

Mexico

Exchange rate: US\$1.00 equals
10.88 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 and 2004 amendments.

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

Note: As of 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 workers 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 the self-employed.

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

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 (1,631.12 NP).

Self-employed person: 6.275% of declared earnings for old-age benefits; 2.375% 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 (1,631.12 NP).

Employer: 5.15% of payroll for old-age benefits, plus an average 1.75% of payroll for disability and survivor benefits. Also finances unemployment 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 (1,631.12 NP).

Government: An amount equal to 10.14% of the total employer contributions for old-age benefits, plus an average 0.125% of earnings for disability and survivor benefits and a flat-rate amount to finance the guaranteed minimum pension. Also provides an additional contribution on behalf of persons actively contributing to an individual account.

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, a lump sum is paid or the insured may continue contributing.

Early pension: Aged 60 to 64 (men and women), retired from covered employment, and with at least 1,250 weekly contributions; with less than 1,250 weekly contributions, a lump sum is paid.

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.

Disability pension: The insured has at least 150 weeks of contributions with a loss of at least 75% in normal earning capacity; at least 250 weeks of contributions with a loss of between 50% and 70% 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 monthly pension of 1,631.12 NP.

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 age 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 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.

Early pension: Aged 60 to 64 (men or women) with at least 500 weeks of contributions.

Retirement from covered employment is necessary.

The pension is suspended if the pensioner leaves Mexico, and the pensioner may request a lump sum equal to 2 years' pension.

Disability pension: Must have a 50% reduction in normal earning capacity with 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 age 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 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 is based 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 based 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 the minimum monthly wage in Mexico City (1,631.12 NP).

Old-age pensions are payable abroad under bilateral agreement.

Benefit adjustment: Pensions 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 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.

Dependent's supplement: 15% of the insured's pension is payable for a wife or partner and 10% is payable 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 payable for each dependent parent.

The minimum pension is equal to 100% of the minimum monthly wage in Mexico City (1,631.12 NP).

The maximum pension is equal to 100% of the insured's average earnings in the last 250 weeks of contributions. The percentage may be increased, depending on total number of weeks of contributions.

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

Early pension: The monthly benefit is equal to 75% of the old-age pension for an insured person who retires at age 60 and increases by 5% for each additional year of age up to age 64. The pension is increased by 15% if there are no dependents.

Old-age pensions are payable abroad under bilateral agreement.

Benefit adjustment: Pensions 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 average adjusted earnings in the last 500 weeks of contributions.

Dependent's supplement: 15% of the insured's pension is payable for a wife or partner and 10% is payable 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 payable for each dependent parent.

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

The minimum pension is equal to 100% of the minimum monthly wage in Mexico City (1,631.12 NP).

The maximum pension is equal to 100% of the insured's average earnings in the last 500 weeks of contributions.

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.

Disability pensions are payable abroad under bilateral agreement.

Benefit adjustment: Pensions 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 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: Up to 20% of the insured's pension.

Dependent's supplement: 15% of the insured's pension is payable for a wife or partner and 10% is payable 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 payable for each dependent parent.

The minimum pension is equal to 100% of the minimum monthly wage in Mexico City (1,631.12 NP).

The maximum pension is equal to 100% of average earnings in the last 250 weeks of contributions. The percentage may be increased, depending on total number of weeks of contributions.

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

Disability pensions are payable abroad under bilateral agreement.

Benefit adjustment: Pensions 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.

Eligibility ceases if the widow(er) or partner remarries or cohabits with a new partner.

Remarriage settlement: If a widow(er) or a partner remarries, 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 the above, 20% of the deceased's pension is paid for each eligible survivor.

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

The maximum pension is equal to 100% of the pension paid or payable to the deceased.

Survivor pensions are payable abroad under bilateral agreement.

Funeral grant: A lump sum equal to twice the insured's monthly salary or pension.

Benefit adjustment: Pensions 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 and 2004 amendments.

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

Coverage

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

Voluntary coverage for self-employed persons, domestic workers, public-sector employees not covered by other laws, family labor, and employers.

Special systems for public-sector employees.

Source of Funds

Insured person

Cash benefits: 0.25% of gross monthly earnings.

Medical benefits: None; 0.88% of earnings exceeding 4,893.36 NP if the insured's earnings are greater than three times the minimum monthly wage in Mexico City (1,631.12 NP). Pensioners contribute 0.375% of gross monthly earnings.

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 (1,631.12 NP).

Voluntary contributors pay a flat rate equal to 22.4% of the minimum monthly wage in Mexico City (1,631.12 NP).

Self-employed person

Cash benefits: 0.7% of declared earnings.

Medical benefits: A flat rate of 18.45% of the minimum monthly wage in Mexico City; plus 2.57% of earnings exceeding 4,893.36 NP if declared earnings are greater than three times the minimum monthly wage in Mexico City (1,631.12 NP). Self-employed pensioners contribute 1.425% of gross earnings.

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 (1,631.12 NP).

Employer

Cash benefits: 0.7% of gross monthly earnings.

Medical benefits: A flat rate equal to 18.45% of the minimum monthly wage in Mexico City per employee; plus 2.57% of earnings exceeding 4,893.36 NP if earnings are greater than three times the minimum monthly wage in Mexico City (1,631.12 NP). Pensioners who are employers contribute 1.05% of gross earnings.

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 (1,631.12 NP).

Government

Cash benefits: 0.05% of gross earnings.

Medical benefits: A flat-rate contribution equal to 18.45% of the minimum monthly wage in Mexico City (1,631.12 NP); 0.75% of gross earnings on behalf of pensioners.

Qualifying Conditions

Cash sickness benefits: Must have 4 weeks of contributions immediately before the onset of the incapacity; 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.

Insured persons older than age 65 (men and women) are eligible, as are all unemployed persons older than age 60 with 750 weeks of contributions.

Cash maternity benefits: Must have at least 30 weeks of contributions in the 12 months before the benefit is payable.

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

Sickness and Maternity Benefits

Sickness benefit: The benefit is equal to 60% of the last daily earnings and is 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 equal to 60% of the regional minimum wage.

The maximum earnings for benefit calculation purposes are equal to 25 times the minimum monthly wage in Mexico City (1,631.12 NP).

Maternity benefit: The benefit is equal to 100% of the last daily earnings and is payable for 42 days before and 42 days after the expected date of childbirth. (If incapable of work when maternity benefit ceases, the mother is eligible for a cash sickness benefit.)

The minimum benefit is equal to the regional minimum wage.

The maximum earnings for benefit calculation purposes are equal to 25 times the minimum monthly wage in Mexico City (1,631.12 NP).

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 (including old-age pensioners covered by the 1997 law) through the health facilities of the Mexican Social Security 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 Mexican Social Security 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

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 and 2004 amendments.

Type of program: Social insurance system.

Coverage

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

Voluntary coverage for domestic workers, public-sector employees not covered by other laws, and employers.

Source of Funds

Insured person: None.

Self-employed person: Not applicable.

Employer: Total cost; contributions vary between 0.25% 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

Temporary disability benefit: The benefit is equal to 100% of earnings before the onset of disability. The benefit is payable from the first day of disability for a maximum of 52 weeks or until the insured is assessed as permanently disabled.

The minimum benefit is equal to the regional minimum wage.

The maximum earnings for benefit calculation purposes are equal to 25 times the minimum monthly wage in Mexico City (1,631.12 NP).

Occupational disease benefit: The benefit is equal to 100% of 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 earnings before the onset of disability.

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

The maximum earnings for benefit calculation purposes are equal to 25 times the minimum wage in Mexico City (1,631.12 NP).

Partial disability: With an assessed degree of disability greater than 50%, the pension is a percentage of the full pension according to the assessed degree of disability. If the assessed degree of disability is between 26% and 50%, the pension is paid as a percentage of the full pension according to the assessed degree of disability or paid as a lump sum. 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 payable for 2 years; thereafter, payment is dependent on the disability being assessed as permanent.

Pensions are payable abroad under bilateral agreement.

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

Workers' Medical Benefits

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

The duration of benefit is 52 weeks.

Survivor Benefits

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

Eligibility ceases if the widow(er) or partner remarries or cohabits with a new partner.

Remarriage settlement: If a widow(er) or a partner remarries, a lump sum equal to 3 years' 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 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 payable may be recalculated if the number of eligible survivors changes.

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

The maximum pension is equal to 100% of the deceased's disability pension.

Survivor pensions are payable abroad under bilateral agreement.

Funeral grant: A lump sum equal to twice the deceased's monthly salary.

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

Administrative Organization

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

Unemployment

Regulatory Framework

Mexican Social Security Institute (<http://www.imss.gob.mx>) 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, above).

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 65 days of earnings 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 law: 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.

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

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

Marriage grant: Insured men and women.

Social benefits: Residents.

Source of Funds

Insured person: None.

Self-employed person: Not applicable.

Employer: 1% of 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 (1,631.12 NP).

Government: None.

Qualifying Conditions

Family assistance (means-tested): Assessed as needy.

Child care allowance: The parent is in covered employment; may be extended for up to 4 weeks after leaving covered employment. The grant is payable 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: Must be resident.

Family Allowance Benefits

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

Child care allowance: Child day care facilities are provided.

Marriage grant: A lump sum equal to the minimum monthly wage in Mexico City (1,631.12 NP) 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 a director general, the Mexican Social Security Institute (<http://www.imss.gob.mx>) administers the program.