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# The fragile sustainability of Brazilian Social Security: A literature review

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***Abstract:***
***Background****: This article analyzes how the expansion of social protection policies, such as the Continuous Benefit Payment (BPC), and simplified formalization viaIndividual Microentrepreneurs (MEI) have been contradictorily strained by budgetary financing instruments, especially the Unlinking of Federal Revenues (DRU). The investigation seeks to demonstrate how these three public policies, although designed with different objectives, make up an institutional architecture that compromises the effectiveness and fiscal sustainability of Brazilian social security, challenging the constitutional principles of universality and equity.*
***Social Security and the Continuous Benefit Payment****:The BPC represents a regulatory advance in the protection of elderly people and people with disabilities in vulnerable situations, but its sustainability has been challenged by factors such as population aging, increasing judicialization and the expansion of eligibility criteria, which generate significant fiscal pressures.*
***Individual Microentrepreneur: Formalization and Contributory Vulnerabilities:*** *The MEI policy formalizes millions of self-employed workers with low social security contributions. Although it promotes inclusion and citizenship, the model presents high default rates, unduly subsidizes groups with higher incomes and encourages pejotization, generating fiscal and actuarial imbalances in the General Social Security Regime.*
***The Unlinking of Union Revenues and its Effects on Social Security Financing:*** *The DRU operates as a fiscal adjustment instrument that takes away revenue originally earmarked for social security, weakening the financing of social policies. Its recurring extension by successive governments highlights a structural trend of budgetary depletion of social security, especially affecting RGPS resources.*
***Discussion and Findings:*** *The articulation between BPC, MEI and DRU reveals a central contradiction in Brazilian social policy: on the one hand, there is the expansion of rights and coverage; on the other, the continuous erosion of the financing base. The coexistence of inclusion and defunding compromises the coherence of the system, generating regressive impacts on the distribution of resources and threatening the intergenerational pact of social security.*
***Conclusion:*** *The analysis shows that the sustainability of the Brazilian Social Security system depends on a structural review that rebalances social justice and fiscal responsibility. In this scenario, it is urgent to rebuild the collection links, review eligibility and targeting criteria, and thus limit the use of mechanisms that weaken the financing of social security.*
***Key Word****: Social Security; Fiscal Sustainability; Public Policy.*

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## I. Introduction

The Brazilian social security system, as outlined in the 1988 Federal Constitution, encompasses the pillars of Health, Social Welfare, and Social Security. In this scenario, according to Vizioli and Costanzi (1), social security is organized into three independent regimes: the General Social Security Regime (RGPS), aimed at private sector workers; the Specific Social Security Regimes (RPPS), established within each federative entity and aimed at public servants holding permanent positions; and the Supplementary Pension Regime (RPC), which is optional and private. It is known that the RGPS, in particular, faces sustainability challenges arising from legislative changes that expand benefits without due revenue compensation. In this context, the institutional and budgetary trajectory of this system reveals structural contradictions between the regulatory design and the State's fiscal practice. These tensions areespecially visible when observing the simultaneous coexistence between the expansion of welfare benefits, such as the Continuous Benefit Payment (BPC), and formalization policies with low collection capacity, such as the Individual Microentrepreneur (MEI) regime, at the same time as the use of the Unlinking of Federal Revenues (DRU) is intensified, a mechanism that weakens social security financing.

In that interim, while the BPC represents an achievement in the field of social justice, expanding protection to historically marginalized groups, it also imposes increasing pressures on the public budget, especially in a scenario of accelerated demographic transition. The MEI, in turn, inserts millions of workers into the minimum formality, but does so with symbolic contributions to the social security system, generating an imbalance between coverage and financing. Furthermore, the DRU, by allowing the redirection of revenues originally linked to social security, institutionalizes a policy of budgetary emptying that compromises the logic of solidarity financing of the system.

Given this intricate web of fiscal policies and mechanisms, it is essential to understand how the expansion of social protection and efforts to formalize the contributory base are strained by instruments that, by untying revenues, affect the flow of social security financing. The disparity between the contributions of certain categories (such as MEI) and the benefits guaranteed to them, combined with the withdrawal of resources via DRU and the sustainability challenges of welfare benefits such as BPC, raises crucial questions. In this sense, the objective of this article is to analyze how policies for expanding social protection (such as BPC) and for simplified formalization of the contributory base (such as MEI) have been contradictorily strained by budgetary financing instruments, such as DRU, and what impacts this architecture has on the sustainability and coherence of Social Security in Brazil. The analysis seeks to understand how these three public policies, despite being apparently unrelated, reveal a structural arrangement that compromises both the effectiveness of social security and its fiscal viability.

Based on a bibliographic review of academic articles, legislation and official documents, the article analyzes the combined effects of these policies on Social Security, with special attention to the underlying political choices and the principles governing public accounting and resource allocation.

The relevance of the topic is based on the need to understand how public policy decisions, often guided by short-term objectives and fiscal imperatives, weaken gradually the constitutional project of social security. This analysis therefore contributes to the debate on the rationality of social protection policies in Brazil, questioning not only the fiscal effects, but above all the distributive and normative options that have guided the institutional design of Social Security in recent decades.

This article is structured in five sections, in addition to this introduction. The first section discusses the legal and economic foundations of social security in Brazil and the trajectory and effects of the BPC. The second section analyzes the inclusion of MEI in the social security system. The third section delves deeper into the impacts of the DRU on social security financing. The fourth section articulates the three elements discussed in light of economic theories and public accounting and presents an integrated discussion. Finally, the fifth section presents the final considerations and suggestions for future research.

## II. Social Security and the Continuous Benefit Payment

The Brazilian Federal Constitution consolidated a new paradigm for social protection in the country by establishing Social Security as a comprehensive system, comprising the areas of health, social security and social assistance (art. 194) (2). This concept, unlike the previous fragmented and meritocratic models, established universal and solidarity-based rights, financed by a set of specific social contributions and based on distributive principles. This normative structure underpins the State's role as guarantor of social minimums and recognizes Social Security as a pillar of citizenship.

The BPC, a welfare benefit guaranteed by the Organic Law of Social Assistance (LOAS, Law No. 8.742) (3), has the main objective of serving as an instrument of social protection, guaranteeing dignity to the elderly and people with disabilities. The BPC is regulated by the LOAS and operated by the National Institute of Social Security (INSS), and its transfers guarantee a monthly income in the amount of one minimum wage for people whose per capita family income is less than ¼ of the minimum wage.

The BPC, although it was not created by the Federal Constitution of 1988, had its foundations provided for in the Magna Carta, in its article 203, item V According to this constitutional provision, the State should guarantee:

"A minimum monthly benefit salary for people with disabilities and elderly people who do not have the means to provide for their own maintenance or have it provided for by their family, as provided by law." (2)

This guarantee was regulated years later, through Law 8.742/1993 and its effective concession began only three years later, in 1996. Since the enactment of LOAS, several changes have been made to the text of this law, always aiming to change the eligibility criteria for BPC. Among the changed eligibility criteria, the following stand out: the age criterion for access, the concept of family, the concept of disability and the income level.thehousehold per capita as a definer of poverty.

Regarding age, the first change occurred in 1998 and a new change came six years later. Initially, the LOAS defined elderly as a person over 70 years of age. The first change was brought about by Law 9.720/1998, which amended the LOAS. Subsequently, in 2003, the Elderly Statute (Law 10.741/2003) caused a new reduction in the age of elderly people for purposes of eligibility for BPC, causing the minimum age to drop to 65 years. Although authors such as (4); 5); (6); (7) highlight the BPC's ability to reduce inequalities, authors such as Vizioli and Costanzi (1) show concern about the fiscal impact of this type of policy, especially when it is observed that life expectancy tends to increase and spending on these benefits tends to become increasingly relevant. According to Vizioli and Costanzi (1), there is a certain contradiction in reducing the age for BPC eligibility, since life expectancy increases and other countries such as Argentina and Greece have followed the opposite direction by increasing the strictness of rules on assistance benefits.

Another relevant point is the concept of family. Mation and Santos (8) highlight that there is no single definition of family in either the legal or public policy spheres, and this was reflected in the changes to the BPC. Initially, the LOAS defined family as a “mononuclear unit”, living under the same roof, whose economy is maintained by the contributions of its members. In 1998, the wording was changed and now includes spouses, partners and children under 21 or disabled as family members. In 2011, the definition of family was expanded to include unmarried siblings, stepfathers or stepmothers, and the age limit for children or stepchildren was eliminated. This expansion of the concept of family directly impacts the eligibility of BPC beneficiaries. Some arguments argue that expanding the concept of family can create problems, since the concepts of family can lead to both an overestimation of families' self-sustainability capacity and, in other cases, an underestimation of this self-sustainability capacity, which undermines the targeting of BPC.

Regarding the concept of disability, it is also possible to mention relevant changes that have occurred since the creation of the BPC, in 1993. Originally, the LOAS defined a person with a disability in its art. 20, § 2, as “one who is incapable of independent living and working”. Thus, only disabilities that caused permanent incapacity were considered. In 2011, the LOAS was changed to include access barriers in the concept of disability. Therefore, the current wording of the LOAS defines a person with a disability as:

“A person who has a long-term impairment of a physical, mental, intellectual or sensory nature, which, in interaction with one or more barriers, may obstruct their full and effective participation in society on an equal basis with others” (3).

Finally, it is worth noting that the definition of income, although it has not been subject to change since the creation of LOAS, has been the subject of much debate and some attempts at change since 1993. During this period, bills were drafted that aimed to increase the per capita income range from ¼ of the minimum wage to ½ of the minimum wage. The central thesis of the debate is that a per capita income higher than ¼ may not be sufficient to provide for the maintenance of the person requesting BPC. Such discussions led to the judicialization of the benefits.

Authors such as Neto and Gomes (9) argue that the income assessment criterion is the main reason for the denial of BPC requested by workers and that the judicialization of these benefits has increased the possibility for these workers to access the benefit. Thus, the issue of income is shown to be a fundamental issue that permeates the BPC since its creation, since it generates several demands for the legislature.and for the judiciary. Judicialization, in itself, deserves attention, since it generates significant additional costs for the State's spending on social assistance. Regarding the issue of judicialization, Vizioli and Costanzi (1) argue that the high judicialization of benefits represents a significant challenge for the Brazilian social security system.

## III. Individual Microentrepreneur: Formalization and Contributory Vulnerabilities

The formalization of workers through the Individual Microentrepreneur (MEI) figure has been consolidated as one of the main public policies aimed at social security inclusion and mitigation of informality in Brazil. Instituted by Complementary Law 128 and regulated within the Simples Nacional regime, the MEI is aimed at self-employed workers with limited annual gross revenue — initially up to R$36,000; or a monthly average of R$3,000, when the period is less than 12 months and currently at R$81,000.00 with a monthly average of up to R$6,750.00 —, offering differentiated tax treatment with social security contributions set at only 5% of the minimum wage (10).

According to Tondolo (11), this category has a series of benefits, including social security, greater access to credit lines with financial institutions, ease in issuing invoices, among others. Furthermore, the authors mention benefits seen by entrepreneurs as feelings of citizenship, security and self-fulfillment. Thus, this simplification policy aims not only at the fiscal and tax regularization of small businesses, but also at the inclusion of workers in the social protection provided by the General Social Security Regime (RGPS), guaranteeing them benefits such as sickness benefit, maternity pay and retirement by age (12). However, although the proposal seeks to expand social security coverage, several studies have questioned the fiscal and actuarial impacts of the adopted model.

In this regard, although the contribution of the Individual Microentrepreneur is mandatory and the value of the social security contribution is the lowest, the literature shows, as in Cavalcante (13), that the default rate of collection for the entire country is significant in relation to the social security contribution, with records that exceeded 45% at the end of 2018, contrasting with default levels in credit operations of approximately 19% for the same group

(14). This collection fragility suggests that, although the program reaches an increasing number of formalizations, the net effects on the balance of the RGPS may be adverse. According to an analysis by Ipea (2023), the financial imbalances of the MEI compromise the sustainability of the regime by combining low collection, structural default, and regressive subsidies that favor non-vulnerable segments of the population.

Additionally, it is pointed out that the current design of this policy tends to foster the process of "pejotização", a process that promotes the migration of individuals, with a formal employment contract, to the form of legal entities. Thus, workers previously included in formal employment relationships with greater contributory capacity migrate to the MEI category in search of tax benefits, distorting the original objective of including the economically vulnerable

(15). The successive increase in the revenue limit mentioned above and the expansion of the list of permitted activities aggravate this situation, allowing the inclusion of individuals who are not in a low-income situation, and who, therefore, should not be the target audience of social security subsidy policies (16); (17).

This dissonance between intention and result reveals an actuarial and fiscal imbalance. The program has been shown to be heavily subsidized when compared to the average cost of RGPS benefits. While regular workers can contribute with rates of up to 14%, in addition to the employer's contribution of 20%, individual microentrepreneurs contribute a significantly lower fraction, which generates intergenerational distortions and compromises the financial sustainability of the system (18); (19). The analysis of statistical data reinforces this argument: despite representing a modest percentage of RGPS revenue, the MEI category shows accelerated growth.According to data fromFederal Revenue, on May 31, 2025,there was already more than 161millions of active records. This quantitative growth, dissociated from a robust contributory base, puts pressure on public coffers and may compromise the equity of the system (20).

Authors such as Calligaro and Cetrángolo (21) warn of the risks of poorly targeted public policies, which end up generating adverse distributive effects by privileging groups that should not be subsidized. In this sense, the need to reevaluate the eligibility criteria for MEI stands out, as well as to establish targeting mechanisms that link benefits to socioeconomic records, ensuring that social security subsidies are more efficiently directed to workers who are truly vulnerable.

It is clear that the contemporary debate on social security financing must consider changes in the labor market, population aging, and the consequences of payroll tax relief. In this scenario, inclusion policies such as MEI need to be analyzed from the perspective of intertemporal sustainability, considering the opportunity costs associated with tax waivers and possible revenue losses arising from the replacement of formal employment relationships with service provision classified as MEI (19).

For Ansiliero, Costanzi and Cifuentes (22), the MEI model needs to be reformulated. The main adjustment points include: improving the focus on truly poor and informal workers; progressively reviewing the contribution rate; preventing the misuse of MEI as a disguise for employment; and integrating these adjustments into a broader tax reform of the Simples Nacional.

Thus, the specialized literature agrees that, although the formalization of individual microentrepreneurs brings significant gains in terms of citizenship and social inclusion, it must be accompanied by monitoring instruments, impact assessment and periodic adjustments. Only with a well-calibrated public policy will it be possible to balance the objectives of social justice, expansion of formality and social security sustainability. In this regard, it becomes relevant to analyze the impact of MEI on social security accounts, given the disparity between the amount of tax when compared to the benefits guaranteed by law for this class, which can lead to an imbalance and further increase the national debt.

## IV. The Unlinking of Federal Revenues and its Effects on Social Security Financing

In order to cover the costs of the Public Debt, the Social Emergency Fund (FSE/1994) was created in March 1994 by Constitutional Amendment No. 01, with the obligation to separate 20% of the proceeds from the collection of all taxes and contributions collected by the Union. This mechanism was in force between 1994 and 1995. It is worth noting that the creation of the FSE was temporary and was initially created to last until 1995. (23)

In 1996, through Constitutional Amendment No. 10 (24), the FSE was renamed the Fiscal Stabilization Fund (FSE), in force between 1996 and 1997. In 1997, through Constitutional Amendment No. 17 (25), the FES was maintained until 1999. For the period from 2000 to 2003, Constitutional Amendment No. 27 (26) was approved. Another extension occurred, extending the term from 2004 to 2007, through Constitutional Amendment No. 42. (27)

A new extension occurred with Constitutional Amendment No. 56 (28), setting a new deadline between 2008 and 2011. Constitutional Amendment No. 68 (29), created a new term, between 2012 and 2015. In 2016, in addition to approving the DRU for the period 2016 and 2023, Constitutional Amendment No. 93 (30) increased the value of the decoupling to 30% of the collection of social and economic domain contributions. The last change in the DRU came from Constitutional Amendment (EC) 132 (31), which extended the decoupling until 2032.

For the period shown, between 1994 and 2025, all Governments that were elected to preside over Brazil, regardless of ideological banner, used this resource to redirect revenue, providing more budgetary flexibility to the detriment of Social Security financing.

Second (Barbosa, Italo Gifoni)

"Due to the allocation of revenues obtained from taxes such as PIS (Social Integration Program) and COFINS (Contribution for the Financing of Social Security), the DRU ends up underfunding social programs, maintained by PIS revenues, in accordance with art. 239 of the Federal Constitution (BRAZIL, 1988), and social security services, maintained by COFINS, based on Complementary Law No. 70, of December 30, 1991, in its art. 1 (32)."

This disconnection is done silently, without spotlights and distorting the reality of social assistance in Brazil, which is seen as the villain of the Brazilian social security deficit.

It is up to the Government, regardless of the sphere, Federal/State/Municipal, to transmit information about the DRU in a clear and precise manner to the population, which is the main interested party in this data because it directly interferes in the Government's expenditures on Social Assistance. This transmission "is often incomplete and full of technical terms, making it difficult to understand" (32), preventing the demand for better application of these resources.

Given this statement, the Unlinking of Federal Revenues needs to be better clarified to society so that we can respond accurately whether the DRU interferes with the social rights of Brazilians.

Contrary to the transmission of information clearly and efficiently, the Federal Government, through the Ministry of Planning and Budget, on January 27, 2025 (38), published a news item, clarifying the main changes resulting from Constitutional Amendment No. 135 (33), informing that this Amendment will bring about R$50 billion in Unlinking and savings of R$4.2 billion, but states that the DRU "was a solution found to deal with the excess links that cause rigidity in the allocation of budget revenue in Brazil", stating that the Unlinking is done only on the excess Revenue that was not used, a statement that does not correspond to the amounts unlinked in recent years.

Considering that the Unlinking of Federal Revenues is not the deciding factor in terms of social security results, the DRU reduces the resources that would be allocated to social contributions, which should fund social security, that is, expenses related to health, assistance and social security, indicating its effect on the result of the Fiscal and Social Security Budget (OFSS). Thus, the DRU causes a reduction in the amount of cash in Social Security, which, ultimately, causes negative impacts on its result, even if it does not directly impact social security.

Seeking to highlight the information provided in the previous paragraphs, that the disconnections that occurred in recent years occurred with revenues that did not have excesses but rather with expenses that were already in deficit, such as Social Security, we present data generated by Suzart, J., Zuccolottom, R & Rocha, D (34), when they presented in Table 1, the value of the DRU with effect on social contribution revenues from 2012 to 2016, using the following basis: total value of these revenues and excluding the portions related to the RGPS, the RPPS (social security regime) and the education salary. After obtaining the calculation basis, the percentage of 20% was applied for the years 2012 to 2015 and the percentage of 30% for the year 2016.

| Plots | Year | | | | |
|---|---|---|---|---|---|
| | 2012 | 2013 | 2014 | 2015 | 2016 |
| (a) Revenue from Social Contributions | 592.34 | 646.90 | 676.69 | 692.40 | 732.34 |
| (b) Contribution to the RGPS | 268.67 | 292.62 | 312.81 | 319.56 | 339.67 |
| (c) Contributions to the education allowance | 14.77 | 16.56 | 18.28 | 19.04 | 19.52 |
| (d) Contributions to the RPPS | 22.86 | 24.41 | 26.84 | 29.37 | 33.65 |
| (e) Calculation basis (a - b - c - d) | 286.04 | 313.31 | 318.76 | 324.46 | 339.50 |
| DRU (e) x 20% or (e) x 30% in 2016 | 57.21 | 62.66 | 63.75 | 64.89 | 101.85 |
| RGPS deficit | 41.34 | 56.86 | 78.61 | 109.97 | 156.99 |

"The results indicate that, in 2012, approximately R$57.2 billion were unlinked. In that year, the RGPS deficit was R$41.3 billion. If this were the standard behavior, it could indicate that, although the DRU is not the cause of the RGPS deficit, the unlinked amount would be enough to cover the respective deficit. The same behavior was repeated in 2013." (Suzart, J., Zuccolottom, R & Rocha, D , 2020, page 11). (34)

## V. Discussion and Findings on the Architecture of Social Protection and its Financing

In the previous sections it was discussed how the BPC and the MEI, although with different objectives (assistance vs. formalization/contribution) represent efforts towards inclusion within the scope of the ssocial security.

The BPC is focused on ensuring some assistanceandnce for those elderly and disabled who do not have the means to provide for theirown maintenance or have it provided by your family.The idea of this benefit seems good, since it guarantees some dignity to a relevant portion of the population that isthein a vulnerable situation. However, the implementation of this benefit has faced several challenges since its creation, as discussed previously.

The MEI, in turn, is a figure thatwas created to encourage the formalization of micro-entrepreneurs and workers who lived in informality. Again, thejustificationlooks good sincethe creationofMEI would allow the government to increase its revenue, given the volume of workers who would leave informality and start contributing to the public coffers. In addition toadvantageofincreasecollection, the MEI would allow the government to meet an existing demand for greater simplification regarding taxes, at least for entrepreneurs with low revenue. As in the case of BPC, the creation of the MEI brought severalchallenges. On the one hand, there are arguments like those of Costanzi and Sidone (35) which point to a series of failures, such as the failure to reduce informality in the way expected by the government and the difficulty in focusingimplementation of the MEI policy that ended up serving individuals who were not part of the most vulnerable group ofworkersinformal (initial focus of MEI). On the other hand, there is the government's justification that the creation of MEI and the form sThe implied tax collection that accompanies it are good public policies that guarantee, among other things, easy access to retirement(through lower rates), right that theworkersinformal workers would not have it because they do not contribute to social security.

Given this brief contextthe, it is possible to state that both BPC and MEI are public policies capable of generating a significant increase in spending, given that the BPC providesa benefitassistance to individuals who do notcontributedfor social security and the MEI provides benefitstaximportant for those whojoin the program. To make this scenario of increased spending worse, there is the figure of the DRU(Disengagement ofRevenuesof the Union) which directly affects the means of financing these policies mentioned.
Table 1,evidencedbelow, allows a better understanding of the scenario described so far.

**Table 1:**

| ACCOUNTS | PERIOD | | | | | |
|---|---|---|---|---|---|---|
| | **2019** | **2018** | **2017** | **2016** | **2015** | **2014** |
| Social Security Revenues | 750,096,697 | 713.094.479 | 675,211,785 | 635,291,060 | 645,999,845 | 604,918,471 |
| Social Security Expenses | 1,054,363,315 | 993.738.513 | 936.232.801 | 861.720.725 | 782.208.655 | 725,837,851 |
| **Social Security Result** | **-304,266,618** | **-280.644.034** | **-278,092,767** | **-239.412.067** | **-150,580,147** | **-135,781,478** |
| Social Welfare Expenses | -95,963,703 | -88,671,843 | -53,744,197 | -48,990,084 | -42,538,360 | -38,557,765 |
| Unbundling of Union Revenues (DRU) | 92.354.035 | 109,649,257 | 100,373,078 | 91.964.061 | 60,620,377 | 59,879,918 |
| **Social Assistance Result - DRU** | **-3,609,668** | **20,977,414** | **46,628,881** | **42,973,977** | **18.082.017** | **21,322,153** |

From the data in Table 1, it ispossible observethe tension between the public budget for Social Assistance and public financing instruments, such as the DRU, and maintaining the understanding that if this were the standard behavior, the values unlinked from Revenues allocated to the financing of Social Security (including Social Assistance) in the years 2014 to 2019, subtracted from the total financing of social assistance, the accumulated surplus for this period would be R$ 146,374,774.00, an amount that would be used to reduce the Social Security deficit.These data make clear the extent of the tension generated by DRU on policiesdiscussed so far.

With the approval of Constitutional Amendment No. 103/2019, the Revenue base used for the application of the DRU was changed, excluding the social contributions COFINS, CSLL and PIS/PASEP, reducing the amount of unallocated resources as of 2020. For better understanding, the Contribution for Financing Social Security - COFINS, is a social contribution, paid by the company, through a fixed rate levied on the Revenues/Revenues of these companies, with exclusive allocation to cover expenses with core activities in the areas of health, social security and social assistance, the Social Contribution on Net Income - CSLL, is paid by Legal Entities, through a fixed rate, levied on the Profit of companies and was created to increase financing in the country, including the payment of retirements, social security benefits and part of the expenses with public health, while the Social Integration Program - PIS and the Public Servant's Asset Formation Program

- PASEP, were created to finance social security programs, in addition to guaranteeing rights such as salary bonuses, which are annual benefits intended for low-income workers.Table 2 presents the data already covered in the previous Table, but considering the period from 2020 onwards. This separation into two sdistinct time series, allows a clearer view of the impact of the changes that occurred in 2019, in addition to a greater understanding of the situation during the pandemic period (COVID-19).

**Table 2:**

| ACCOUNTS | PERIOD | | | | |
|---|---|---|---|---|---|
| | 2024 | 2023 | 2022 | 2021 | 2020 |
| Social Security Revenues | 1,337,212,966 | 1,179,279,928 | 1,114,736,254 | 978.695.751 | 819.744.196 |
| Social Security Expenses | 1,710,458,501 | 1,608,081,472 | 1,391,073,380 | 1,267,124,310 | 1,471,337,010 |
| **Social Security Result** | **-373,245,535** | **-428,801,544** | **-276.337.126** | **-288,428,559** | **-651,592,814** |
| Social Welfare Expenses | -284,498,628 | -268.322.052 | -198.323.628 | -168,621,447 | -423,568,425 |
| Unbundling of Union Revenues (DRU) | 260,411 | 229.207 | 216.323 | 205,536 | 199,822 |
| **Social Assistance Result - DRU** | **-284.238.217** | **-268,092,845** | **-198.107.305** | **-168,415,911** | **-423.368.603** |

During the analysis of the data collected from the National Treasury Secretariat, the need for assistance from the Public entity (Federal Government) (37); (39); (40); (41); (42); (43); (44); (45); (46); (47); (48); (49) becomes evident in view of the population's needs in extreme moments, such as those experienced during the COVID-19 Pandemic, where the amounts of Social Assistance paid by the Federal Government jumped from R$95,963,703.00 in 2019 to R$423,568,425.00 in 2020, an increase of more than 341%. This amount is higher than the amount disbursed in 2024, which was R$284,498,628.00..

Analysis of the "tension" generated by the DRU: the withdrawal of revenues potentially earmarked for social security (including welfare and social security) in a context in which spending on social protection (BPC) and the simplified contribution structure (MEI) present their own challenges in terms of sustainability and targeting. How the fiscal architecture (DRU) clashes with or puts strain on sectoral policies (BPC, MEI) with regard to the financing and overall sustainability of the social security system.

Furthermore, the data presented in Tables 1 and 2 show thatthe value of social assistance, funded by the Government, increased by 637.85% in the last decade, between 2014 and 2024, with R$ 38,557,765.00 being paid against R$ 284,498,628, respectively. This increase in spending only further exacerbates the tension between increased spendingof the Government and the dismantling of financing mechanisms.

In view of the above, it is necessary to discuss the coherence between policies that aim to include and protect citizens.*versus*a mechanism that diverts recandites that couldstrengthenthe financing system for these policies (DRU). Throughout this article, the history of two Brazilian government policies was presented: the BPC and the MEI. As mentionedpreviously, thesedyour policiesimplied significant increases in public spending and, if we consider the history of these policies,pwe odemosobservethat they only expanded over time, further increasing the level of spending. On the other hand, the history of DRU is also long and follows a path that contradicts that followed by BPC and MEI. While policiespublic funds have expanded, the DRU, which directly affects some of the funding sources for these benefits, has also increased,showinga mismatchconsiderableamong these measures adopted by the Government.

In front of theof thebrought up in this section and the visible problem generated by the mismatch between the DRU trajectory and the MEI and BPC trajectories,the need to build is evidentir a “well-calibrated” public policy, in order to balance social justice, formality and social security sustainability.

## VI. Final Considerations

The present article had as itsobjectivepresent an analysis of the institutional architecture of Brazilian social security, focusing on the Continuous Benefit Payment (BPC), the Individual Microentrepreneur (MEI) regime and the Unlinking of Federal Revenues (DRU), highlightsgoinga profound paradox between the formal expansion of rights and the dismantling of financing mechanisms. Based on this literature reviewand from the study of constitutional and legal regulations, it became clear that the current model promotes inclusion and social protection in a fragmented way, strained by a fiscal logic that weakens its foundations.

The BPC, as a social assistance policy aimed at vulnerable elderly people and people with disabilities, plays an essential role in reducing poverty and inequality. However, its sustainability is threatened by a context of increasing judicialization, population aging and changes in eligibility criteria, which impose increasing costs on the State. Although constitutionally guaranteed, the benefit's implementation is pressured by a tax system that prioritizes cost containment and by a regulatory structure in constant interpretative dispute.

At the same time, the MEI policy, aimed at the simplified formalization of self-employed workers, has proven to be insufficient as a collection mechanism for financing the General Social Security Regime. The high default rate, the low contribution rate and the expansion of the target audience to segments with greater contribution capacity highlight the urgent need for reformulation. Thus, the current model, in addition to being inefficient in terms of collection, has favored the "pejotização" (self-employed workers) and the improper use of social security benefits by non-vulnerable categories, distorting the original objectives of social justice and inclusion.

The DRU, in turn, materializes a clear political choice: the prioritization of fiscal adjustment to the detriment of the budgetary allocation necessary to guarantee the social rights provided for in the 1988 Constitution. In this context, by allowing the redirection of resources originally intended for health, assistance and social security, the DRU directly compromises the State's ability to adequately finance its social policies.

Given the above, it is clear that the interconnection between BPC, MEI and DRU, as demonstrated throughout this article, reveals a contradictory architecture: while public policies formally promote the expansion of social protection, fiscal mechanisms operate in the opposite direction, defunding social security. This inconsistency weakens the intergenerational pact, compromises the sustainability of the system and imposes a disproportionate burden on the most vulnerable segments of the population.

Therefore, it is imperative to reorient the debate on Social Security beyond specific parametric reforms. The sustainability of the system depends on rebuilding its normative and financial foundations. This includes: (i) reviewing the eligibility criteria and targeting of the BPC based on updated data and social evidence; (ii) reformulating the MEI regime to ensure progressiveness and contribution equity, combating distortions and misuse; and (iii) limiting the use of instruments such as the DRU, ensuring the integrity of revenues linked to social security.

Additionally, it is necessary to strengthen budgetary transparency and accountability of tax decisions so that society is informed in a clear and accessible manner about the impacts of the unlinking of revenues and the tax waivers associated with MEI. In this scenario, transparency is an essential condition for effective social control and for the legitimization of social protection policies in a democratic context.

Finally, this study contributes to the understanding of the structural contradictions that permeate the Brazilian social protection system. Although limited to a literature review, it sheds light on the imbalance between guaranteed rights and the resources effectively allocated. Future research can deepen this analysis through empirical studies that quantify the financial impacts of the policies discussed and simulate alternative financing scenarios to support political decisions that are more consistent with the constitutional principles of universality, solidarity and fiscal equity that should guide the Brazilian social security system.

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