

Mexico

Exchange rate: US\$1.00 equals
13.14 new pesos.

Old Age, Disability, and Survivors

Regulatory Framework

First law: 1943.

Current laws: 1973 (social insurance); and 1995 (individual accounts), implemented in 1997, with 2001, 2004, 2005, 2006, and 2009 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; 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; members of cooperatives; and sugar cane producers.

Voluntary coverage for public-sector employees with agreements with the Social Security Institute, self-employed persons, household workers, employers, tenant farmers, members of cooperative agricultural communities, and small landowners.

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

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

Source of Funds

Insured person: 1.12% of covered earnings for old-age benefits plus an average 0.62% of covered earnings for disability and survivor benefits.

The minimum earnings for contribution calculation purposes are equal to the legal monthly minimum wage in the insured's geographic area.

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

The legal minimum daily wage in Mexico City is 54.80 pesos.

Self-employed person: A flat rate of 1,695.92 pesos a month.

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 calculation purposes are equal to the legal monthly minimum wage in the insured's geographic area.

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

The legal minimum daily wage in Mexico City is 54.80 pesos.

Government: For social insurance old-age benefits, 0.22% of covered earnings plus an average flat-rate amount of 3.55 pesos (depending on the salary range) for each day the insured is covered; for disability and survivor benefits, 0.12% of covered earnings; subsidizes the cost of 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 weeks of contributions, the insured may continue contributing or a lump-sum benefit is paid.

Early pension: Age 60 or older (men and women), 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 drawn down at one time.

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.

The monthly minimum pension is 1,938.48 pesos.

Unemployed worker's pension: Age 60 to 64 (men and women), with at least 1,250 weekly contributions, and unable to find suitable paid employment; 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 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 1,938.48 pesos.

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

The 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.

Funeral grant: A funeral grant is provided.

Social insurance

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

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

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

Retirement from covered employment is necessary.

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

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

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 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 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 at least 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 regulated to guarantee income for their expected lifespan.

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 regulated to guarantee income for their expected lifespan.

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

The monthly minimum pension is 1,938.48 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.

Old-age pensions are payable abroad under bilateral agreement.

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). 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 monthly minimum pension is 1,938.48 pesos.

Christmas bonus: A month of pension without supplements.

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

Permanent Disability Benefits

Disability pension

Mandatory individual account: The monthly benefit is 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.

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

The monthly minimum pension is 1,938.48 pesos.

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: A month of pension without supplements.

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

Social insurance: The monthly benefit is 35% of the insured's average adjusted earnings in the last 500 weeks of contributions.

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 monthly minimum pension is 1,938.48 pesos.

Christmas bonus: A month of pension without supplements.

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

Survivor Benefits

Survivor pension (mandatory individual account and social insurance): The monthly pension is 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 of 3 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, orphans receive a final benefit of 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 disability pension the deceased received or would have received.

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 minimum daily wage in Mexico City is 54.80 pesos.

Benefit adjustment: Benefits are adjusted annually in February according to 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 (<http://www.consar.gob.mx>) supervises the pension fund management companies.

Individual pension fund management companies administer the individual capitalization accounts.

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, 2006, and 2009 amendments.

Type of program: Social insurance system.

Mexico

Note: The Mexican Social Security Institute also administers the Oportunidades program, a federal government-financed social assistance program providing medical services to needy persons without access to social security services, especially 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

Cash benefits

All private-sector employees; members of cooperatives; and sugar cane producers.

Voluntary coverage is not permitted.

Medical benefits

All private-sector employees; members of cooperatives; and sugar cane producers.

Voluntary coverage for public-sector employees with agreements with the Social Security Institute, self-employed persons; household workers; employers, tenant farmers, members of cooperative agricultural communities, and small landowners.

Source of Funds

Insured person

Cash benefits: 0.25% of covered monthly earnings.

Medical benefits: 0.40% of covered earnings exceeding three times the legal monthly minimum wage in Mexico City. Pensioners contribute 0.375% of covered monthly earnings.

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

The minimum earnings for contribution calculation purposes are equal to the legal monthly minimum wage in the insured's geographic area.

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

The legal minimum daily wage in Mexico City is 54.80 pesos.

Self-employed person

Medical benefits: A flat rate of 20.40% of the legal monthly minimum wage in Mexico City. Self-employed working pensioners contribute 1.42% of covered earnings.

The legal minimum daily wage in Mexico City is 54.80 pesos.

Employer

Cash benefits: 0.70% of covered monthly payroll.

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. Pensioners who are employers contribute 1.05% of covered earnings.

The minimum earnings for contribution calculation purposes are equal to the legal monthly minimum wage in the insured's geographic area.

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

The legal minimum daily wage in Mexico City is 54.80 pesos.

Government

Cash benefits: 0.05% of covered earnings.

Medical benefits: A monthly flat-rate amount of 8.19 pesos per covered day per insured person; 0.075% of covered earnings on behalf of pensioners.

The minimum earnings for contribution calculation purposes are equal to the legal monthly minimum wage in the insured's geographic area.

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

The legal minimum daily wage in Mexico City is 54.80 pesos.

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; the pregnancy and approximate due date must be certified by the Social Security Institute; 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: The benefit is 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 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 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; medicine; laboratory services; rehabilitation and preventive programs; and appliances. Benefits are paid for 52 weeks; may be extended an additional 52 weeks.

Dependents' Medical Benefits

Medical services are normally provided directly to patients through the health facilities of the 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; medicine; laboratory services; rehabilitation and preventive programs; and appliances. Benefits are paid for 52 weeks; may be extended an additional 52 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, 2006, and 2009 amendments.

Type of program: Social insurance system.

Coverage

All private-sector employees; members of cooperatives; and sugar cane producers.

Voluntary coverage for public-sector employees with agreements with the Social Security Institute and employers;

household workers may be voluntarily covered for medical benefits only.

Exclusions: Self-employed persons.

Source of Funds

Insured person: None.

Self-employed person: Not applicable.

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

The minimum earnings for contribution calculation purposes are equal to the legal monthly minimum wage in the insured's geographic area.

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

The legal minimum daily wage in Mexico City is 54.80 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

The benefit is 100% of the insured's earnings before the disability began. The benefit is paid from the first day of disability for up to 52 weeks or until the insured is certified with a permanent disability.

Occupational disease benefit: The benefit is 100% of the insured's average earnings before the disability began.

Permanent Disability Benefits

Permanent disability pension: For a total (100%) disability, the monthly benefit is 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 of 5 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 2 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: The monthly pension paid to a widow(er) or partner is 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 of 3 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 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 of 15 days of 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 of 2 months of the legal minimum wage in Mexico City is paid.

The legal minimum daily wage in Mexico City is 54.80 pesos.

Benefit adjustment: Benefits are adjusted annually in February according to 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 of 3 months of pay plus 20 days of pay for each year of service.

Unemployed persons with at least 5 years of service 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 3 to 5 years of service and at least 12 bi-monthly contributions to the Social Security Institute may withdraw an amount equal to 30 days of their covered earnings for contribution calculation purposes, up to 10 times the legal monthly minimum wage in Mexico City.

The legal minimum daily wage in Mexico City is 54.80 pesos.

One withdrawal is permitted every 5 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

Regulatory Framework

First law: 1973.

Current laws: 1973 (labor); and 1995 (social insurance), implemented in 1997, with 2001, 2004, and 2009 amendments.

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 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 calculation purposes are equal to the legal monthly minimum wage in the insured's geographic area.

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

The legal minimum daily wage in Mexico City is 54.80 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 equal to the legal monthly minimum wage in Mexico City is financed by the individual account.

The legal minimum daily wage in Mexico City is 54.80 pesos.

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.