

## Flash Notes 20/03/2019

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### Brasil. Pension reform approval process begins

Dear all,

Below I detail some of the most relevant aspects of the proposed pension reform in Brazil, for those of you who are not acquainted with the details of the process:

- Bolsonaro's economic team presented the Official pension reform plan to the Congress, with an expected total savings sum up to BRL 1.1 trillion in the next 10 years.
- The most relevant points of the reform concern the minimum age for retirement (65 years for men and 62 years for women), within a 12 years transition period.
- The percentage charged on the payroll would also increase for the higher salaries and would be unified, being valid for both the private and the public sector employees.
- The retirement by years of contribution would also be extinct and a minimum age would be a necessary condition to retire.

Overall, the plan was well received by the public opinion. Another relevant point is how the reform will contemplate the military. There's big pressure from the military (which are key players in Bolsonaro's government) to maintain some of their privileges, but there's also a pressure from Congress and public opinion towards a more equal approach.

Congress is now set to begin the approval process. Since it represents an amendment to the constitution, the reform must be approved by constitutional majority, twice, in both houses (308 out of 513 votes in the Lower House and 49 out of 81 votes in the Senate). The first step is the special commission, set in the Lower House, which defines the actual bill that will be subject to congressional vote.

We believe that the reform should be approved by July, and we consider its approval as highly beneficial for the Brazilian economy and domestic assets.

Best regards