

## Mexico

Exchange rate: U.S.\$1.00 equals  
10.32 new pesos (NP).

### Old Age, Disability, and Survivors

#### Regulatory Framework

**First law:** 1943.

**Current laws:** 1973; 1991; 1992 (complementary mandatory retirement savings); and 1995 (mandatory private insurance), implemented in 1997.

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

Note: As of July 1, 1997, all workers must join the private insurance 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 private insurance system.

#### Coverage

**Private insurance:** All workers entering the labor force on or after January 1, 1997.

Voluntary coverage is to be made possible.

**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 the military.

#### Source of Funds

**Insured person:** 1.125% of earnings for old-age benefits; 0.625% for disability and survivor benefits.

**Employer:** 3.15% of payroll; 1.75% for disability and survivor benefits.

**Government:** A sum equal to 10.14% of the total employer contributions for the old-age pension plus a flat-rate amount to finance the guaranteed minimum pension.

#### Qualifying Conditions

##### Private insurance

**Old-age pension:** Age 65 with 1,250 weeks of contributions.

Early pension: Age 60 or older, no longer employed, and 1,250 weekly contributions; with less than 1,250 weekly contributions, a lump sum is paid.

In the absence of a reciprocal agreement, the pension is payable abroad for 2 years only.

Guaranteed minimum pension: Age 65 with 1,250 weeks of contributions and the pension is less than the minimum pension.

**Disability pension:** The insured has 150 weeks of contributions and an assessed degree of disability of 75% or more.

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

##### Social insurance

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

Early pension: Age 60 with 500 weeks of contributions. Retirement from covered employment is required.

In the absence of a reciprocal agreement, the pension is payable abroad for 2 years only.

**Disability pension:** 50% reduction in normal earning capacity with 150 weeks of contributions. The insured may continue to work in a different job.

**Survivor pension:** The insured was a pensioner or had 150 weeks of contributions at the time of death.

**Funeral grant:** Twelve weeks of contributions in the last 9 months or a pensioner at the time of death.

#### Old-Age Benefits

##### Old-age pension

**Private insurance:** The benefit is based on the value of 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 the minimum salary in July 1997 indexed to prices.

**Social insurance:** 35% of average earnings during the last 250 weeks of contributions, plus 1.25% of earnings for every year of contributions beyond 500 weeks. The pension is increased by 15% if there are no dependents.

Dependents' supplements: 15% of the insured's pension for a wife and 10% of the insured's pension for each child under age 16 (age 25 if a student, no limit if disabled). In the absence of a wife or children, 10% for each dependent parent.

The minimum pension is 100% of the minimum salary in Mexico City (1,309.50 NP in January 2003).

The maximum pension is 100% of earnings with at least 2,000 weeks of contributions.

Christmas bonus: One month's pension.

Benefit adjustment: Pensions are adjusted according to changes in the minimum wage.

## Permanent Disability Benefits

### Disability pension

*Private insurance:* 35% of average earnings in the last 500 weeks of contributions, plus family allowances equal to 15% of the pension.

*Benefit adjustment:* Pensions are indexed to changes in the national consumer price index.

*Social insurance:* 35% of average earnings during the last 250 weeks of contributions, plus 1.25% of earnings for every year of contributions beyond 500 weeks. The pension is increased by 15% if there are no dependents.

*Constant-attendance allowance:* 20% of the insured's pension.

*Dependents' supplements:* 15% of the insured's pension for a wife and 10% of the insured's pension for each child under age 16 (age 25 if a student, no limit if disabled). In the absence of a wife or children, 10% for each dependent parent.

The minimum pension is 100% of the minimum salary in Mexico City (1,309.50 NP in January 2003).

The maximum pension is 100% of earnings with at least 2,000 weeks of contributions.

*Christmas bonus:* One month's pension.

*Benefit adjustment:* Pensions are adjusted according to changes in the minimum wage.

### Survivor Benefits

#### Survivor pension

*Private insurance:* 90% of the value of the private insurance disability pension. The pension is payable to a widow or a dependent disabled widower.

*Remarriage settlement:* If a widow remarries, she receives a final lump-sum payment equal to 3 years' pension.

*Orphan's pension:* 20% of the insured's pension for each orphan under age 16 (age 25 if a student, no limit if disabled); 30% if a full orphan. Orphans also receive a final benefit equal to 3 months of the insured's pension.

*Other eligible survivors (in the absence of the above):* 20% of the insured's pension for each eligible survivor.

*Benefit adjustment:* Pensions are indexed to changes in the national consumer price index.

*Social insurance:* 90% of the pension paid or accrued to the insured. The pension is payable to a widow or a dependent disabled widower.

*Remarriage settlement:* If a widow remarries, she receives a final lump-sum payment equal to 3 years' pension.

*Orphan's pension:* 20% of the insured's pension for each orphan under age 16 (age 25 if a student, no limit if disabled); 30% if a full orphan. Orphans also receive a final benefit equal to 3 months of the insured's pension.

*Other eligible survivors (in the absence of the above):* 20% of the insured's pension for each eligible survivor.

*Christmas bonus:* One month's pension.

The minimum pension is equal to 100% of the minimum salary in Mexico City (1,309.50 NP in January 2003).

The maximum survivor pension is 100% of the insured's pension.

*Funeral grant:* A lump sum equal to two times the monthly salary.

*Benefit adjustment:* Pensions are adjusted according to changes in the minimum wage.

## Administrative Organization

**Private insurance:** Social Insurance Institute administers the program.

National Commission for the Retirement Savings System (CONSAR) supervises the pension fund management companies (AFORES).

**Social insurance:** Social Insurance Institute administers the program through regional and local boards in areas to which coverage is extended.

Social Insurance Institute is managed by a general assembly, technical council, oversight commission, and a director general.

## Sickness and Maternity

### Regulatory Framework

**First law:** 1943.

**Current law:** 1995, implemented in 1997.

**Type of program:** Social insurance system. Cash and medical benefits.

### Coverage

Employees; members of producers', agricultural, and credit union cooperatives; pensioners; and dependents.

### Source of Funds

#### Insured person

*Cash benefits:* 0.25% of the base salary.

*Medical benefits:* None, except when earnings are greater than three times the minimum wage in Mexico City.

#### Employer

*Cash benefits:* 0.7% of the base salary.

*Medical benefits:* A flat rate of 17.15% of the minimum wage in Mexico City per employee (plus an additional amount for each employee earning more than three times the minimum wage in Mexico City).

#### Government

*Cash benefits:* 0.05% of the base salary.

*Medical benefits:* 13.9% of the minimum wage in Mexico City.

The minimum earnings for contribution and benefit purposes are 100% of the minimum wage in the region.

The maximum earnings for contribution and benefit purposes are 25 times the minimum wage in Mexico City.

### **Qualifying Conditions**

**Cash sickness benefits:** Four weeks of contributions immediately before the onset of illness; for casual workers, 6 weeks of contributions during the last 4 months.

**Cash maternity benefits:** Thirty weeks of contributions during the last 12 months.

**Medical benefits:** Currently insured, a pensioner, or an eligible dependent.

### **Sickness and Maternity Benefits**

**Sickness benefit:** 60% of average earnings, payable after a 3-day waiting period for up to 52 weeks; may be extended in some cases to 78 weeks.

The minimum benefit is 60% of the minimum salary.

The maximum benefit is 60% of earnings.

**Maternity benefit:** 100% of average earnings, payable for 42 days before and 42 days after the expected date of childbirth. (If unable to work 42 days after childbirth, the mother is eligible for a cash sickness benefit.)

Nursing allowance: Assistance in kind, payable for up to 6 months after childbirth.

A layette (clothing and other necessities for the newborn) is also furnished.

**Funeral grant:** Two months' minimum wage in Mexico City.

### **Workers' Medical Benefits**

Medical services are normally provided directly to patients through the health facilities of the Social Insurance Institute. Benefits include general and specialist care, surgery, maternity care, hospitalization or care in a convalescent home, medicines, laboratory services, dental care, and appliances. Benefits are payable 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 Social Insurance Institute. Benefits include general and specialist care, surgery, maternity care, hospitalization or care in a convalescent home, medicines, laboratory services, dental care, and appliances. Benefits are payable for 52 weeks; may be extended in some cases to 104 weeks. The wife of an insured man also receives postnatal benefits in kind. Medical services are provided for dependent children up to age 16 (age 25 if a student, no limit if disabled).

### **Administrative Organization**

Social Insurance Institute administers the program through regional and local boards.

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

### **Work Injury**

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#### **Regulatory Framework**

**First law:** 1943.

**Current law:** 1995, implemented in 1997.

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

#### **Coverage**

Insured workers.

#### **Source of Funds**

**Insured person:** None.

**Employer:** Total cost; contributions vary according to the total salary base and the assessed degree of risk.

**Government:** None.

#### **Qualifying Conditions**

**Work injury benefits:** There is no minimum qualifying period.

#### **Temporary Disability Benefits**

**Temporary disability benefit:** 100% of average earnings is payable from the first day of disability until the insured is fully recovered or declared permanently disabled.

The maximum benefit is 25 times the minimum wage in Mexico City.

**Occupational disease benefit:** 100% of average earnings in the last 52 weeks.

#### **Permanent Disability Benefits**

**Permanent disability pension:** 70% of earnings, if assessed as 100% disabled.

**Partial disability:** A pension in proportion to the assessed degree of disability is paid when the assessed degree of disability is greater than 50%. If the assessed degree of disability is 25% or less, the pension is paid as a lump sum equal to 5 years' pension. If the assessed degree of disability is between 26% and 50%, the pension is paid as a percentage of the full pension in proportion to the assessed degree of disability or as a lump sum.

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

Benefit adjustment: The pension is adjusted at the same time as, and in the same proportion to, changes in the minimum wage.

### **Workers' Medical Benefits**

Benefits include full medical, surgical, and hospital care; medicines; rehabilitation; and appliances.

### **Survivor Benefits**

**Survivor pension:** 40% of the insured's total disability pension is payable to a widow or a dependent disabled widower.

Remarriage settlement: If a widow remarries, she receives a final lump-sum settlement equal to 3 years' pension.

**Orphan's pension:** 20% of the insured's pension for each orphan (30% if a full orphan) under age 16 (age 25 if a student, no limit if disabled). Orphans receive a final benefit equal to 3 months of the insured's pension.

**Other eligible survivors (in the absence of the above):** 20% of the insured's pension.

The minimum pension is 100% of the minimum wage in Mexico City.

The maximum pension is 100% of the insured's total disability pension.

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

**Funeral grant:** Two months' minimum wage in Mexico City.

Benefit adjustment: Pensions are adjusted according to changes in the minimum wage in Mexico City.

### **Administrative Organization**

Social Insurance Institute 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.

Social security pays an unemployment benefit of between 75% and 95% of the old-age pension for unemployed persons aged 60 to 64 (the benefit is paid under Old Age, Disability, and Survivors).

## **Family Allowances**

### **Regulatory Framework**

**First law:** 1973.

**Current law:** 1995, implemented in 1997.

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

### **Coverage**

**Child care:** Dependent children of covered women, widowers, or divorced working men.

**Social benefits:** Residents.

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

### **Source of Funds**

**Insured person:** None.

**Employer:** 1% of payroll.

**Government:** None.

### **Qualifying Conditions**

**Child care:** The parent is in covered employment; may be extended for up to 4 weeks after leaving employment. The child must be aged 43 days but no older than age 4.

**Social benefits:** Resident.

**Family assistance:** Assessed as needy.

### **Family Allowance Benefits**

**Child care:** The provision of child day care facilities.

**Social benefits:** Preventive health care.

**Family assistance:** Means-tested cash benefits.

### **Administrative Organization**

Social Insurance Institute administers the program.