Abstract

This study aims to establish the statistical probability that workers who are not contributing to pension funds might do so, provided with the right incentives to. Chile was used as a case study for this purpose. First, voluntary savings schemes were reviewed and compared with similar systems in the region. Based on this information, an analysis has been carried out on a number of surveys, focusing particularly on social protection, so as to examine the relationship the groups of non-contributing workers have to the systems, thereby determining what conditions might give them an incentive to save. A probit binary choice model has been used for this, as it obtains the probabilities of the different saving cohorts. With the results it is possible to conclude that workers will have grater incentive to save if it gives them access to education (in a broad sense), health services and housing. These results therefore present a challenge for the main actors in the industry (governments and pension fund managers) to explore the design of new retirement savings products associated with the benefits that the workers prefer, and thereby extending the coverage provided by the pension systems.