

New Pension Legislation for Federal Public Servants in Brazil

Sidney Jard Da Silva

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Abstract

This paper addresses the creation of pension funds for federal civil servants in Brazil, analyzing the existing legislation and regulation on this issue. To this end, it takes off based on the genesis of the Brazilian private pension plans, logging the emergence of private funds as well as the existence of various laws and constitutional amendments prior to Law 12,618/2012, which provided for the pension funds system for Brazilian federal public servants. It also identifies proponents and opponents to the Foundation for Pension Funds of Federal Civil Servants (FUNPRESP), signaling the discursive construction of the pension fund schemes as central character in contemporary welfare capitalism.

Index terms—

1 I. Introduction

On April 30, 2012, Bill 1992/2007 was transformed into Ordinary Law 12,618/2012, whose main objective has been the implementation of pension funds for Brazilian federal public servants. The enactment of the new law represented a significant advancement in the implementation of the Constitutional Amendment 40/2003, sent exactly nine years ago to the Congress by the then President Luiz Inácio Lula da Silva (2003) (2004) (2005) (2006) (2007) (2008) (2009) (2010).

The new legislation has determined that the pension funds for public employees would be deployed as "defined contribution" and would be known as Foundation for Pension Funds of Federal Civil Servants (FUNPRESP). The main arguments made by advocates of the matter, in 2003 and 2007, as well as in 2012, pervade the social security crisis, excessive privileges of the public sector, and the quest for greater equity between public and private pension benefits.

In order to provide an understanding, even if provisional and exploratory of a theme as relevant (and current) for the economy, politics and society as this one, we present in this paper a critical discussion on the topic. The text is based on literature review, analysing of bills and constitutional amendments, and finally, collecting of material in the press seeking to outline proponents and opponents to the pension funds for civil servants in Brazil. This reflection is motivated by previous studies, in which were showed the consolidation of pension funds as a central character in the Brazilian contemporary capitalism (Jardim 2007; Jardim, 2009; Jardim, 2010). Therefore, it is an extension of efforts to understanding the finance capitalism and its related Author's e-mail: sidney.jard@ufabc.edu.br characters (pension funds, insurance market, managers, union pension funds, etc.). At the theoretical level, this text allows us to reflect on the similarities and differences between State and market institutions in the provision of social security welfare.

The text is divided as follows: it starts with the emergence of private pension plans in the Brazilian social security system, then it shows the various reforms (laws and constitutional amendments) leading to the creation of pension funds for servants and finally, in the last part, we analyse the discourses of opponents to and advocates who stand by the complementary pension scheme for federal public servants in Brazil.

2 II. Creation and Regulation of Pension Funds in Brazil

The regulation of private pension plans in Brazil began during the military regime in 1972, stepping up from 1974 on. This debate appeared in Congress for the first time in 1976, when an Interministerial Commission drafted a preliminary bill to be sent by the Executive to the Legislature. This project was processed and

3 III. LEGAL FRAMEWORK OF THE BRAZILIAN PENSION SYSTEM

45 approved by Congress during the Geisel Government in 1977 when the private pension activities in Brazil were
46 institutionalized.

47 Therefore, the private pension formally came into existence in Brazil, with the enactment of Law 6,435 of
48 July 15, 1977. This law established that the activities of private security should be regulated and controlled by
49 the State. Until then, entities operating in the market existed without any monitoring by the state and worked
50 in isolation, without organization or dialogue among operators in the market. From the creation of Law 6,435/77
51 the pension market was expanded, and the private pension expression began to be used in Brazil. Before the
52 1977 law, entities that operated open private pension plans were called "montepios", whose origin dates back to
53 the period of the Empire.

54 Law 6,435 of July 15, 1977 set a maximum date for the regulation of existing private pension entities. Those
55 who did not meet the standards of this law would be excluded from the market. This is the case of the montepios,
56 many of whom were deposited by the National Superintendence of Private Insurance (SUSEP), which alleged
57 irregularities in these institutions. The montepios approved had to be restructured to fit the new rules set forth
58 by SUSEP. Menicucci (1994) reports Year 2015 (F)

59 F that 180 montepios attended SUSEP for regulatory purposes, and of those, 120 were approved. Those
60 approved had their old pension plans blocked and were forced to create new ones.

61 The pension funds of state enterprises that emerged in Brazil in 1977 had the following characteristics:

62 ? strongly inspired by the pension funds of the United States; ? under the Government's interest and not the
63 workers'; ? in order to strengthen the capital market (stock exchange); ? strongly founded on public companies;
64 ? modeled in Defined Benefit Plans.

65 To Menicucci (1994), through the 1977 legislation, the government made it clear that its goal was to gradually
66 eliminate from the market the nonprofit organizations, represented by traditional montepios, and open space
67 for profit organizations, encouraging mergers and acquisitions. Menicucci (1994) argues that the State saw in
68 the private pension an instrument for capturing savings, i.e., it aimed to start in the country the internal logic
69 of capital accumulation from funding through private pension. The savings generated by private pension funds
70 would be invested in the economy.

71 In addition to the private pension model featured above, Law 109/2001 (replacing the 1977 Law) authorized the
72 existence of a new device called plan "Institutor". Approved in 2001, in the government of Fernando Henrique
73 Cardoso (1995) (1996) (1997) (1998) (1999) (2000) (2001) (2002) and regulated in 2003, in the
74 Government Luiz Inacio Lula da Silva (2003) (2004) (2005) (2006) (2007) (2008) (2009) (2010), this
75 device enables the creation and management of pension funds through unions, professional organizations, and
76 others. Moreover, the pension reform of 2003 allowed the adoption of a pension fund for civil servants, the
77 FUNPRESP, which is the subject of this text.

78 Therefore, since its regulation in 1977, the private pension has undergone significant changes throughout its
79 history. Open and closed entities move together 25% of Brazil's GDP, and of this amount 18% of closed private
80 pension and the remaining 7% of the open private pension (represented by the insurance industry). In turn, the
81 market of pension funds has a total of 368 entities, which move the amount of 565 billion dollars. See the table
82 below: It is worth pointing out that even if the table shows a greater amount of privately sponsored entities
83 (266), public sponsorship funds are the ones holding greater economic, political, and symbolic power in the social
84 space of pension funds.

85 The following graph shows the total of assets controlled by public and private funds.

86 Based on the graph above, it is possible to verify the superiority of public sponsorship funds (64.7%) over
87 private sponsorship funds (35.3%), which hold greater symbolic power in the closed pension plan in Brazil. As
88 per Jardim (2010), the funds of public patronage actively participate in the Growth Acceleration Program (PAC).
89 From this context, we affirm that the private pension institution has existed in Brazil since the Empire, in the
90 form of montepios. However, during the 1970s, these entities had the image worn by irregularities and possibly
91 fraud committed by such institutions. This led many montepios bankrupt and as a result, consumers lost money
92 and began to mistrust pension funds.

93 It is in the management of those funds that labor union members can be found, coming from the banking and
94 oil industries, which greatly influence the investment portfolios of the pension fund market, to forge new forms of
95 investment with sustainability criteria and strengthening institutional designs such as Investment Funds holdings
96 (FIPs), also known as private equity.

97 Distrust of Brazilian society in relation to pension funds began to turn in 2000, when it ceased to be associated
98 with the image of bankruptcy, failure, and corruption to be associated with the development of Brazil. More
99 specifically, the savings of those funds was (partially) used for the implementation of new projects in the Lula
100 government, such as construction of dams, roads, railways, public housing, hospitals, etc.

101 Finally, in 2012, the market for private pension gained a new product, the pension fund for public employees.
102 If we consider the rich market moved by pension funds, it is clear that over the coming years, the fund will be
103 subject to great political and financial disputes.

104 Below, we discuss the legal transformations of the social security system for the public civil servants.

105 3 III. Legal Framework of the Brazilian Pension System

106 Since the Constitution of 1988, the pension system has undergone reforms, especially regarding the civil service.
107 We present in this topic, the laws that sparked the emergence of pension funds to the public servants in Brazil.
108 We shall begin with a table that summarizes the legal framework for the pension funds of public employees
109 sector. These laws / amendments are detailed in the following pages. The General Pension Law in the public
110 sector imposes general rules for the organization and operation of specific social welfare regimen of civil servants
111 of Federal, State, and Local Governments. It was determined that the RPPS were organized based on general
112 standards of accounting and actuarial, with actuarial valuations and assessments to review plans and costing. In
113 Article 1, it was established that funding systems themselves should use funds from Federal, State, and Local
114 Governments and contributions of civil and military, active, inactive and retiree to their respective regimes. In
115 Article 2, the Law set forth that the employer contribution may not be less than the employee contribution, or
116 double that, leaving the Federal, State, and Local Governments responsible for covering the financial shortcomings
117 of their own arrangement stems, a consequence to the payment of pension benefits.

118 Constitutional Amendment 20, December 15, 1998 It was sent to Congress for the 1st time in 1995 in order
119 to cut costs. It was only approved in 1998 and it brought the following changes: the minimum age for full
120 retirement based on time of contribution was increased to 60 for men and 55 for women; minimum of 10 years of
121 public service and 5 years in office to enable programmable retirements, end of accumulation of retirement and
122 the possibility of increased income in the passage to inactivity; extinction of proportional retirement and special
123 retirement of teachers; replacement of retirement for length of service and time of contribution. Constitutional
124 Amendment 41, of December 19, 2003 End of parity between the adjustments in wages and social security
125 benefits, passing the latter to be adjusted based on the inflation; pension became in full up to the RGPS and
126 reduced to 30% for higher values; social security contribution on retirement and pensions higher than the RGPS
127 limit; institution of time of service allowance equivalent to the amount of the contribution for service of the
128 servant, who, although allowed to retire, can continue in activity. The possibility of Federal, State, and Local
129 Governments establishing the maximum level for the benefit of the general social security scheme, for the value
130 of pensions to be granted by the schemes, was instituted as long as they create complementary pension systems
131 to their respective servants. It established the end of the parity and completeness.

132 4 Bill 1992/2007

133 Attempts to deploy a pension fund for civil servants (Funpresp). Based on this Bill, the person who goes into
134 public service after the creation of the fund will have to contribute to it, if they want to retire earning more than
135 the limit that already exists for the private worker at INSS, that is, 3.600 monthly in 2012. According to the
136 2007 Bill, the servants who enter public service after the initial operation of the Foundation for Pension Plans of
137 the Federal Civil Servants (FUNPRESP) are subject to the maximum benefit. The participant's contributions
138 should focus on that part of the proceeds that exceed the ceiling of the General Scheme, at a rate set by the
139 participant, limited only by the regulation of the benefit plan. This means that, provided any new constraint to
140 be adopted in the benefit plan, it is possible to contribute to the entire portion of the earnings that exceed the
141 RGPS ceiling.

142 Source: Research data a) Law 9,717 of 1998

143 In November 1998 it was established Law 9,717; which provides for the organization of Special Social Security
144 Scheme (RPPS) for servants of the different government levels in the country (federal, states, and municipalities).
145 Such schemes would be independent of the General Social Security System (RGPS), maintaining specific standards
146 for servants (IPEA, 2011).

147 With the establishment of the RPPS, states and municipalities started to separate their pension accounts from
148 other elements of income and expense in their budgets, and they were granted the possibility of accumulating
149 financial reserves through investments in the capital market.

150 According to IPEA (2011), data for 2009 indicated 2,236 municipal RPPS(s) and 26 state RPPS(s). The
151 Federal Government, however, have not unified until 2012, the pension management of their servants, whose
152 management remains in charge of the various organs and powers that are linked to more than one million civil
153 servants.

154 The following law, of December that year, further details the legal provisions brought by Law 9,717.

155 5 b) Constitutional Amendment 20 of 1998

156 Constitutional Amendment 20 of 1998, determined that the federal, state, and local governments should set up
157 pension funds and that they could fix the ceiling of the RGPS for pensions to be granted to their servants. The
158 law determined that the employer's contribution should not be less than the employee contribution, or double
159 that, leaving the federal, state, and local governments responsible for covering the financial shortcomings of their
160 own regime, due to the payment of social benefits.

161 Constitutional Amendment (CA) 20, introduced other changes in the pension system for civil servants, such as
162 the determination that their regimes were contributory and funded by federal agencies as employers; to maintain
163 financial and actuarial balance; and that it would submit to the supervision and control of the Ministry of Social
164 Security (MPS).

165 Moreover, the same amendment imposed stricter conditions on retirement of servants; stipulated a ceiling to
166 their remuneration (valid for pensions); extinguished the modality of special retirement for academics and forbade
167 the accumulation of retirements within the same scheme (CA 20/1998, Federal Constitution of 1988, Article 40).

168 In the regulatory framework of pension funds of the servants, we cannot forget Complementary Laws 108 and
169 109 of 2001, which will be discussed next.

170 6 c) Laws 108 and 109 of 2001

171 The supplementary pension servants must necessarily be in accordance with Complementary Laws 108 and 109,
172 2001. According to the 2001 legislation, the creation of pension funds is optional, being the federal institutions
173 authorized (not required) to establish complementary social security. In this case, the condition is setting the
174 value of pensions based on the ceiling of the RGPS.

175 7 IV. Complementary Law 108 of 2001

176 This Law regulates the restrictions on the relationship between state-owned enterprises, as sponsors of pension
177 funds, and their closed private pension entities. These restrictions are in addition to the general rules to be
178 observed by all the private pension system, whether in the sphere of public sponsors, whether in the private
179 sphere. In addition to rule items to reduce the overhead of the state in funding closed pension entities, the
180 law improves the means of supervision and imposes rules to ensure the financial stability of these entities. a)
181 Complementary Law 109 of 2001 essential conditions to "modernize" the system of private pension in Brazil, giving
182 it greater flexibility, credibility, and transparency and strengthens the capacity of regulation and supervision by
183 the state. It was through this law that labor unionists became part of the management boards of the pension
184 funds of state enterprises (Jardim, 2007).

185 8 b) Constitutional Amendment 41 of 2003

186 As we have seen, the possibility of creating pension funds for civil servants was created in Constitutional
187 Amendment 20 of 1998. But it was the end of parity and integrity brought by Constitutional Amendment
188 41 of 2003 that gave grounds to the interest in pension funds.

189 Therefore, the rights and criteria for access to retirement benefits and pensions of public servants were defined
190 by Amendment 41 of December 2003. From this Amendment, the Ministry of Social Security (MPS) would make
191 a pact about the pension adjustment of states and municipalities, which was done through the Support Program
192 for Reform of State Security Systems (PARSEP) that provided support (including financial) for municipalities
193 and states to organize pension funds. It is worth noting that states and municipalities are not required to maintain
194 a RPPS. The federal entity can choose between having a RPPS or bind to the RGPS (IPEA, 2011).

195 In addition, the Amendment predicted the end of integrity of the value of pension benefits of public employees,
196 as well as the end of parity between benefits and wages of active personnel. It also established an extra pension
197 contribution (11%) for retired servants and pensioners whose earnings were above the RGPS ceiling (Brazil,
198 2009).

199 Based on this Constitutional Amendment, the servants who join the public service and want to get above the
200 ceiling of ten minimum wages, may join the fund, collecting monthly from 6% to 9% of their gross salary. The
201 amendment also adds that the funds raised must meet the following characteristics: be organized autonomously in
202 relation to their own pension scheme; keep the membership of the servants optional; be governed by the principle
203 of capitalization; allow full access to management information by the participants; make the contributions by
204 the public entity equal to that of the participating servant (never higher). Finally, according to Constitutional
205 Amendment 2003, only the executive branch can take the initiative to establish a supplementary pension system.

206 The approval of the CA brought the expectation that in the future the RPPS will coexist with FUNPRESP,
207 intended for the retirement of servants. Discursively, the goal that motivated the government in creating the
208 supplementary fund was seeking to balance the deficit of social security and the reduction of early retirement in
209 the federal system.

210 9 c) Bill 1992 of 2007

211 The Project continued questions brought by CA 2003. However, it was "forgotten" during the last years of the
212 Lula government and was only retaken in the spotlight of power in 2011, when President Dilma Rousseff claimed
213 urgency in tackling the issue and project approval.

214 The intent of the Dilma government to take the matter further was explained when she triggered Mr. Silvio
215 Costa (PTB-PE), chairman of the Committee on Labor, Public Service, and Administration of the House, to
216 request priority to vote on the proposal. Within three weeks, Costa decided that he himself would be the reporter
217 of the project, analyzed it, and presented a favorable opinion, approving it.

218 Specifically, Bill 1992 of 2007 aimed to create a supplementary pension for civil servants who hold effective
219 positions of executive power, including its agencies and foundations, as well as members of the judiciary, public
220 prosecution office, and the Court of Auditors.

221 According to the bill, the benefits to the new servants and members who join the public service would be
222 limited to the ceiling of the General Board, which in 2012 amounted to 3.6 billion dollars. Remember that

223 membership was not compulsory. By the rules established in Bill 1992 of 2007, the servants who join the public
224 service until the day before the beginning of the operation of the entity responsible for the private pension, may
225 join the pension funds system, being limited to the ceiling of their general scheme benefits but also being entitled
226 to a special benefit. The scheme will be offered by public-character closed private pension entities, which shall
227 offer to its participants, benefit plans only in the form of "defined contribution".

228 Under current pension rules of the servants, possible shortcomings of cash for the payment of benefits are
229 covered with resources from the treasure of several governing levels to which the beneficiaries are bound. As
230 public revenue comes from taxation, the whole society is responsible when the government needs additional
231 resources to finance the pensions of their servants. Therefore, if defined benefit plans were adopted, the same
232 situation would remain as before, in the sense that the costs of any solvency risks of these plans would also be
233 transferred to the company as a whole (IPEA, 2011).

234 The bill states that FUNPRESP must be fully maintained by their revenues, arising from contributions from
235 participants, beneficiaries, and sponsors; the financial results of its applications and donations and bequests of
236 any kind. That is, the value that will be received by the person retired in the public sector will depend on the
237 contributions collected during activity and how these funds were invested in the financial market. In this sense,
238 the risk is all on the insured. However, the servant will have a portion of their pension benefit categorized as
239 "defined benefit". It's limited to the RGPS ceiling value because, regardless of the existence of capitalization or
240 not, the government will ensure that value to the retired civil servant. In this case, the risk is all on the employer,
241 i.e., the government.

242 Therefore, the design of pension plans for public service provides a guaranteed income, which assures the
243 minimal standard of living of the insured, via public security, while offering the possibility of complementation,
244 which in turn depends on the individual accumulation of each person, via pension fund.

245 The bill also adds that the administration of the fund shall be held by institutions authorized by the Brazilian
246 Securities Commission (CVM). The sole paragraph of Article 4 provides that FUNPRESP should be structured in
247 the form of foundation with legal personality under private law enjoying administrative, financial, and managerial
248 autonomy and headquartered in Brasilia.

249 Regarding its organizational structure, this will consist of the governing board, supervisory board, and
250 executive board, respecting the laws 108 and 109 of 2001. On investments, the bill proposes that this be done
251 pegged to indexes of market references, within the guidelines and limits of prudence established by the National
252 Monetary Council to closed private pension entities.

253 Regarding contributions, the Bill proposes that the contribution of the participant should be decided by them,
254 and the Sponsor's contribution shall be equal to the participant's, up to the limit of 7.5% (the government has
255 studied the possibility of meeting the claim of social movements, increasing this ceiling to 8.5%).

256 The federal government, as well as the sponsor, appoints the majority of members in the administration of the
257 fund. The monitoring will be the responsibility of the National Treasury, the Central Bank, and the Ministry of
258 Planning. The fund will be capitalized by the defined contribution system (instead of the defined benefit system).

259 One last issue refers to portability, i.e. the bill allows the insured to bear or carry their capital to other
260 supplementary pension institution. Portability is an institution already existent in the current pension funds
261 (Jardim, 2009). V. Opponents and Supporters of the New Law

262 The theme of pension fund has instigated several controversies, especially about its subtext of privatization
263 of social security, the social security deficit, and the public nature of pension funds (Michelson, 2010).
264 Public servants have been reticent to that proposal and have been organized from the National Federation
265 of Federal Public Servants (CONDSEF). Campaigners against the reform claim that FUNPRESP will create
266 legal uncertainty in the category. To wit:

267 This project represents the death of the pact between generations in public service. It will create three
268 categories of servants: those who have already retired and those who are expected to retire, and in theory still be
269 entitled to full pension and those who come after regulation of complementary retirement, which will no longer
270 have this right. There are also those who entered after 2003, which will fall in a legal vacuum that nobody knows
271 what will happen. This creates considerable legal uncertainty in the category. (3rd Meeting of Retirees and
272 Pensioners DS Campinas/Jundiaí, Speech made by the Auditor Mr. Marcelo Lettieri Siqueira, from DS Ceará
273 "Previdência Social: a importância do pacto entre gerações").

274 The argument of breaking the solidarity pact promoted by social security, and the destruction of social security,
275 was also cited.

276 The leading thread of this model is the dismantling of the social welfare model based on solidarity between
277 generations. Thus, Social Security is now regarded as a burden that costs money (...) New generations who did
278 not live long periods of social instability are more sensitive to this speech. The reasoning is that it will be able
279 to fund their own retirement fund and there is no reason to fund those already retired. (3rd Meeting of Retirees
280 and Pensioners DS Campinas/Jundiaí, Speech made by the Auditor Mr.

281 Marcelo Lettieri Siqueira, da DS Ceará "Previdência Social: a importância do pacto entre gerações").

282 To defend their arguments, opponents militants are inspired by bankrupted examples, as Chile's.

283 In Chile, the pension fund for civil servants lost 48% of its revenues and had to increase the amount of
284 contributions, taxing retirees and reducing the value of pensions. In the state of Michigan (USA), the pension
285 fund for civil servants lost 80% of its reserves and pensions were reduced to ¼ of the value. (3rd Meeting of

286 Retirees and Pensioners DS Campinas/Jundiaí, Speech made by the Auditor Mr. Marcelo Lettieri Siqueira, da
287 DS Ceará "Previdência Social: a importância do pacto entre gerações)".

288 On the other hand, advocates of pension funds for servants, also use international experience to support their
289 arguments. ??enequin (2011) shows that in the 1980s, the pension system for civil servants of the United States
290 worked as defined benefit and showed severe imbalance. To remedy the problem, the government proposed a
291 major reform, which was passed by Congress in 1986, creating the pension scheme of federal civil servants in the
292 United States, known as Federal Employees Retirement System (FERS). This plan is mandatory for new servants
293 that were employed after the publication of the law and optional for all others. 2 According to the Ministry of
294 Social Welfare, in 2010 the Brazilian government spent U.S. \$ 51 billion to cover the difference between what
295 they earned in pension contributions from public workers and what it paid to 950,000 retirements of the category.
296 It meant that there was, on average, a monthly allowance of R\$ 4,300.00 for each inactive public servant. To
297 the Minister of Social Security: "If we do not stop this bleeding (from the security of servants), Social Security
298 will pay significantly. Incidentally, it is already paying 3 IPEA (2011) has also used efforts on the subject and
299 stood in favor of the creation of FUNPRESP. According to the arguments made by IPEA, the introduction of
300 pension funds for civil servants, with the consequent imposition of a ceiling on benefits in their own schemes, has
301 the virtue of promoting greater equity among various sectors of the population. By establishing the maximum
302 benefit, it promotes horizontal equity between servants and private sector workers, since the RGPS, which caters
303 to the latter, already practices the maximum benefit by referring to the supplementary pension plan to workers
304 who rely on income higher on retirement.

305 10 "

306 On the other hand, the measure will also promote greater vertical equity, since it will prevent the entire society
307 to bear the costs of sometimes excessive retirement benefits and pension, generated by higher income strata of
308 civil servants.

309 For the IPEA (2011), the reform will reduce the "fat" existing in the civil service sector. According to the
310 defenders of the existence of privilege in the public sector, despite constitutional reforms already undertaken,
311 the pension rights of public servants and private sector employees remain quite distinct, being public servants in
312 significant advantage, especially with regards to the expected values for retirement benefits and pension. Despite
313 the discourse statements of "successful" experiences, the critical wing of the project 2 The author informs us that
314 FERS is a pension plan that provides benefits from three different sources: a plan of the public social security
315 system (standard for all U.S. workers), a defined benefit plan, and a supplementary defined contribution plan
316 (Thrift Savings Plan -TSP). 3 http://www.previdencia.gov.br/arquivos/office/3_110610-160738-086.pdf. looks
317 at the proposal with suspicion. In the opinion of Lettieri, for example, Bill 1992 of 2007 represents a serious risk
318 to public servants and to the Brazilian society, since it is an ongoing policy of dismantling Social Security 4 In this
319 context, CONDSEF met with the Ministry of Planning and claimed the development of "workshops" with the
320 economic and political areas to discuss the issue. "We do not agree with the assumptions of the government. He
321 says that there is a deficit in the pension plan of the servants, but there is contribution evasion of the Executive,
322 who does not collect what it should" However, the possibility of pension funds to the servants became more
323 concrete since 2003, when we had the approval of Constitutional Amendment 41, which authorized the creation
324 of FUNPRESP. The project was resumed in 2007 with Bill 1992, which provided for the deployment of funds.
325 But it was only in 2011, during the government of President Dilma, that the theme occupied again the headlines
326 and the discussions in the National Congress. On April 30, 2012, nine years after the welfare reform initiated by
327 the Lula government, the private pension scheme of federal civil servants was finally established by Law 12,682.

328 The discursive production around the theme signals the existence of opponents and advocates, who are fighting
329 for the approval or not of the fund, as well as the beliefs that comes along with it. In this sense, the content of
330 the discourse litigation signals that the purpose of the creation of the fund is to reduce the social security deficit,
331 with a solidarity contribution between the various participants, the servant, and the Federal Government, as well
332 as reduce the privileges of the civil service, responsible for the social security crisis.

333 Therefore, the social security crisis was used by defenders of public employees pension funds as justification
334 for the creation of private pension. However, studies indicate (Duval, 2007; Jardim 2002) that the debate on the
335 social security system crisis is more a social construct imbued with ideologies, than an actual reality.

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338 Regarding the reasons that influence the advocates of pension funds, these are political, but also economic. That
339 is, considering the recent economic and social performance of the pension funds of public companies in Brazil
340 (Previ, Petros, Funcef), as well as the quality and quantity of their domestic savings, the implementation of a
341 pension fund for the servants is quite seductive. The formation of a pension plan is a powerful tool in raising
342 money to invest in areas that the government considers important, such as infrastructure and financing of public
343 debt.

344 As the public sector wages are higher than the private sphere, the amount of funds to be administered will, in
345 relatively short time, even exceed the assets of the pension fund of Banco do Brasil (Previ), totaling in 2012, R\$

346 139 billion. It is possible that this perspective causes an extensive dispute among various groups of servants as well as a strong political interest, as observed in the management of pension funds of state enterprises. ^{1 2 3}



Figure 1: Figure

Patrocínio	Quantidade de Entidades *	%
Instituidor **	18	4,9%
Privado	266	72,3%
Público	84	22,8%
Total	368	100,0%

Figure 2:

347

¹The Growth Acceleration Program (PAC) was implemented in 2007 by Lula government and includes the budgets of the Union, states and municipalities and resources from private companies.

²http://www.dscampinasjundiai.org.br/site/documento_618_0__artigo:-estariamos-perdendo-a-fe-no-atual-sistema-de-financiamento-daprevidencia-por-marcelo-lettieri.html
http://www.previdencia.gov.br/arquivos/office/3_110610-160738-086.pdf.

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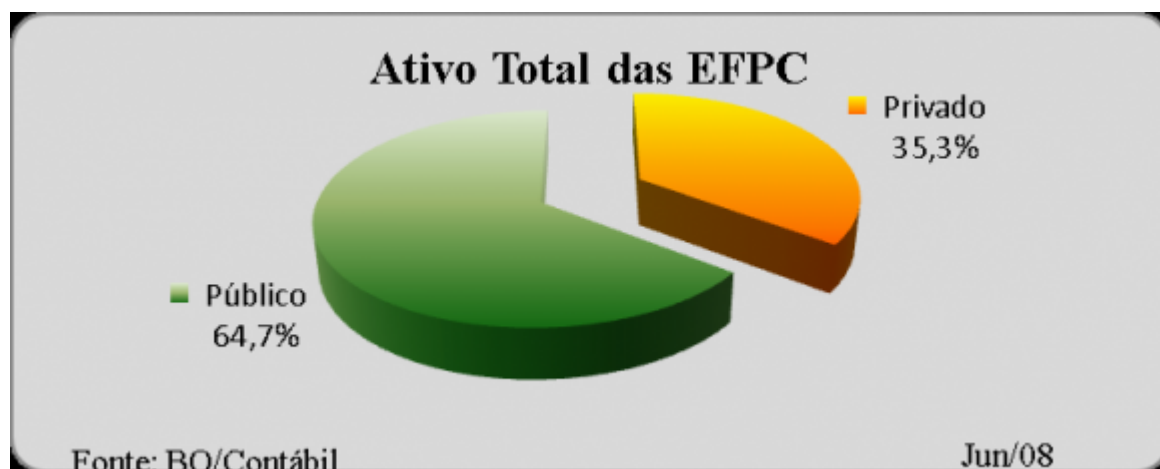


Figure 3:

1

[Note: * Number]

Figure 4: Table 1 :

Figure 5: of Entities ** Founder Source: Consolidado Estatístico, junho de 2011.

- 348 [Jardim and O Investimento Dos Fundos De Pensão Durante O Governo] , Chaves M Jardim , Lula O Investi-
349 mento Dos Fundos De Pensão Durante O Governo . [http://www.inesc.org.br/biblioteca/textos/](http://www.inesc.org.br/biblioteca/textos/livros/obs-de-invest-da-amazonia_estudo-1)
350 [livros/obs-de-invest-da-amazonia_estudo-1](http://www.inesc.org.br/biblioteca/textos/livros/obs-de-invest-da-amazonia_estudo-1)
- 351 [De and Paulo (2003)] , Folha De , São Paulo . 08/08/2003.
- 352 [Brasil and Federal ()] , Constituição Brasil , Federal . 1988.
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