

Mexico

Exchange rate: US\$1.00 equals
10.74 new pesos (NP).

Old Age, Disability, and Survivors

Regulatory Framework

First law: 1943.

Current laws: 1973 (social insurance); and 1995 (social security), implemented in 1997, with 2001, 2004, 2005, and 2006 amendments.

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

Note: Beginning July 1, 1997, all workers must join the mandatory individual account system, and the social insurance system is being phased out. There are no contributors to the social insurance system. 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.

Coverage

Mandatory individual account: All private-sector employees and cooperative members entering the labor force on or after January 1, 1997.

Voluntary coverage for public-sector employees not covered by other laws and self-employed persons.

Social insurance: Employees and members of producers', agricultural, and credit union cooperatives who were first covered before 1997.

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

Source of Funds

Insured person: 1.125% of covered earnings for old-age benefits, plus an average 0.625% of covered earnings for disability and survivor benefits and an additional amount for administrative fees.

The minimum earnings for contribution purposes are equal to the minimum monthly wage in Mexico City (The minimum daily wage in Mexico City is 50.50 pesos).

The maximum earnings for contribution purposes are equal to 25 times the minimum monthly wage in Mexico City.

Self-employed person: 6.275% of declared earnings for old-age benefits; 2.375% of declared earnings for disability and survivor benefits and an additional amount for administrative fees.

Declared earnings for contribution purposes are equal to the minimum monthly wage in Mexico City (The minimum daily wage in Mexico City is 50.50 pesos).

Employer: 5.15% of covered payroll for old-age benefits, plus an average 1.75% of covered payroll for disability and survivor benefits.

The minimum earnings for contribution purposes are equal to the regional minimum wage.

The maximum earnings for contribution purposes are equal to 25 times the minimum monthly wage in Mexico City.

Government: 0.225% of salary for social insurance old-age benefits, plus 0.125% of covered earnings for disability and survivor benefits, plus a flat-rate amount equal to 2.95 pesos on behalf of persons actively contributing to an individual account; also finances the guaranteed minimum pension.

Qualifying Conditions

Mandatory individual account

Old-age pension: Age 65 (men and women) with at least 1,250 weeks of contributions; with less than 1,250 weekly contributions, the insured may continue contributing or a lump-sum benefit is paid.

Early pension: Payable at any age if the accumulated balance in the individual account is sufficient to purchase an annuity that is at least 30% greater than the value of the minimum guaranteed pension.

Guaranteed minimum pension: Age 65 (men and women) 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.

Unemployed worker's pension: Aged 60 to 64 (men and women), unable to find suitable paid employment, and with at least 1,250 weekly contributions; with less than 1,250 weekly contributions, a lump-sum benefit is paid.

Disability pension: The insured has at least 150 weeks of contributions with an assessed loss of at least 75% in normal earning capacity; at least 250 weeks of contributions with an assessed loss of between 50% and 75% 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 Mexican Social Security Institute assesses the loss of normal 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 6 months, subject to the

deceased being younger than age 55 at the date of marriage; if the deceased was aged 55 or older at the date of marriage or if the deceased was a pensioner, the marriage must have lasted at least 12 months. Other eligible survivors are a cohabiting partner without children who lived with the deceased for at least 5 years; children up to age 16 (age 25 if a student); and parents in the absence of other eligible survivors. All eligible survivors must have been dependent on the deceased.

Social insurance

Old-age pension: Age 65 (men and women) with at least 500 weeks of contributions.

Unemployed worker's pension: Aged 60 to 64 (men or women) with at least 500 weeks of contributions.

Retirement from covered employment is necessary.

Old-age benefits are payable abroad; if leaving Mexico permanently, the pensioner may request a lump sum equal to 2 years' 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.

The 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 6 months, subject to the deceased being younger than age 55 at the date of marriage; if the deceased was aged 55 or older at the date of marriage or if the deceased was a pensioner, the marriage must have lasted at least 12 months. Other eligible survivors are a cohabiting partner without children who lived with the deceased for at least 5 years; children up to age 16 (age 25 if a student); and parents in the absence of other eligible survivors. All eligible survivors must have been dependent on the deceased.

Funeral grant: The deceased had 12 weeks of contributions in the last 9 months or was a pensioner at the time of death.

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 based on life expectancy.

Early pension: The monthly benefit is dependent on the value of the accumulated capital plus accrued interest. At

retirement, the insured can either purchase an annuity or make programmed withdrawals based on life expectancy.

Guaranteed minimum pension: The guaranteed minimum pension is equal to 1,753.76 NP.

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 based on life expectancy.

Old-age pensions are payable abroad under bilateral agreement.

Benefit adjustment: Benefits are adjusted annually in February for 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). In the absence of a wife or 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.

The minimum monthly pension is equal to 1,753.76 NP.

Christmas bonus: Equal to a month's pension without supplements.

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

Permanent Disability Benefits

Disability pension

Mandatory individual account: The monthly benefit is equal to 35% of the insured's average adjusted earnings in the last 500 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). In the absence of a wife or partner or children, 10% is paid for each dependent parent.

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

The minimum monthly pension is equal to 1,753.76 NP.

Guaranteed minimum pension: If the insured is eligible for a disability pension and the pension (based on the value of the accumulated capital plus accrued interest) is higher than the minimum pension, the insured may withdraw the sum exceeding the amount needed for the minimum pension.

Christmas bonus: Equal to a month's pension without supplements.

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

Social insurance: The monthly pension 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.

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

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). In the absence of a wife, partner, or children, 10% is paid for each dependent parent.

The minimum monthly pension is equal to 1,753.76 NP.

Christmas bonus: Equal to a month's pension without supplements.

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

Survivor Benefits

Survivor pension (mandatory individual account and social insurance): The monthly pension is equal to 90% of the pension based on the individual account paid or payable to the deceased.

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 equal to 3 years' 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, orphans receive a final benefit equal to 3 months of the deceased's pension.

Other eligible survivors (mandatory individual account and social insurance): In the absence of a widow(er) or partner and children, 20% of the deceased's pension is paid for each other eligible survivor.

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

All survivor benefits combined must not exceed 100% of the pension paid or payable to the deceased.

Survivor pensions are payable abroad under bilateral agreement.

Funeral grant: A lump sum is paid equal to twice the minimum monthly wage in Mexico City (The minimum daily wage in Mexico City is 50.50 pesos).

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

Administrative Organization

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

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

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

Sickness and Maternity

Regulatory Framework

First law: 1943.

Current law: 1995 (social insurance), implemented in 1997, with 2001, 2004, 2005, and 2006 amendments.

Type of program: Social insurance system.

Note: The Mexican Social Security Institute also administers the Oportunidades program, a state financed social assistance program providing medical services to needy persons without access to social security services in rural and marginal 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; nutrition; and vaccinations.

Coverage

Employees, members of cooperatives, pensioners, and the dependents of insured persons.

Voluntary coverage for self-employed persons and public-sector employees not covered by other laws.

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

Source of Funds

Insured person

Cash benefits: 0.25% of covered monthly earnings.

Medical benefits: None; 0.56% of covered earnings exceeding 3 times the minimum monthly wage in Mexico City. Pensioners contribute 0.375% of covered monthly earnings.

Voluntary contributors pay a flat rate equal to 22.4% of the minimum monthly wage in Mexico City.

The minimum earnings for contribution purposes are equal to the minimum monthly wage in Mexico City (The minimum daily wage in Mexico City is 50.50 pesos).

The maximum earnings for contribution purposes are equal to 25 times the minimum monthly wage in Mexico City.

Self-employed person

Cash benefits: 0.95% of declared earnings.

Medical benefits: A flat rate equal to 19.75% of the minimum monthly wage in Mexico City. Self-employed working pensioners contribute 1.425% of covered earnings.

The minimum earnings for contribution purposes are equal to the minimum monthly wage in Mexico City (The minimum daily wage in Mexico City is 50.50 pesos).

The maximum earnings for contribution purposes are equal to 25 times the minimum monthly wage in Mexico City.

Employer

Cash benefits: 0.7% of covered monthly payroll.

Medical benefits: A flat rate equal to 19.75% of the minimum monthly wage in Mexico City per employee; plus 1.59% of covered earnings greater than three times the minimum monthly wage in Mexico City. Pensioners who are employers contribute 1.05% of covered earnings.

The minimum earnings for contribution purposes are equal to the minimum monthly wage in Mexico City (The minimum daily wage in Mexico City is 50.50 pesos).

The maximum earnings for contribution purposes are equal to 25 times the minimum monthly wage in Mexico City.

Government

Cash benefits: 0.05% of covered earnings.

Medical benefits: A monthly amount equal to 13.90% of the minimum monthly wage in Mexico City; 0.75% of covered earnings on behalf of pensioners.

Qualifying Conditions

Cash sickness benefits: The insured must have at least 4 weeks of contributions immediately before the incapacity began; for casual workers, at least 6 weeks of contributions in the last 4 months.

Coverage is extended for up to 8 weeks after covered employment ceases if the insured had at least 8 continuous weeks of contributions.

Cash maternity benefits: The insured must have at least 30 weeks of contributions in the 12 months before the benefit is first paid.

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

Sickness and Maternity Benefits

Sickness benefit: The benefit is equal to 60% of the insured's last daily earnings and is paid after a 3-day waiting period for up to 52 weeks; may be extended in some cases to 78 weeks.

Maternity benefit: The benefit is equal to 100% of the insured's last daily earnings and 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 6 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 Mexican Social Security Institute; the costs of services are reimbursed by the Institute when it cannot provide them directly. Benefits include general, maternity, dental, and specialist care; surgery; hospitalization or care in a convalescent home; medicines; laboratory services; rehabilitation and preventive programs; and appliances. Benefits are paid for 52 weeks; may be extended in some cases to 104 weeks.

Dependents' Medical Benefits

Medical services are normally provided directly to patients through the health facilities of the Mexican Social Security Institute; the costs of services are reimbursed by the Institute when it cannot provide them directly. Benefits include general, maternity, dental, and specialist care; surgery; hospitalization or care in a convalescent home; medicines; laboratory services; rehabilitation and preventive programs; and appliances. Benefits are paid for 52 weeks; may be extended in some cases to 104 weeks.

Administrative Organization

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

Mexican Social Security Institute (<http://www.imss.gob.mx>) 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, with 2001, 2004, 2005, and 2006 amendments.

Type of program: Social insurance system.

Coverage

Employees, members of cooperatives, pensioners, and the dependents of insured persons.

Voluntary coverage for public-sector employees not covered by other laws.

Source of Funds

Insured person: None.

Self-employed person: Not applicable.

Employer: The total cost; contributions vary between 0.50% and 15% of payroll according to the total payroll and the assessed degree of risk.

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

The benefit is equal to 100% of the insured's earnings before the disability began. The benefit is paid from the first day of disability for a maximum of 52 weeks or until the insured is certified as permanently disabled.

Occupational disease benefit: The benefit is equal to 100% of the insured's average earnings in the last 52 weeks.

Permanent Disability Benefits

Permanent disability pension: If totally disabled (100%), the monthly benefit is equal to 70% of the insured's earnings before the disability began.

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 between 26% and 50%, a percentage of the full pension is paid according to the assessed degree of disability or a lump sum is paid. If the assessed degree of disability is 25% or less, a lump sum is paid equal to 5 years' pension.

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

An initial pension is paid for 2 years; thereafter, payment is dependent on the disability being certified as permanent.

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

Workers' Medical Benefits

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

Survivor Benefits

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

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 is paid equal to 3 years' pension.

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 equal to 3 months of the deceased's pension.

Other eligible survivors (in the absence of the above):

Each eligible survivor receives 20% of the deceased's pension.

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

Christmas bonus: A supplement equal to 15 days' pension is paid.

All survivor benefits combined must not exceed 100% of the deceased's disability pension.

Survivor pensions are payable abroad under bilateral agreement.

Funeral grant: A lump sum is paid equal to 2 minimum monthly wages in Mexico City.

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

Administrative Organization

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

Unemployment

Regulatory Framework

Labor law requires employers to pay dismissed employees a lump sum equal to 3 months' pay plus 20 days' pay for each year of service.

Unemployed persons may withdraw an amount equal to 75 days of their covered earnings for contribution purposes in the last 250 weeks of contributions or 10% of the individual account balance, whichever is lower, after 46 consecutive days of unemployment. One withdrawal is permitted every 5 years.

Family Allowances

Regulatory Framework

First law: 1973.

Current laws: 1973 (labor); and 1995 (social insurance), implemented in 1997, with 2001 and 2004 amendments.

Type of program: Social insurance system.

Coverage

Family assistance: Persons assessed as needy.

Exclusions: Self-employed persons, domestic 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 between the ages of 43 days and age 4.

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 for contribution purposes are equal to the regional minimum wage.

The maximum earnings for contribution purposes are equal to 25 times the minimum monthly wage in Mexico City.

Government: None.

Qualifying Conditions

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

Day care center: The parent is in covered employment; may be extended for up to 4 weeks after leaving 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 with at least 150 weeks of contributions. Coverage is extended up to 90 days after the last day of contributions.

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 equal to the minimum monthly wage in Mexico City is financed by the individual account.

Social benefits: Preventive health care services are provided.

Administrative Organization

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