISS Statistical Bulletins