

## Mexico

Exchange rate: US\$1.00 = 11.74 new pesos.

### Old Age, Disability, and Survivors

#### Regulatory Framework

**First law:** 1943 (social insurance).

**Current laws:** 1973 (social insurance); and 1995 (individual accounts), implemented in 1997.

**Type of program:** Mandatory individual account and social insurance system.

#### Coverage

**Mandatory individual account:** All private-sector employees and cooperative members entering the labor force on or after July 1, 1997; members of cooperatives.

Special system for certain public-sector employees entering the labor force on or after April 1, 2007.

Voluntary coverage for self-employed persons, household workers, employers, tenant and community farmers, and small landowners.

**Social insurance:** Employees and members of certain cooperatives who were first covered before July 1, 1997.

Special systems for petroleum workers, certain public-sector employees, and military personnel.

At retirement, employees covered by the social insurance system before 1997 can choose to receive benefits from either the social insurance system or the mandatory individual account system.

**Social assistance:** Legal residents aged 70 or older, living in rural areas with less than 30,000 people.

#### Source of Funds

##### Insured person

**Mandatory individual account and social insurance:** 1.125% of covered earnings for old-age benefits plus 0.625% of covered earnings for disability and survivor benefits.

The minimum earnings used to calculate contributions are the legal monthly minimum wage in the insured's geographic area.

The maximum earnings used to calculate contributions are 25 times the legal monthly minimum wage in Mexico City.

The legal daily minimum wage in Mexico City is 59.82 pesos.

**Social assistance:** None.

##### Self-employed person

**Mandatory individual account and social insurance:** 6.275% of the legal daily minimum wage in Mexico City for old-age benefits plus 2.375% of the legal daily minimum wage in Mexico City for disability and survivor benefits.

The legal daily minimum wage in Mexico City is 59.82 pesos.

**Social assistance:** None.

##### Employer

**Mandatory individual account and social insurance:** 5.15% of covered payroll for old-age benefits plus 1.75% of covered payroll for disability and survivor benefits.

The minimum earnings used to calculate contributions are the legal monthly minimum wage in the insured's geographic area.

The maximum earnings used to calculate contributions are 25 times the legal monthly minimum wage in Mexico City.

The legal daily minimum wage in Mexico City is 59.82 pesos.

**Social assistance:** None.

**Government:** For social insurance old-age benefits, 0.225% of covered earnings plus an average flat-rate amount of 3.55 pesos (depending on the salary range) for each day the insured contributes; for disability and survivor benefits, 0.125% of covered earnings; finances the guaranteed minimum pension.

**Social assistance:** The total cost.

#### Qualifying Conditions

##### Mandatory individual account

**Old-age pension:** Age 65 with at least 1,250 weeks of contributions; with less than 1,250 weeks of contributions, the insured may continue contributing or receive a lump-sum benefit.

**Early pension:** Age 60 or older, not in remunerative employment, with at least 1,250 weeks of contributions. If the insured does not have the required number of weeks, the balance in the account may be paid as a lump sum.

**Guaranteed minimum pension:** Age 65 with at least 1,250 weeks of contributions and the pension (based on the value of the accumulated capital plus accrued interest) is less than the minimum pension.

The monthly minimum pension is 2,095.99 pesos.

**Unemployed worker's pension:** Age 60 to 64, with at least 1,250 weekly contributions, and unable to find suitable paid employment; with less than 1,250 weekly contributions, the balance in the account may be paid as a lump sum.

Benefits may be payable abroad; if leaving Mexico permanently, the pensioner may request a lump sum of two years of pension.

*Disability pension:* The insured has at least 150 weeks of contributions with an assessed loss of at least 75% of normal earning capacity; at least 250 weeks of contributions with an assessed loss of 50% to 74% of normal earning capacity.

Guaranteed minimum pension: The insured is eligible for a disability pension and the pension (based on the value of the accumulated capital plus accrued interest) is less than the minimum pension.

The monthly minimum pension is 2,095.99 pesos.

Constant attendance allowance: Paid if the insured requires the constant attendance of others to perform daily functions.

Social Security Institute assesses the loss of normal earning capacity.

Benefits may be payable abroad; if leaving Mexico permanently, the pensioner may request a lump sum of two years of pension.

*Survivor pension:* The insured was a pensioner or had at least 150 weeks of contributions at the time of death. The death must not be the result of an occupational injury.

Eligible survivors are a widow(er) or cohabiting partner with children; a widow(er) without children who was married to the deceased for at least six months, if the deceased was younger than age 55 at the date of marriage; at least 12 months if the deceased was aged 55 or older at the date of marriage or if the deceased was a pensioner. Other eligible survivors are a cohabiting partner without children who lived with the deceased for at least five years; children up to age 16 (age 25 if a student; no limit if with a disability); and parents if there are no other eligible survivors. All eligible survivors must have been dependent on the deceased.

Benefits may be payable abroad; if leaving Mexico permanently, the pensioner may request a lump sum of two years of pension.

*Funeral grant:* A funeral grant is provided with at least 12 weeks of contributions in the last nine months.

### Social insurance

*Old-age pension:* Age 65 with at least 500 weeks of contributions.

*Unemployed worker's pension:* Aged 60 to 64 with at least 500 weeks of contributions and unable to find suitable paid employment.

Employment must cease.

Old-age benefits may be payable abroad; if leaving Mexico permanently, the pensioner may request a lump sum of two years of pension.

*Disability pension:* The insured must be assessed with a 50% reduction in normal earning capacity and have 150 weeks of contributions. The insured may continue to work in a different job after a six month waiting period.

Constant attendance allowance: Paid if the insured requires the constant attendance of others to perform daily functions.

Mexican Social Security Institute assesses the level of reduced earning capacity.

*Survivor pension:* The insured was a pensioner or had at least 150 weeks of contributions at the time of death. The death must not be the result of an occupational injury.

Eligible survivors are a widow(er) or cohabiting partner with children; a widow(er) without children who was married to the deceased for at least six months if the deceased was younger than age 55 at the date of marriage; at least 12 months if the deceased was age 55 or older at the date of marriage or if the deceased was a pensioner. Other eligible survivors are a cohabiting partner without children who lived with the deceased for at least five years; children up to age 16 (age 25 if a student; no limit if disabled); and parents if there are no other eligible survivors. All eligible survivors must have been dependent on the deceased.

Benefits may be payable abroad; if leaving Mexico permanently, the pensioner may request a lump sum of two years of pension.

*Funeral grant:* The deceased had at least 12 weeks of contributions in the last nine months or was a pensioner at the time of death.

### Social Assistance

*Old-age grant:* Aged 70 or older and living in rural areas with less than 30,000 people.

*Survivor settlement:* Paid for the death of a beneficiary of the old-age grant to survivors named by the deceased.

### Old-Age Benefits

#### Old-age pension

*Mandatory individual account:* The monthly benefit depends on the value of the accumulated capital plus accrued interest. At retirement, the insured can either purchase an annuity or make programmed withdrawals regulated to guarantee income for their expected lifespan.

Guaranteed minimum pension: If the monthly benefit is less than the minimum pension set by law, the government makes up the difference.

The monthly minimum pension is 2,095.99 pesos.

*Unemployed worker's pension:* The monthly benefit depends on the value of the accumulated capital plus accrued interest. At retirement, the insured can either purchase an annuity or make programmed withdrawals regulated to guarantee income for their expected lifespan.

Benefit adjustment: Benefits are adjusted annually in February according to changes in the price index.

*Social insurance:* The monthly benefit is a variable percentage (inversely proportional to earnings) of the insured's average earnings in the last 250 weeks of contributions plus an increment for each year of contributions exceeding 500 weeks. The pension is increased by 15% if the insured is assessed as requiring assistance.

Dependent's supplement: 15% of the insured's pension is paid for a wife or partner and 10% is paid for each child younger than age 16 (age 25 if a student, no limit if disabled). If there is no wife, partner, or children, 10% is paid for each dependent parent.

*Unemployed worker's pension:* Calculated in the same way as the social insurance old-age pension.

Guaranteed minimum pension: If the monthly benefit is less than the minimum pension set by law, the government makes up the difference.

The monthly minimum pension is 2,095.99 pesos.

Christmas bonus: A month of pension without supplements is paid.

Benefit adjustment: Benefits are adjusted annually in February according to changes in the price index.

### Social assistance

*Old-age grant:* A bimonthly pension of 1,000 pesos is paid.

## Permanent Disability Benefits

### Disability pension

*Mandatory individual account and social insurance:* The monthly benefit is 35% of the insured's average adjusted earnings in the last 250 weeks of contributions.

Dependent's supplement: 15% of the insured's pension is paid for a wife or partner and 10% is paid for each child younger than age 16 (age 25 if a student, no limit if disabled). If there is no wife, partner, or child, 10% is paid for each dependent parent.

Constant attendance allowance: Up to 20% of the insured's pension is paid.

Guaranteed minimum pension: If the monthly benefit is less than the minimum pension set by law, the government makes up the difference.

The monthly minimum pension is 1,819.53 pesos.

Christmas bonus: A month of pension without supplements is paid.

Benefit adjustment: Benefits are adjusted annually in February according to changes in the price index.

For the mandatory individual account, if the insured is eligible for a disability pension and the pension (based on the value of the accumulated capital plus accrued interest) is greater than the minimum pension, the insured may

withdraw the sum exceeding the amount needed for the minimum pension.

## Survivor Benefits

**Survivor pension (mandatory individual account and social insurance):** 90% of the pension the deceased received or was eligible to receive based on the individual account is paid.

The survivor pension ceases if the widow(er) or partner remarries or cohabits with a new partner, and a lump sum is paid.

Remarriage settlement: A lump sum of three years of pension is paid.

Constant attendance allowance: Up to 20% of the pension may be paid to a widow(er) or a partner.

**Orphan's pension (mandatory individual account and social insurance):** 20% of the deceased's pension is paid for each orphan younger than age 16 (age 25 if a student, no limit if disabled); 30% for a full orphan. When eligibility ceases, a final benefit of three months of the deceased's pension is paid to orphans.

**Other eligible survivors (mandatory individual account and social insurance):** If there is no widow(er), partner, or child, 20% of the deceased's pension is paid for each other eligible survivor.

All survivor benefits combined must not exceed 100% of the disability pension the deceased received or was eligible to receive.

The amount paid may be recalculated if the number of eligible survivors changes.

Survivor pensions are payable abroad under bilateral agreement.

**Funeral grant:** A lump sum of twice the legal monthly minimum wage in Mexico City is paid.

The legal daily minimum wage in Mexico City is 59.82 pesos.

Benefit adjustment: Benefits are adjusted annually in February according to changes in the price index.

### Social assistance

*Survivor settlement:* A lump sum of 1,000 pesos is paid to eligible survivors.

## Administrative Organization

**Mandatory individual account:** Mexican Social Security Institute (<http://www.imss.gob.mx>), managed by a general assembly, technical council, oversight commission, and director general, oversees the program.

National Commission for the Retirement Savings System (<http://www.consar.gob.mx>) supervises the pension fund management companies.

## Mexico

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Individual pension fund management companies administer the individual capitalization accounts.

**Social insurance:** Mexican Social Security Institute (<http://www.imss.gob.mx>), managed by a general assembly, technical council, oversight commission, and director general, administers the program through regional and local boards.

### Sickness and Maternity

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#### Regulatory Framework

**First law:** 1943 (social insurance).

**Current law:** 1995 (social insurance).

**Type of program:** Social insurance system.

Note: The Oportunidades program, a social assistance program financed by the government, provides medical services to needy persons without access to social security services, especially in rural and marginalized urban areas. Benefits are provided through rural hospitals and medical units and include reproductive health, gynecology, and chronic disease care; medical services for infants and youths; nutritional support and vaccinations.

#### Coverage

##### Cash benefits

All private-sector employees; members of cooperatives. Voluntary coverage is not permitted.

##### Medical benefits

All private-sector employees; members of cooperatives. Voluntary coverage for public-sector employees who are not covered under other schemes, self-employed persons, household workers, employers, tenant and community farmers, and small landowners.

#### Source of Funds

##### Insured person

**Cash benefits:** 0.25% of covered monthly earnings.

**Medical benefits:** 0.40% of the difference between covered earnings and three times the legal monthly minimum wage in Mexico City plus 0.375% of covered monthly earnings for pensioners' medical benefits.

Voluntary contributors pay a flat rate of 20.40% of the legal monthly minimum wage in Mexico City.

The minimum earnings used to calculate contributions are the legal monthly minimum wage in the insured's geographic area.

The maximum earnings used to calculate contributions are 25 times the legal monthly minimum wage in Mexico City.

The legal daily minimum wage in Mexico City is 59.82 pesos.

#### Self-employed person

**Cash benefits:** 1.45% of the legal monthly minimum wage in Mexico City for pensioner's cash benefits.

**Medical benefits:** A flat rate of 20.40% of the legal monthly minimum wage in Mexico City.

The legal daily minimum wage in Mexico City is 59.82 pesos.

#### Employer

**Cash benefits:** 0.70% of covered monthly payroll; plus 1.45% of the legal monthly minimum wage in Mexico City for pensioner's cash benefits.

**Medical benefits:** A flat rate of 20.40% of the legal monthly minimum wage in Mexico City per employee; plus 1.1% of covered earnings greater than three times the legal monthly minimum wage in Mexico City.

The minimum earnings used to calculate contributions are the legal monthly minimum wage in the insured's geographic area.

The maximum earnings used to calculate contributions are 25 times the legal monthly minimum wage in Mexico City.

The legal daily minimum wage in Mexico City is 59.82 pesos.

#### Government

**Cash benefits:** 0.05% of covered monthly earnings plus 0.075% of covered monthly earnings for pensioner's cash benefits.

**Medical benefits:** A monthly flat-rate of 8.72 pesos per covered day per insured person.

The minimum earnings used to calculate contributions are the legal monthly minimum wage in the insured's geographic area.

The maximum earnings used to calculate contributions are 25 times the legal monthly minimum wage in Mexico City.

The legal daily minimum wage in Mexico City is 59.82 pesos.

#### Qualifying Conditions

**Cash sickness benefits:** The insured must have at least four weeks of contributions immediately before the incapacity began; for casual workers, at least six weeks of contributions in the last four months before the onset of the incapacity or sickness.

Coverage for medical benefits only is extended for up to eight weeks after covered employment ceases if the insured had at least eight continuous weeks of contributions prior to leave.

**Cash maternity benefits:** The insured must have at least 30 weeks of contributions in the 12 months before the benefit is first paid; the Social Security Institute must

confirm the pregnancy and approximate due date; and the insured must not work for 42 days before and 42 days after childbirth.

**Medical benefits:** Must be currently insured, a pensioner, or an eligible dependent.

### **Sickness and Maternity Benefits**

**Sickness benefit:** 60% of the insured's covered monthly earnings at the onset of the illness is paid after a three-day waiting period for up to 52 weeks; may be extended in some cases to 78 weeks.

**Maternity benefit:** 100% of the insured's covered monthly earnings is paid for 42 days before and 42 days after the expected date of childbirth.

Nursing allowance: In-kind assistance is provided for up to six months after childbirth. A layette (clothing and other necessities for the newborn) is also provided.

### **Workers' Medical Benefits**

Medical services are normally provided directly to patients through the health facilities of the Social Security Institute; the Institute reimburses the costs of services when it cannot provide them directly. Benefits include general, maternity, dental, and specialist care; surgery; hospitalization or care in a convalescent home; medicine; laboratory services; and dental care. Benefits are paid for 52 weeks; may be extended an additional 52 weeks.

### **Dependents' Medical Benefits**

Medical benefits for dependents are the same as those for the insured.

### **Administrative Organization**

Mexican Social Security Institute (<http://www.imss.gob.mx>), managed by a general assembly, technical council, oversight commission, and director general, administers the program through regional and local boards.

Mexican Social Security Institute operates its own hospitals, clinics, pharmacies, and other medical facilities and also contracts for the use of some facilities.

### **Work Injury**

#### **Regulatory Framework**

**First law:** 1943.

**Current law:** 1995 (social insurance), implemented in 1997.

**Type of program:** Social insurance system.

#### **Coverage**

All private-sector employees; members of cooperatives; and certain members of the federal executive.

Voluntary coverage for public-sector employees who are not covered under other schemes; self-employed persons; household workers (ineligible for cash benefits); and employers.

### **Source of Funds**

**Insured person:** None.

**Self-employed person:** None.

**Employer:** The total cost; contributions of 0.5% to 15% of payroll according to the assessed degree of risk.

The minimum earnings used to calculate contributions are the legal monthly minimum wage in the insured's geographic area.

The maximum earnings used to calculate contributions are 25 times the legal monthly minimum wage in Mexico City.

The legal daily minimum wage in Mexico City is 59.82 pesos.

**Government:** None.

### **Qualifying Conditions**

**Work injury benefits:** There is no minimum qualifying period. Accidents that occur while commuting to and from work are covered.

### **Temporary Disability Benefits**

100% of the insured's covered monthly earnings is paid from the first day of disability until the insured is certified with a permanent disability (which should take place within 52 weeks).

### **Permanent Disability Benefits**

**Permanent disability pension:** For a total (100%) disability, 70% of the insured's earnings before the disability began is paid.

Partial disability: With an assessed degree of disability greater than 50%, a percentage of the full pension is paid according to the assessed degree of disability. If the assessed degree of disability is 26% to 50%, a percentage of the full pension is paid according to the assessed degree of disability or a lump sum of five years of pension is paid. If the assessed degree of disability is 25% or less, a lump sum of five years of pension is paid.

Christmas bonus: A supplement of 15 days of pension is paid if the assessed degree of disability is greater than 50%.

An initial pension is paid for two years; thereafter, must be certified with a permanent disability.

Benefit adjustment: Benefits are adjusted annually in February according to changes in the price index.

### **Workers' Medical Benefits**

Benefits include preventive, general, surgical, and hospital care; medicine; rehabilitation; transport; appliances; and orthopedics.

### **Survivor Benefits**

**Survivor pension:** 40% of the deceased's permanent disability pension is paid to a widow(er) or partner.

The pension ceases if the widow(er) or partner remarries or cohabits with a new partner, and a lump sum is paid.

Remarriage settlement: A lump sum of three years of pension is paid.

**Orphan's pension:** 20% of the deceased's pension is paid for each orphan younger than age 16 (age 25 if a student, no limit if disabled); 30% for a full orphan. When eligibility ceases, orphans receive a final benefit of three months of the deceased's pension.

**Other eligible survivors:** If there is no widow(er) or orphan 20% of the deceased's pension is paid to each eligible mother or father.

The amount paid may be recalculated if the number of eligible survivors changes.

Christmas bonus: A supplement of 15 days of pension is paid.

Benefits may be payable abroad; if leaving Mexico permanently, the pensioner may request a lump sum of two years of pension.

**Funeral grant:** A lump sum of two months of the legal minimum wage in Mexico City is paid.

The legal daily minimum wage in Mexico City is 59.82 pesos.

Benefit adjustment: Benefits are adjusted annually in February according to changes in the price index.

### **Administrative Organization**

Mexican Social Security Institute (<http://www.imss.gob.mx>), managed by a general assembly, technical council, oversight commission, and director general, administers the program through regional and local boards.

### **Unemployment**

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#### **Regulatory Framework**

Labor law requires employers to pay dismissed employees a lump sum of three months of pay plus 20 days of pay for each year of service.

Unemployed persons with at least five years of contributions may withdraw an amount equal to 90 days of their average earnings in the last 250 weeks of contributions or 11% of the individual account balance, whichever is lower.

Unemployed persons with three to five years of contributions and at least 12 bi-monthly contributions to the Social Security Institute may withdraw an amount equal to 30 days of their covered earnings used to calculate contributions, up to 10 times the legal monthly minimum wage in Mexico City.

The legal daily minimum wage in Mexico City is 59.82 pesos.

One withdrawal is permitted every five years.

When the insured persons returns to work, the amount withdrawn during unemployment may be replaced and the number of contribution weeks recuperated.

### **Family Allowances**

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#### **Regulatory Framework**

**First law:** 1973.

**Current law:** 1995 (social security), implemented in 1997.

**Type of program:** Social insurance system.

#### **Coverage**

**Family assistance:** Persons assessed as needy.

Exclusions: Self-employed persons, household workers, public-sector employees not covered by other laws, family labor, and employers.

**Day care center:** Insured mothers who are employed, widowers or divorced fathers who have not remarried and who have the legal custody of children, and employed persons who have legal custody of children and are unable to provide day care.

Children must be aged 43 days to 4 years.

**Marriage grant:** Insured men and women.

**Social benefits:** All persons residing in Mexico.

#### **Source of Funds**

**Insured person:** None.

**Self-employed person:** Not applicable.

**Employer:** 1% of covered payroll.

The minimum earnings used to calculate contributions are the legal monthly minimum wage in the insured's geographic area.

The maximum earnings used to calculate contributions are 25 times the legal monthly minimum wage in Mexico City.

The legal daily minimum wage in Mexico City is 59.82 pesos.

**Government:** None.

### ***Qualifying Conditions***

**Family assistance (means-tested):** The person or family must be assessed as needy.

**Day care center:** The mother, widow(er), divorced father or guardian of the child is in covered employment. Care is provided for a child from the 43rd day after birth up to age 4.

**Marriage grant:** Paid to an insured man or woman not previously married with at least 150 weeks of contributions to the old-age, disability, and survivors scheme.

**Social benefits:** The person must reside in Mexico.

### ***Family Allowance Benefits***

**Family assistance (means-tested):** Cash benefits are provided.

**Day care center:** Child day care facilities are provided.

**Marriage grant:** A lump sum of 30 days of the legal daily minimum wage in Mexico City is financed by the individual account.

The legal daily minimum wage in Mexico City is 59.82 pesos.

**Social benefits:** Preventive health care services are provided.

### ***Administrative Organization***

Mexican Social Security Institute (<http://www.imss.gob.mx>), managed by a general assembly, technical council, oversight commission, and director general, administers the program through regional and local boards.