

Brazil



Self-Employment in Brazil

Around one-third of Brazil's workforce is self-employed, which is high by international standards, and reflects the lack of job opportunities in the formal labor market. Brazil's relatively inflexible labor market is cited as one of the reasons for this situation. The cost of employing workers can be high when social security, required meal passes and restaurant vouchers, transportation, and mandatory vacation pay are factored in¹. Employers, wishing to manage payroll costs, hire the services of non-registered or casual professionals which has resulted in a sizeable grey economy where the self-employed have reduced benefits and lower pay than their employed working counterparts.

There are options for long-term savings, PGBL and VGBL are both tax-incentivized defined contribution plans. Even though both products have a fast pace of growth within the market, coverage is low among individuals, including self-employed, due to the low level of average income and the fact that these have only been available in the past 20 years. Not surprisingly, Brazilian self-employed people are less likely to associate positive words such as "leisure" and "enjoyment" with retirement (57 percent) compared to the global average (66 percent). However, they do have a good level of awareness of the need to plan financially for retirement: 77 percent, which is above the global average 72 percent. Seventy-percent say that they feel "very" or "somewhat responsible" for making sure that they have sufficient income in retirement.

Key country indicators



32.3%² of workers are self-employed



62%³ of self-employed are men



63 years official retirement age (when full entitlements are payable)

Profile of Brazilian self-employed



\$7.8k median personal income



84% cite positive reasons for becoming self-employed



68% are sole-proprietors



10% will sell their business to prepare for retirement

What attitudes and expectations do the self-employed hold toward retirement?



Confident you will be able to fully retire with a lifestyle you consider comfortable

Brazil: 21%

Global: 26%



Proportion that expect to retire at over 65 (includes never)

Brazil: 31%

Global: 40%



Envision a flexible transition to retirement

Brazil: 84%

Global: 69%

How are the self-employed planning and saving for retirement?



Habitual savers

Brazil: 34%

Global: 34%



Have a written retirement strategy

Brazil: 8%

Global: 13%



Have a backup plan

Brazil: 48%

Global: 38%

This country profile is part of the report “Retirement Preparations in a New Age of Self-Employment” and contains research findings from the fifth annual Aegon Retirement Readiness Survey. To read the full report and view videos and infographics, please visit: aegon.com/Self-Employed

Sources:

¹ <http://thebrazilianbusiness.com/article/brazilian-employment-law-in-a-nutshell>

² [OECD Self Employment rate \(2014\)](#)

³ [OECD Self-Employment, proportion male \(2014\)](#)

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