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Gateway Policy Explorer: Retirement Series

Mexico

Public Own Old-Age Benefit Plan Details

1992-2024

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Preface

This document is intended for researchers who want to understand the evolution of policy or the policy in place at a particular point in time. This document is not intended for financial advice or to aid in decision-making. The authors have made significant effort to identify and collect historical information pertaining to these policies, to accurately represent these policies, and to communicate how policies may interact to determine legal requirements, eligibility for benefits, and/or benefits levels. The policies presented in this document focus on rules applicable to most individuals aged 50 and older from 1992. Many systems include special policies or alternative eligibility rules for specific groups. We encourage all users to complete their own review of literature in this area depending on the research questions they have in mind.

If you have feedback or questions or identify an error, please contact policy@g2aging.org.

Background — Gateway Policy Explorer: Retirement Series

The *Gateway Policy Explorer* (<http://g2aging.org/policy-explorer>) is part of the Gateway to Global Aging Data (<http://g2aging.org>) project. The *Retirement Series* captures historical policy that affects the birth cohorts of respondents in the surveys covered by the Gateway. It was motivated by the rapid evolution of policies affecting older people across the world. As the Health and Retirement Study (HRS) began in 1992 and many of the international network of studies (HRS-INS) cover more than a decade, understanding the policies in place at the time of the survey has become more demanding for researchers.

Why are we tracking past policy? Individuals make choices based on current policies and the outcomes we see today may reflect responses to past policies. When interpreting the survey responses of individuals, an understanding of the policy environment under which those individuals operate is critical. The collection of contextual information in the *Gateway Policy Explorer* aims to support researchers who want to understand or use policy changes in their research and provide context for longitudinal or cross-country differences. Over the period 2023–2026 the *Gateway Policy Explorer* will be expanded to include information on retirement, long-term care, education, and other policies affecting the life cycle.

The key dimensions to the *Gateway Policy Explorer: Retirement Series* are country and time. We prioritize data collection for each country based on its first interview wave and are continuing to expand our data collection back in time to 1992, the earliest survey date in the HRS-INS.

A separate document, like this one, is developed for each country and each broad category of policies covered in the *Gateway Policy Explorer: Retirement Series*.

Author and Contributor Disclaimers

† The opinions expressed here are those of authors and do not necessarily reflect the views of the OECD or of its member countries.

Mexico

Own Old-Age Benefits
Plan details 1992-2024 * †

Mexico provides old-age benefits to individuals through the old-age pension [Pensión de Vejez] and, since 1997, through a separate system supporting retirement before age 60 [Retiro Anticipado].

In 1997, the Mexican public pension system changed from a defined benefit to a defined contribution system. For individuals who started working and contributing before 1997, benefit amounts depend on the worker’s average daily salary of the last 250 weeks and number of contribution weeks. For individuals that started working on or after 1997, benefit amounts depend on their contributions to their retirement benefit account and returns on the account’s balance over time.

Benefits for the system before 1997 are administered by the Mexican Social Security Institute [Instituto Mexicano de Seguridad Social, IMSS], and those after 1997 are administered by the pension fund administrator [Administradora de Fondos para el Retiro, AFORE] chosen by the insured individual.

Key Dates

First law: 1943

Major changes since 1992: 1996, 2021

Contents

Chapter 1: Policy enacted 1992-1995	5
Overview	5
Contributions	5
Eligibility	5
Benefits	6
Chapter 2: Policy enacted 1996-2020	8
Overview	8
Contributions	8
Eligibility	9
Benefits	10
Chapter 3: Policy enacted 2021-2024	13
Overview	13
Contributions	14
Eligibility	14
Benefits	15
Tables and Formulas	18
Table 1: Employee and Employer Contribution Rates (1992-1995)	18
Table 2: Fixed Rates for Old System Benefits	19
Table 3: Daily Minimum Wage in Mexico City (1992-2024)	20
Table 4: Units of Measure and Update (UMA) (2016-2024)	21
Formula 1: Old System Benefit Formula	21
Table 5: Percentage of Old-Age Pension Benefit Amount for the Old-Age Early Retirement Pension	22

* If you have questions or suggestions, please contact policy@g2aging.org.

† Detailed information and definitions are provided in tables, formulas and a glossary at the end of this document. To facilitate switching back and forth, this document is designed with hyperlinks. Most PDF readers have shortcuts that permit a reader to return to the previous location after selecting a hyperlink. In Adobe Acrobat on a PC: “Alt” + “←”; In Adobe Acrobat on a MAC: “command” + “←”; In Preview on a MAC: “command” + “[”.

Table 6: Guaranteed Minimum Pension (2010-2020)	22
Formula 2: New System Benefit Formula	23
Box 1: Example of individual receiving a benefit under the New System	24
Table 7: Employer Contribution Rates Based on Salary (2023-2024)	24
Table 8: Number of Weekly Contributions (2021-2031)	25
Table 9: Discount Rates for Annuity Calculation (2023)	26
Sources	27
Glossary of terms	29
Notes	30
Version information	30
Additional resources	31

Chapter 1: Policy enacted 1992-1995

Overview

Mexico provides an [Old-Age Pension](#) [Pensión de Vejez] to individuals that satisfy certain age and contribution requirements through a defined benefit system. The 1973 Social Security Law [Ley del Seguro Social] ([Diario Oficial de la Federación, 1973](#)) forms the legal basis of the Mexican public old-age pension system.

Individuals aged 65 and over who have 500 weekly contributions or more are eligible to receive benefits. Benefit amounts are based on the average daily wage of the last 250 weeks of contribution and total number of contribution weeks. Old-age pension benefits are administered by the Mexican Social Security Institute [Instituto Mexicano de Seguridad Social, IMSS].

Additionally, individuals who have stopped working can make voluntary contributions under the [Voluntary Continuation to the Mandatory Regime](#) [Continuación Voluntaria al Régimen Obligatorio] during the time they are unemployed if they have at least 52 weeks of contributions ([Diario Oficial de la Federación, 1973, Article 194](#)).

This document focuses on benefits provided to workers in the private sector. Public sector workers are covered by other social security systems not covered in this document.

Policy reforms during this period include:

- Legislation ([Diario Oficial de la Federación, 1992](#)), enacted April 30, 1992 and effective May 1, 1992, introduced a [supplementary pension system](#) (SAR) in which employers were required to set up and fund individual savings accounts for their employees in which they contributed 2% of the employee's salary.

Contributions

This section discusses required contributions to be covered by an old-age benefit system.

Employee contribution rate

1.95% of salary in 1995. See [Table 1](#) for historical values.

Employer contribution rate

- Employer contribution rate: 5.46% of salary in 1995. See [Table 1](#) for historical values.
- Government contribution rate: 7.143% of the employer contribution

Self-employed contribution rate

Self-employed individuals can make voluntary contributions to the Mexican Social Security Institute [Instituto Mexicano de Seguridad Social, IMSS] by paying the employee and employer contributions rates ([Diario Oficial de la Federación, 1973; 1995, Article 13](#)).

Eligibility

This section discusses requirements for an individual to be eligible to receive an old-age benefit from the covered system(s).

Age requirements to start benefits without penalty

- [Statutory retirement age \(SRA\)](#)
Age 65
- [Does SRA vary by birth year?](#) Answer: No
- [Does SRA vary by sex?](#) Answer: No

Contribution requirements to be eligible to receive benefit

[Old-Age Pension](#) [Pensión de Vejez]

An individual is eligible to receive benefits if they meet the following requirements ([Diario Oficial de la Federación, 1973, Article 138](#)):

- Age requirements: Age 65
- Contribution requirements: 500 weekly contributions, approximately 10 years

Alternative eligibility requirements that permit starting benefits early but with a penalty

- **Can an individual start benefits before SRA?** Answer: Yes
- **Earliest eligibility**
Age 60
- **See the subsection *Adjustments for starting benefits before SRA (Early claiming or retirement)* within the *Benefits* section for details on the penalty applied for claiming at earliest eligibility.**

Benefits

This section discusses how benefit payment levels are determined conditional on eligibility to receive benefits.

To receive a benefit, does an individual have to claim it? Answer: Yes

Payment type

- **Payment options (i.e., Annuity, cash balance, or lump sum):** Annuitable

Factors effecting computation of benefit entitlement

- **Does the formula for computing benefit entitlement differ by birth year?** Answer: No
- **Is the formula for computing benefit entitlement progressive?** Answer: Yes
- **Does the benefit entitlement depend on the individual's own contribution/work history?** Answer: Yes
- **Does the benefit entitlement depend on national income?** Answer: No
- **Does an individual receive credits for military service (above any credits normally received for employment)?** Answer: No
- **Does an individual receive credits for number of children?** Answer: No
- **Does an individual receive credits for unemployment?** Answer: No
- **Are future benefit entitlements adjusted for cost of living?** Answer: Yes
- **If so, what measure is used for adjustment?**
Minimum wage rates

Benefit formula for claiming at SRA

Benefit amounts are based on the average daily wage of the last 250 weeks of contribution and total number of contribution weeks.

The average daily wage of the last 250 weeks is compared to the monthly minimum wage in Federal District (Distrito Federal, known as Mexico City since 2016) and assigned a fixed rate to calculate the benefit amount. From 1995 to 2015, the average daily wage of the last 250 weeks is compared to the monthly minimum wage in the Federal District [Distrito Federal] and assigned a fixed rate to calculate the benefit amount. See [Table 2](#) for details of fixed rate by salary amount. See [Table 3](#) for details of the minimum wage in the Federal District.

In 2016, the [Unit of Measure and Update](#) [Unidad de Medida y Actualización, UMA] was introduced. From 2016, the average daily wage of the last 250 weeks is compared to the [Unit of Measure and Update](#) [Unidad de Medida y Actualización, UMA] and assigned a fixed rate to calculate the benefit amount. See [Table 4](#) for details of UMA amounts by year.

Moreover, individuals who have more than 500 weekly contributions receive a higher amount for each 52 weekly contributions above 500. See [Table 2](#) for details of the multiplier.

Individuals who have no dependents such as a spouse or children are eligible to receive a 15% increase on their benefit amount. See [Formula 1](#) for details of benefit calculation. Additionally, individuals can choose to make voluntary contributions to increase their benefit amounts. ^[1]

Adjustments for starting benefits before SRA (Early claiming or retirement)

- **Are benefits reduced for starting benefits before SRA?** Answer: Yes
- **Is so, what is the earliest eligibility?**
Age 60
- **Adjustment formula**
Individuals starting benefits before SRA can receive a reduced benefit, known as [Old-Age Early Retirement Pension](#) [Pensión de Cesantía en Edad Avanzada]. Qualified individuals receive a percentage of the full benefit amount they would receive at age 65 ([Diario Oficial de la Federación, 1973, Articles 143-148](#)). See [Table 5](#) for percentages they receive from the full benefit amount by age. See [Formula 1](#) for details of benefit calculation.

Adjustments for starting benefits after SRA (Delayed claiming or retirement)

- **Are benefits increased for starting benefits after SRA?** Answer: No

Adjustments for starting benefits and continuing to work (Earnings Test)

- **Are benefits reduced or eliminated while working?** Answer: Yes

- **Adjustment formula**

Pension amounts are reduced for individuals who earn income from employment while claiming a pension benefit if the sum of the pension they receive and the salary they receive from their job after retiring is higher than the salary they received from the last job they had before retiring. Their pension amount is reduced to the amount equal to the salary received from the last job they had before retiring ([Diario Oficial de la Federación, 1973, Article 123](#)).

- **If benefits are reduced while working, does it effect future benefits?** Answer: No

Additional Benefit Adjustments

- **Adjustment 1:** [Christmas bonus](#) [Aguinaldo]
- **Adjustment 1 details:** Individuals receive a benefit payment equal to one month's pension in the month of November.

Chapter 2: Policy enacted 1996-2020

Policy change in 1996

Legislation ([Diario Oficial de la Federación, 1995](#)), enacted December 21, 1995 and effective July 1, 1997, introduced the following changes to the old-age benefit system:

- Created a defined contribution system in which individuals that started working or contributing on or after July 1, 1997 choose a pension fund administrator [Administradora de Fondos para el Retiro, AFORE] to manage their individual accounts
- Introduced an eligibility track for individuals retiring before age 60
- Eliminated the [Christmas bonus](#) for people receiving benefits under the [New System](#) who choose to receive an annuity [renta vitalicia] or scheduled withdrawals [retiro programado]
- Incorporated the [supplementary pension system](#) (SAR 92) as part of the new defined contribution system

Additional reforms during this period include:

- Legislation ([Diario Oficial de la Federación, 1999](#)), enacted December 14, 1999 and effective December 15, 1999, introduced requirements for individuals to continue receiving pension benefits who had started receiving a pension but returned to work.
- Legislation ([Diario Oficial de la Federación, 2001](#)), enacted December 20, 2001 and effective February 1, 2002, changed adjustments to social security benefits for individuals that started employment before July 1, 1997 from minimum wage rates to the National Consumer Price Index

Overview

Mexico provides an [Old-Age Pension](#) [Pensión de Vejez] to individuals that satisfy certain age and contribution requirements through a defined benefit system. The 1973 Social Security Law [Ley del Seguro Social] ([Diario Oficial de la Federación, 1973](#)) forms the legal basis of the Mexican public old-age pension system. In 1995, a pension reform changed the defined benefit system by a defined contribution which was introduced on July 1, 1997. The 1997 Social Security Law [Ley del Seguro Social] ([Diario Oficial de la Federación, 1995](#)) forms the legal basis of the Mexican public old-age pension system for individuals that started working or contributing on or after July 1, 1997.

Individuals who are aged 65 and over, have 500 weekly contributions or more, and have started contributing before July 1, 1997 are eligible to receive benefits under The [1973 Social Security Law](#). For individuals under the [Old System](#) (those that started working before July 1, 1997), benefit amounts are based on the average daily wage of the last 250 weeks of contribution and total number of contribution weeks, and benefits are administered by the Mexican Social Security Institute [Instituto Mexicano de Seguridad Social, IMSS]. Individuals under The [1997 Social Security Law](#) who are aged 65 and over and have at least 1,250 weekly contributions are eligible to receive benefits under the [Old-Age Pension](#) [Pensión de Vejez]. Similarly, those under the [1997 Social Security Law](#) who are age 59 or younger, have at least 1,250 weekly contributions, and have enough funds in their individual account may decide to retire early through [Retirement before age 60](#) [Retiro Anticipado]. For individuals under the [New System](#) (those that started working on or after July 1, 1997), benefit amounts are based on their contributions and returns obtained, and benefits are administered by the pension fund administrator [Administradora de Fondos para el Retiro, AFORE] chosen by the insured individual. Individuals under the [New System](#) who meet contribution and funding requirements can also choose to retire before age 60 through the eligibility track known as [Retirement before age 60](#) [Retiro Anticipado].

Additionally, individuals under either system who have stopped working can make voluntary contributions under the [Voluntary Continuation to the Mandatory Regime](#) [Continuación Voluntaria al Régimen Obligatorio] during the time they are unemployed if they have at least 52 weeks of contributions ([Diario Oficial de la Federación, 1973, Article 194; 1995, Article 218](#)). From 2001, the 52 weeks of contributions must have occurred in the last 5 years before they stopped working ([Diario Oficial de la Federación, 2001, Article 218](#)).

This document focuses on benefits provided to workers in the private sector. Public sector workers are covered by other social security systems not covered in this document.

Contributions

This section discusses required contributions to be covered by an old-age benefit system.

Employee contribution rate

1.125% of salary for individuals in the [Old System](#) and [New System](#) ([Diario Oficial de la Federación, 1995, Article 168](#))

Employer contribution rate

- Employer contribution rate: 3.15% of salary

- Government contribution rate: 7.143% of the employer contribution plus a monthly contribution known as [social quota](#) [cuota social] equivalent to 5.5% of the general minimum wage in the Federal District (Distrito Federal, known as Mexico City since 2016) for each day an employee contributes to the system

Self-employed contribution rate

Self-employed individuals can make voluntary contributions to the Mexican Social Security Institute [Instituto Mexicano de Seguridad Social, IMSS] by paying the employee and employer contributions rates ([Diario Oficial de la Federación, 1973; 1995, Article 13](#)).

Eligibility

This section discusses requirements for an individual to be eligible to receive an old-age benefit from the covered system(s).

Age requirements to start benefits without penalty

- **Statutory retirement age (SRA)**
Age 65 ^[2]
- **Does SRA vary by birth year?** Answer: No (Indirectly by work history on July 1, 1997)
- **Does SRA vary by sex?** Answer: No

Contribution requirements to be eligible to receive benefit

Since the 1997 reform, there are two benefit systems, which we will refer to as “classes,” based on the starting year of employment as follows:

- [Class A: Persons who started working before July 1, 1997 \(Old System\)](#)
- [Class B: Persons who started working on or after July 1, 1997 \(New System\)](#)

Before 1997, the pension system in Mexico was characterized for being a defined benefit system based on the 1973 Social Security Law [Ley del Seguro Social] ([Diario Oficial de la Federación, 1973](#)). The 1997 Social Security Law [Ley del Seguro Social] ([Diario Oficial de la Federación, 1995](#)) transformed the pension system to a defined contribution system and introduced an eligibility track for individuals retiring before age 60.

Eligibility for benefits differ by system, and within each system, there are multiple eligibility tracks.

[Class A: Persons who started working before July 1, 1997 \(Old System\)](#)

Eligibility Track A1: [Old-Age Pension](#) [Pensión de Vejez]

An individual is eligible to receive benefits under the [Old System](#) if they meet the following requirements ([Diario Oficial de la Federación, 1973, Article 138](#)):

- Age requirements: Age 65
- Contribution requirements: 500 weekly contributions, approximately 10 years
- Other requirements: Must have started contributing before July 1, 1997

Individuals who started working before July 1, 1997 and wish to migrate to the [New System](#) can do so if they meet the eligibility requirements for [Old-Age Pension](#) [Pensión de Vejez] or [Retirement before age 60](#) [Retiro Anticipado] ([Diario Oficial de la Federación, 1995, Transitory Articles](#)) ^[4]. Individuals who started working on or after July 1, 1997 cannot migrate to the [Old System](#).

[Class B: Persons who started working on or after July 1, 1997 \(New System\)](#)

Eligibility Track B1: [Old-Age Pension](#) [Pensión de Vejez]

An individual is eligible to receive benefits under the [New System](#) if they meet the following requirements based on their age ([Diario Oficial de la Federación, 1995, Article 162](#)):

- Conditions for individuals age 65 and above
 - ◊ Age requirements: Age 65
 - ◊ Contribution requirements: 1,250 weekly contributions, approximately 24 years
- Conditions for individuals between ages 60 and 64 —[Old-Age Early Retirement Pension](#) [Pensión de Cesantía en Edad Avanzada]
 - ◊ Age requirements: Ages 60-64
 - ◊ Income requirements: The life annuity they would receive by retiring early must be higher than 30% of the [Guaranteed Minimum Pension](#) ([Diario Oficial de la Federación, 1995, Articles 154-160](#)). See [Table 6](#) for details of the [Guaranteed Minimum Pension](#) by year.

Eligibility Track B2: Retirement before age 60 [Retiro Anticipado]

An individual is eligible to receive benefits under this eligibility track if they meet the following requirements ([Diario Oficial de la Federación, 1995, Article 158](#)):

- Age requirements: 59 and younger
- Contribution requirements: 1,250 weekly contributions, approximately 24 years
- Other requirements: Must have enough funds in their individual account such that the pension amount they receive from their pension fund is 30% greater than the [Guaranteed Minimum Pension \[Pensión Mínima Garantizada, PMG\]](#) —see [Table 6](#) for details

Alternative eligibility requirements that permit starting benefits early but with a penalty

- **Can an individual start benefits before SRA?** Answer: Yes
- **Earliest eligibility**

Earliest retirement age differs by system as follows:

Class A: Persons who started working before July 1, 1997 (Old System)

Eligibility Track A1: [Old-Age Pension \[Pensión de Vejez\]](#) —Age 60

Class B: Persons who started working on or after July 1, 1997 (New System)

- ◊ Eligibility Track B1: [Old-Age Pension \[Pensión de Vejez\]](#) —Age 60
- ◊ Eligibility Track B2: [Retirement before age 60 \[Retiro Anticipado\]](#) —No alternative eligibility requirements that permit starting benefits early, but with a penalty
- **See the subsection *Adjustments for starting benefits before SRA (Early claiming or retirement)* within the *Benefits* section for details on the penalty applied for claiming at earliest eligibility.**

Benefits

This section discusses how benefit payment levels are determined conditional on eligibility to receive benefits.

To receive a benefit, does an individual have to claim it? Answer: Yes

Payment type

- **Payment options (i.e., Annuity, cash balance, or lump sum):** Annuitable

Factors effecting computation of benefit entitlement

- **Does the formula for computing benefit entitlement differ by birth year?** Answer: No
- **Is the formula for computing benefit entitlement progressive?** Answer: Yes
- **Does the benefit entitlement depend on the individual's own contribution/work history?** Answer: Yes
- **Does the benefit entitlement depend on national income?** Answer: No
- **Does an individual receive credits for military service (above any credits normally received for employment)?** Answer: No
- **Does an individual receive credits for number of children?** Answer: No
- **Does an individual receive credits for unemployment?** Answer: No
- **Are future benefit entitlements adjusted for cost of living?** Answer: Yes
- **If so, what measure is used for adjustment?**

Class A: Persons who started working before July 1, 1997 (Old System):

1996-2001: Minimum wage rates

2002-2020: National Consumer Price Index

Class B: Persons who started working on or after July 1, 1997 (New System): National Consumer Price Index**Benefit formula for claiming at SRA**

Calculation of benefits differs by system as follows:

Class A: Persons who started working before July 1, 1997 (Old System)

Benefit amounts are based on the average daily wage of the last 250 weeks of contribution and total number of contribution weeks.

The average daily wage of the last 250 weeks is compared to the monthly minimum wage in Federal District (Distrito Federal, known as Mexico City since 2016) and assigned a fixed rate to calculate the benefit amount. From 1995 to 2015, the average daily wage of

the last 250 weeks is compared to the monthly minimum wage in the Federal District [Distrito Federal] and assigned a fixed rate to calculate the benefit amount. See [Table 2](#) for details of fixed rate by salary amount. See [Table 3](#) for details of the minimum wage in the Federal District.

In 2016, the [Unit of Measure and Update](#) [Unidad de Medida y Actualización, UMA] was introduced. From 2016, the average daily wage of the last 250 weeks is compared to the [Unit of Measure and Update](#) [Unidad de Medida y Actualización, UMA] and assigned a fixed rate to calculate the benefit amount. See [Table 4](#) for details of UMA amounts by year.

Moreover, individuals who have more than 500 weekly contributions receive a higher amount for each 52 weekly contributions above 500. See [Table 2](#) for details of the multiplier.

Individuals who have no dependents such as a spouse or children are eligible to receive a 15% increase on their benefit amount. See [Formula 1](#) for details of benefit calculation. Additionally, individuals can choose to make voluntary contributions to increase their benefit amounts.^[1]

[Class B: Persons who started working on or after July 1, 1997 \(New System\)](#)

Benefits are paid by the insured's pension fund administrator [Administradora de Fondos para el Retiro, AFORE] based on their contributions plus accrued interest.

Once an individual retires, they must choose to receive an annuity [renta vitalicia] or scheduled withdrawals [retiro programado]. Individuals who decide to receive an annuity must purchase a life annuity with an insurance company with their accumulated pension balance funds. Benefit amounts for individuals that decide to receive scheduled withdrawals depend on their accumulated pension balance funds, returns obtained and life expectancy. Individuals that choose to receive an annuity [renta vitalicia] or scheduled withdrawals [retiro programado] will not receive the annual [Christmas bonus](#) ([Diario Oficial de la Federación, 1995, Article 159](#)).

See [Formula 2](#) for details of benefit payments of scheduled withdrawals of the [Old-Age Pension](#) [Pensión de Vejez] and the [Retirement before age 60](#) [Retiro Anticipado] pension. See [Box 1](#) for an example of calculation of benefit amounts.

Adjustments for starting benefits before SRA (Early claiming or retirement)

- **Are benefits reduced for starting benefits before SRA?** Answer: Yes
- **Is so, what is the earliest eligibility?**
Earliest retirement age differs by system as follows:

[Class A: Persons who started working before July 1, 1997 \(Old System\)](#)

Eligibility Track A1: [Old-Age Pension](#) [Pensión de Vejez] —Age 60

[Class B: Persons who started working on or after July 1, 1997 \(New System\)](#)

- ◊ Eligibility Track B1: [Old-Age Pension](#) [Pensión de Vejez] —Age 60
- ◊ Eligibility Track B2: [Retirement before age 60](#) [Retiro Anticipado] —No alternative eligibility requirements that permit starting benefits early, but with a penalty

- **Adjustment formula**

Adjustments due to early claiming vary by classes.

[Class A: Persons who started working before July 1, 1997 \(Old System\)](#)

Eligibility Track A1: [Old-Age Pension](#) [Pensión de Vejez]

Individuals starting benefits before SRA can receive a reduced benefit, known as [Old-Age Early Retirement Pension](#) [Pensión de Cesantía en Edad Avanzada]. Qualified individuals receive a percentage of the full benefit amount they would receive at age 65 ([Diario Oficial de la Federación, 1973, Articles 143-148](#)). See [Table 5](#) for percentages they receive from the full benefit amount by age. See [Formula 1](#) for details of benefit calculation.

[Class B: Persons who started working on or after July 1, 1997 \(New System\)](#)

Eligibility Track B1: [Old-Age Pension](#) [Pensión de Vejez]

No early retirement options.

Eligibility Track B2: [Retirement before age 60](#) [Retiro Anticipado]

No alternative eligibility requirements that permit starting benefits early, but with a penalty

Adjustments for starting benefits after SRA (Delayed claiming or retirement)

- **Are benefits increased for starting benefits after SRA?** Answer: No

Adjustments for starting benefits and continuing to work (Earnings Test)

- **Are benefits reduced or eliminated while working?** Answer: Yes

• **Adjustment formula**

Individuals in both systems who have returned to work do not receive a benefit payment while they are working ([Diario Oficial de la Federación, 1973, Article 123](#)); ([Diario Oficial de la Federación, 1995, Article 173](#)).

From 1999, individuals in both systems who return to work must have been retired for at least 6 months, receive a salary less than 50% than the salary they received before retiring, and be in a different position than the one they retired from to continue receiving pension benefits ([Diario Oficial de la Federación, 1999, Article 173](#)).

- **If benefits are reduced while working, does it effect future benefits?** Answer: Yes

- **If so, how does claiming and continuing to work affect future benefits?**

Class A: Persons who started working before July 1, 1997 (Old System)

Individuals who have met the requirements to continue to receive a pension while working remain entitled to benefits accrued under the [Old System](#). However, they must transfer to the [New System](#) and start contributing to a private pension fund to accrue any new benefits earned from work ([Diario Oficial de la Federación, 1995, Article 196](#)).

Class B: Persons who started working on or after July 1, 1997 (New System)

Individuals who have returned to work must open a new individual account with a pension fund administrator [Administradora de Fondos para el Retiro, AFORE] ([Diario Oficial de la Federación, 1995, Article 196](#)).

Additional Benefit Adjustments

- **Adjustment 1:** [Christmas bonus](#) [Aguinaldo]
- **Adjustment 1 details:** Individuals under the [Old System](#) receive a benefit payment equal to one month's pension in the month of November.

Chapter 3: Policy enacted 2021-2024

Policy change in 2021

The 2020 reform ([Diario Oficial de la Federación, 2020](#)), enacted December 16, 2020 and effective January 1, 2021, introduced the following changes to the old-age benefit system:

- The number of weeks of contribution needed to qualify changed from 1,250 weeks to 750 weeks with annual increases of 25 weeks. By 2031, it will be 1,000 weeks.
- The [Guaranteed Minimum Pension](#) [Pensión Mínima Garantizada, PMG] changed from being equivalent to the average monthly wage in Mexico City to be a fixed rate for each individual that depends on their age at retirement, number of weeks contribution and their average salary while working.
- Effective January 1, 2023, employer contribution rates were gradually increased to eventually be 10.077% in 2030 for employees that earn no more than 4 times the [Unit of Measure and Update](#) [Unidad de Medida y Actualización, UMA] and to 11.875% in 2030 for employees that earn more than 4 times the [Unit of Measure and Update](#) [Unidad de Medida y Actualización, UMA].
- Effective January 1, 2023, the government contribution equivalent to 7.143% of the employer contribution is eliminated.
- Effective January 1, 2023, the government contribution known as [social quota](#) [cuota social] is given only to workers who earn up to 4 times the [Unit of Measure and Update](#) [Unidad de Medida y Actualización, UMA] for an amount based on the salaries workers receive.
- From January 1, 2023 to December 31, 2023, the [social quota](#) [cuota social] is given to workers who earn up to 7.09 times the [Unit of Measure and Update](#) [Unidad de Medida y Actualización, UMA] for an amount based on the salaries workers receive.
- Effective January 1, 2023, commission fees charged by pension fund administrators [Administradora de Fondos para el Retiro, AFORE] were reduced for managing individual accounts.

Overview

Mexico provides an [Old-Age Pension](#) [Pensión de Vejez] to individuals that satisfy certain age and contribution requirements. Individuals that started working before July 1, 1997 receive benefits through a defined benefit system, while individuals that started working after that date receive benefits through a defined contribution system. The 1973 Social Security Law [Ley del Seguro Social] ([Diario Oficial de la Federación, 1973](#)) forms the legal basis of the Mexican public old-age pension system before 1997 and The 1997 Social Security Law [Ley del Seguro Social] ([Diario Oficial de la Federación, 1995](#)) forms the legal basis of the Mexican public old-age pension system for those that started working or contributing on or after July 1, 1997. In 2020, a pension reform changed the number of contributions required for eligibility as well as contribution requirements for employees and the government.

Individuals who are aged 65 and over, have 500 weekly contributions or more, and have started contributing before July 1, 1997 are eligible to receive benefits under The [1973 Social Security Law](#). For individuals under the [Old System](#) (those that started working before July 1, 1997), benefit amounts are based on the average daily wage of the last 250 weeks of contribution and total number of contribution weeks, and benefits are administered by the Mexican Social Security Institute [Instituto Mexicano de Seguridad Social, IMSS]. Individuals under The [1997 Social Security Law](#) who are aged 65 and over and have at least 1,250 weekly contributions are eligible to receive benefits under the [Old-Age Pension](#) [Pensión de Vejez]. Similarly, those under the [1997 Social Security Law](#) who are age 59 or younger, have at least 1,250 weekly contributions, and have enough funds in their individual account may decide to retire early through [Retirement before age 60](#) [Retiro Anticipado]. For individuals under the [New System](#) (those that started working on or after July 1, 1997), benefit amounts are based on their contributions and returns obtained, and benefits are administered by the pension fund administrator [Administradora de Fondos para el Retiro, AFORE] chosen by the insured individual. Individuals under the [New System](#) who meet contribution and funding requirements can also choose to retire before age 60 through the eligibility track known as [Retirement before age 60](#) [Retiro Anticipado].

Additionally, individuals under either system who have stopped working can make voluntary contributions under the [Voluntary Continuation to the Mandatory Regime](#) [Continuación Voluntaria al Régimen Obligatorio] during the time they are unemployed if they have at least 52 weeks of contributions in the last 5 years before they stopped working ([Diario Oficial de la Federación, 2023, Article 218](#)).

This document focuses on benefits provided to workers in the private sector. Public sector workers are covered by other social security systems not covered in this document.

Contributions

This section discusses required contributions to be covered by an old-age benefit system.

Employee contribution rate

1.125% of salary for individuals in the [Old System](#) and [New System](#) ([Diario Oficial de la Federación, 2020, Article 168](#))

Employer contribution rate

- Employer contribution rate: 3.15% of salary. From 2023, employer contributions depend on the employee's salary. See [Table 7](#) for details.
- Government contribution rate: 7.143% of the employer contribution. From 2023, the government contribution is eliminated.
 - ◊ 2021-2022: 7.143% of the employer contribution plus a monthly contribution known as [social quota](#) [cuota social] equivalent to 5.5% of the general minimum wage in the Federal District (Distrito Federal, known as Mexico City since 2016) for each day an employee contributes to the system
 - ◊ 2023: The [social quota](#) [cuota social] is given to workers who earn up to 7.09 times the [Unit of Measure and Update](#) [Unidad de Medida y Actualización, UMA] for an amount based on the salaries workers receive.
 - ◊ 2024: The [social quota](#) [cuota social] is given only to workers who earn up to 4 times the [Unit of Measure and Update](#) [Unidad de Medida y Actualización, UMA] for an amount based on the salaries workers receive.

Self-employed contribution rate

Self-employed individuals can make voluntary contributions to the Mexican Social Security Institute [Instituto Mexicano de Seguridad Social, IMSS] by paying the employee and employer contributions rates ([Diario Oficial de la Federación, 1973; 1995, Article 13](#)).

Eligibility

This section discusses requirements for an individual to be eligible to receive an old-age benefit from the covered system(s).

Age requirements to start benefits without penalty

- [Statutory retirement age \(SRA\)](#)
Age 65 ^[2]
- **Does SRA vary by birth year?** Answer: No (Indirectly by work history on July 1, 1997)
- **Does SRA vary by sex?** Answer: No

Contribution requirements to be eligible to receive benefit

Since the 1997 reform, there are two benefit systems, which we will refer to as “classes,” based on the starting year of employment as follows:

- [Class A: Persons who started working before July 1, 1997 \(Old System\)](#)
- [Class B: Persons who started working on or after July 1, 1997 \(New System\)](#)

Before 1997, the pension system in Mexico was characterized for being a defined benefit system based on the 1973 Social Security Law [Ley del Seguro Social] ([Diario Oficial de la Federación, 1973](#)). The 1997 Social Security Law [Ley del Seguro Social] ([Diario Oficial de la Federación, 1995](#)) transformed the pension system to a defined contribution system and introduced an eligibility track for individuals retiring before age 60.

Eligibility for benefits differ by system, and within each system, there are multiple eligibility tracks.

[Class A: Persons who started working before July 1, 1997 \(Old System\)](#)

Eligibility Track A1: [Old-Age Pension](#) [Pensión de Vejez]

An individual is eligible to receive benefits under the [Old System](#) if they meet the following requirements ([Diario Oficial de la Federación, 1973, Article 138](#)):

- Age requirements: Age 65
- Contribution requirements: 500 weekly contributions, approximately 10 years
- Other requirements: Must have started contributing before July 1, 1997

Individuals who started working before July 1, 1997 and wish to migrate to the [New System](#) can do so if they meet the eligibility requirements for [Old-Age Pension](#) [Pensión de Vejez] or [Retirement before age 60](#) [Retiro Anticipado] ([Diario Oficial de la Federación, 1995, Transitory Articles](#)) ^[4]. Individuals who started working on or after July 1, 1997 cannot migrate to the [Old System](#).

[Class B: Persons who started working on or after July 1, 1997 \(New System\)](#)

Eligibility Track B1: Old-Age Pension [Pensión de Vejez]

An individual is eligible to receive benefits under the **New System** if they meet the following requirements based on their age ([Diario Oficial de la Federación, 1995, Article 162](#)):

- Conditions for individuals age 65 and above
 - ◊ Age requirements: Age 65
 - ◊ Contribution requirements: In 2020, it was 1,250 weekly contributions, approximately 24 years. Effective 2021, it was 750, approximately 14 years, and increases 25 weeks per year ([Diario Oficial de la Federación, 2020, Transitory Article 4](#)). See [Table 8](#) for details.
- Conditions for individuals between ages 60 and 64 —**Old-Age Early Retirement Pension [Pensión de Cesantía en Edad Avanzada]**
 - ◊ Age requirements: Ages 60-64
 - ◊ Income requirements: The life annuity they would receive by retiring early must be higher than 30% of the **Guaranteed Minimum Pension** ([Diario Oficial de la Federación, 1995, Articles 154-160](#)). See [Table 6](#) for details of the **Guaranteed Minimum Pension** by year. See the 2020 Decree ([Diario Oficial de la Federación, 2020, Article 170](#)) for details of calculation effective from 2021 based on an individual's number of weeks of contribution, average salary while working compared to an **UMA** and age when they retired.

Eligibility Track B2: Retirement before age 60 [Retiro Anticipado]

An individual is eligible to receive benefits under this eligibility track if they meet the following requirements ([Diario Oficial de la Federación, 1995, Article 158](#)):

- Age requirements: 59 and younger
- Contribution requirements: In 2020, it was 1,250 weekly contributions, approximately 24 years. Effective 2021, it was 750, approximately 14 years, and increases 25 weeks per year ([Diario Oficial de la Federación, 2020, Transitory Article 4](#)). See [Table 8](#) for details.
- Other requirements: An individual must have enough funds in their individual account such that the pension amount they receive from their pension fund is 30% greater than the **Guaranteed Minimum Pension [Pensión Mínima Garantizada, PMG]**. See [Table 6](#) for details for 2020. See ([Diario Oficial de la Federación, 2020, Article 170](#)) for details of calculation effective from 2021.

Alternative eligibility requirements that permit starting benefits early but with a penalty

- **Can an individual start benefits before SRA?** Answer: Yes
- **Earliest eligibility**

Earliest retirement age differs by system as follows:

Class A: Persons who started working before July 1, 1997 (Old System)

Eligibility Track A1: **Old-Age Pension [Pensión de Vejez]** —Age 60

Class B: Persons who started working on or after July 1, 1997 (New System)

- ◊ Eligibility Track B1: **Old-Age Pension [Pensión de Vejez]** —Age 60
- ◊ Eligibility Track B2: **Retirement before age 60 [Retiro Anticipado]** —No alternative eligibility requirements that permit starting benefits early, but with a penalty

- **See the subsection *Adjustments for starting benefits before SRA (Early claiming or retirement)* within the *Benefits* section for details on the penalty applied for claiming at earliest eligibility.**

Benefits

This section discusses how benefit payment levels are determined conditional on eligibility to receive benefits.

To receive a benefit, does an individual have to claim it? Answer: Yes

Payment type

- **Payment options (i.e., Annuity, cash balance, or lump sum):** Annuitable

Factors effecting computation of benefit entitlement

- **Does the formula for computing benefit entitlement differ by birth year?** Answer: No
- **Is the formula for computing benefit entitlement progressive?** Answer: Yes

- **Does the benefit entitlement depend on the individual's own contribution/work history?** Answer: Yes
- **Does the benefit entitlement depend on national income?** Answer: No
- **Does an individual receive credits for military service (above any credits normally received for employment)?** Answer: No
- **Does an individual receive credits for number of children?** Answer: No
- **Does an individual receive credits for unemployment?** Answer: No
- **Are future benefit entitlements adjusted for cost of living?** Answer: Yes
- **If so, what measure is used for adjustment?**
National Consumer Price Index

Benefit formula for claiming at SRA

Calculation of benefits differs by system as follows:

Class A: Persons who started working before July 1, 1997 (Old System)

Benefit amounts are based on the average daily wage of the last 250 weeks of contribution and total number of contribution weeks.

The average daily wage of the last 250 weeks is compared to a [Unit of Measure and Update](#) [Unidad de Medida y Actualización, UMA] and assigned a fixed rate to calculate the benefit amount. See [Table 4](#) for details of UMA amounts by year. See [Table 2](#) for details of fixed rate by salary amount.

Moreover, individuals who have more than 500 weekly contributions receive a higher amount for each 52 weekly contributions above 500. See [Table 2](#) for details of the multiplier.

Individuals who have no dependents such as a spouse or children are eligible to receive a 15% increase on their benefit amount. See [Formula 1](#) for details of benefit calculation. Additionally, individuals can choose to make voluntary contributions to increase their benefit amounts. ^[1]

Class B: Persons who started working on or after July 1, 1997 (New System)

Benefits are paid by the insured's pension fund administrator [Administradora de Fondos para el Retiro, AFORE] based on their contributions plus accrued interest.

Once an individual retires, they must choose to receive an annuity [renta vitalicia] or scheduled withdrawals [retiro programado]. Individuals who decide to receive an annuity must purchase a life annuity with an insurance company with their accumulated pension balance funds. Benefit amounts for individuals that decide to receive scheduled withdrawals depend on their accumulated pension balance funds, returns obtained and life expectancy. Individuals that choose to receive an annuity [renta vitalicia] or scheduled withdrawals [retiro programado] will not receive the annual [Christmas bonus \(Diario Oficial de la Federación, 1995, Article 159\)](#).

See [Formula 2](#) for details of benefit payments of scheduled withdrawals of the [Old-Age Pension](#) [Pensión de Vejez] and the [Retirement before age 60](#) [Retiro Anticipado] pension. See [Box 1](#) for an example of calculation of benefit amounts. See [Table 9](#) for discount rates used to calculate annuities in 2023.

Adjustments for starting benefits before SRA (Early claiming or retirement)

- **Are benefits reduced for starting benefits before SRA?** Answer: Yes
- **Is so, what is the earliest eligibility?**
Earliest retirement age differs by system as follows:

Class A: Persons who started working before July 1, 1997 (Old System)

Eligibility Track A1: [Old-Age Pension](#) [Pensión de Vejez] —Age 60

Class B: Persons who started working on or after July 1, 1997 (New System)

- ◇ Eligibility Track B1: [Old-Age Pension](#) [Pensión de Vejez] —Age 60
- ◇ Eligibility Track B2: [Retirement before age 60](#) [Retiro Anticipado] —No alternative eligibility requirements that permit starting benefits early, but with a penalty

- **Adjustment formula**

Adjustments due to early claiming vary by classes.

Class A: Persons who started working before July 1, 1997 (Old System)

Eligibility Track A1: [Old-Age Pension](#) [Pensión de Vejez]

Individuals starting benefits before [SRA](#) can receive a reduced benefit, known as [Old-Age Early Retirement Pension](#) [Pensión de Cesantía en Edad Avanzada]. Qualified individuals receive a percentage of the full benefit amount they would receive at age 65 ([Diario Oficial de la Federación, 1973, Articles 143-148](#)). See [Table 5](#) for percentages they receive from the full benefit amount by age. See [Formula 1](#) for details of benefit calculation.

[Class B: Persons who started working on or after July 1, 1997 \(New System\)](#)

Eligibility Track B1: [Old-Age Pension](#) [Pensión de Vejez]

No early retirement options.

Eligibility Track B2: [Retirement before age 60](#) [Retiro Anticipado]

No alternative eligibility requirements that permit starting benefits early, but with a penalty

Adjustments for starting benefits after SRA (Delayed claiming or retirement)

- **Are benefits increased for starting benefits after SRA?** Answer: No

Adjustments for starting benefits and continuing to work (Earnings Test)

- **Are benefits reduced or eliminated while working?** Answer: Yes
- **Adjustment formula**

Individuals in both systems who have returned to work do not receive a benefit payment while they are working ([Diario Oficial de la Federación, 1973, Article 123](#)); ([Diario Oficial de la Federación, 1995, Article 173](#)).

From 1999, individuals in both systems who return to work must have been retired for at least 6 months, receive a salary less than 50% than the salary they received before retiring, and be in a different position than the one they retired from to continue receiving pension benefits ([Diario Oficial de la Federación, 1999, Article 173](#)).

- **If benefits are reduced while working, does it effect future benefits?** Answer: Yes
- **If so, how does claiming and continuing to work affect future benefits?**

[Class A: Persons who started working before July 1, 1997 \(Old System\):](#)

Individuals who have met the requirements to continue to receive a pension while working remain entitled to benefits accrued under the [Old System](#). However, they must transfer to the [New System](#) and start contributing to a private pension fund to accrue any new benefits earned from work ([Diario Oficial de la Federación, 1995, Article 196](#)).

[Class B: Persons who started working on or after July 1, 1997 \(New System\)](#)

Individuals who have returned to work must open a new individual account with a pension fund administrator [Administradora de Fondos para el Retiro, AFORE] ([Diario Oficial de la Federación, 1995, Article 196](#)).

Additional Benefit Adjustments

- **Adjustment 1:** [Christmas bonus](#) [Aguinaldo]
- **Adjustment 1 details:** Individuals under the [Old System](#) receive a benefit payment equal to one month's pension in the month of November.

Tables and Formulas

Table 1: Employee and Employer Contribution Rates (1992-1995)

Year	Employee Rate	Employer Rate
1995	1.95%	5.46%
1994	1.90	5.32
1993	1.85	5.18
1992	1.80	5.04

Source: [Diario Oficial de la Federación \(1990\)](#) - Decreto por el que se reforma, adiciona y deroga diversos artículos de la Ley del Seguro Social [Decree that reforms, adds and repeals various articles of the Social Security Law]

Table 2: Fixed Rates for Old System Benefits

Salary Range	Fixed Amount	Multiplier
Up to 1.0 Minimum Wage in DF/UMA	80.00%	0.563%
1.01 - 1.25	77.11	0.814
1.26 - 1.50	58.18	1.178
1.51 - 1.75	49.23	1.430
1.76 - 2.00	42.67	1.615
2.01 - 2.25	37.65	1.756
2.26 - 2.50	33.68	1.868
2.51 - 2.75	30.48	1.958
2.76 - 3.00	27.83	2.033
3.01 -3.25	25.60	2.096
3.26 - 3.50	23.70	2.149
3.51 - 3.75	22.07	2.195
3.75 - 4.00	20.65	2.235
4.01 - 4.25	19.39	2.271
4.26 - 4.50	18.29	2.302
4.51 - 4.75	17.30	2.330
4.76 - 5.00	16.41	2.355
5.01 - 5.25	15.61	2.377
5.26 - 5.50	14.88	2.398
5.51 - 5.75	14.22	2.416
5.76 - 6.00	13.62	2.433
6.01 and above	13.00	2.450

Source: [Diario Oficial de la Federación \(1994b\)](#) - Ley del Seguro Social 1793, Última reforma publicada DOF 29-12-1994 [Social Security Law 1973, Last reform published DOF 12-29-1994]

Note:

1. Before 2016, the salary range for each individual was compared to the monthly minimum wage in the Federal District (Distrito Federal, DF —known as Mexico City since 2016).
2. From 2016, the salary range for each individual is compared to the [Unit of Measure and Update](#) [Unidad de Medida y Actualización, UMA]. It is a unit of reference used to determine payments, obligations or fines owed to the Mexican government.

Table 3: Daily Minimum Wage in Mexico City (1992-2024)

Year	Daily Amount	Monthly Amount
2024	248.93 pesos	7,467.90 pesos
2023	207.44	6,223.20
2022	172.87	5,186.10
2021	141.70	4,251.00
2020	123.22	3,696.60
2019	102.68	3,080.40
2018	88.36	2,650.80
2017	80.04	2,401.20
2016	73.04	2,191.20
2015	70.10	2,103.00
2014	67.29	2,018.70
2013	64.76	1,942.80
2012	62.33	1,869.90
2011	59.82	1,794.60
2010	57.46	1,723.80
2009	54.80	1,644.00
2008	52.59	1,577.70
2007	50.57	1,517.10
2006	48.67	1,460.10
2005	46.80	1,404.00
2004	45.24	1,357.20
2003	43.65	1,309.50
2002	42.15	1,264.50
2001	40.35	1,210.50
2000	37.90	1,137.00
1999	34.45	1,033.50
1998	30.20	906.00
1997	26.45	793.50
1996	22.60	678.00
1995	16.34	490.20
1994	15.27	458.10
1993	14.27	428.10
1992	13.33	399.90

Source: [Comisión Nacional de los Salarios Mínimos \(2022\)](#) - Salarios mínimos generales y profesionales en la capital 1966-2022 [General and professional minimum wages in the capital 1966-2022]; [Comisión Nacional de los Salarios Mínimos \(2023, 2024\)](#) - Incremento a los Salarios Mínimos [Increase in Minimum Wages]

Note: Monthly amounts were calculated by multiplying the daily amount by 30.

Table 4: Units of Measure and Update (UMA) (2016-2024)

Year	Daily Amount	Monthly Amount
2024	108.57 pesos	3,300.53 pesos
2023	103.74	3,153.70
2022	96.22	2,925.09
2021	89.62	2,724.45
2020	86.88	2,641.15
2019	84.49	2,568.50
2018	80.60	2,450.24
2017	75.49	2,294.90
2016	73.04	2,220.42

Source: Instituto Nacional de Estadística y Geografía (2024) - Economía y Sectores Productivos - UMA [Economy and Productive Sectors - UMA]

Formula 1: Old System Benefit Formula

$$B_{OA(UP73),i,t} = \begin{cases} \text{Percentage}_{i,t} \times (1 + \text{Increase}_{i,t}) \times \text{Salary}_{i,t} \times \text{Fixed Amount}_i & \text{if Weeks}_{i,t} = 500 \\ \text{Percentage}_{i,t} \times (1 + \text{Increase}_{i,t}) \times (1 + \text{Multiplier}_{i,t,c} \times \text{Add Weeks}_{i,t}) \times \text{Salary}_{i,t} \times \text{Fixed Amount}_i & \text{if Weeks}_{i,t} > 500 \end{cases}$$

- $B_{OA,i,t}$ = Individual i 's monthly benefits from an old-age pension in year t
- $\text{Percentage}_{i,t}$ = Reduction in benefit amount of the **Old-Age Early Retirement Pension** based on individual i 's age in year t —see [Table 5](#) for details by age ^[1,2]
- $\text{Increase}_{i,t}$ = Increase in benefit amount based on individual i 's living situation in year t —
 - ◊ Individuals who do not have any dependents (spouse, children under age 16 or parent that financially depends on them) receive a 15% increase in their pension.
 - ◊ Individuals who have a spouse or concubine receive a 15% increase in their pension.
 - ◊ Individuals who have children under age 16, or parents that financially depend on them receive a 10% increase in their pension per each child under age 16 or dependent parent.
- $\text{Salary}_{i,t}$ = Individual i 's average daily salary in the last 250 weeks before retirement
- Fixed Amount_i = Fixed rates used to calculate benefits that depend on an individual i 's average daily salary in the last 250 weeks before retirement. See [Table 2](#) for details
- $\text{Weeks}_{i,t}$ = Individual i 's number of weekly contributions in year t
- $\text{Multiplier}_{i,t,c}$ = Benefit multiplier in year t for each 52 weekly contributions c individual i makes above 500 weekly contributions. See [Table 2](#) for details
- $\text{Add Weeks}_{i,t}$ = Floor function accounting for additional weeks of contribution above 52 individual i made by the time of retirement in year t —

$$\text{Add Weeks}_{i,t} = \text{Floor}((C_{i,t} - 500)/52)$$

- ◊ $C_{i,t}$ = Total number of weekly contributions individual i made by the time of retirement in year t

Source: [Diario Oficial de la Federación \(1973\)](#) - Ley del Seguro Social [Social Security Law]

Note:

1. A reduction in benefit amount based on an individual's age only applies to the **Old-Age Early Retirement Pension**.
2. If there is no early claiming, there is no reduction and the percentage would be 1 (or 100 percent).

Table 5: Percentage of Old-Age Pension Benefit Amount for the Old-Age Early Retirement Pension

Age	Percentage of Old-Age Pension
60	75%
61	80
62	85
63	90
64	95

Source: [Diario Oficial de la Federación \(1973\)](#) - Ley del Seguro Social [Social Security Law]

Table 6: Guaranteed Minimum Pension (2010-2020)

Period	Monthly Amount
2020	3,289.00 pesos
2019	3,123.18
2018	.
2017	2,857.94
2016	.
2015	.
2014	2,601.00
2013	2,252.60
2012	2,415.41
2011	2,326.50
2010	2,228.49

Source: [Comisión Nacional del Sistema de Ahorro para el Retiro \(2010-2012; 2017\)](#) - Informe Trimestral al H. Congreso de la Unión Sobre la Situación del SAR [Quarterly Report to the H. Congress of the Union on the Situation of the SAR]; [Auditoría Superior de la Federación \(2013\)](#) - Evaluation number 1203, Evaluation of public pension and retirement policy; [Centro de Estudios de las Finanzas Públicas \(2014\)](#) - Some Results from the New CONSAR Calculator

Note:

1. Before 2021, the [Guaranteed Minimum Pension](#) [Pensión Mínima Garantizada, PMG] monthly amount was equivalent to a monthly minimum wage in the Federal District (Distrito Federal, known as Mexico City since 2016).
2. From January 1, 2021, the [Guaranteed Minimum Pension](#) [Pensión Mínima Garantizada, PMG] is a fixed rate that depends on the individual's age at retirement, number of weeks of contribution and average salary while working.
3. Missing amounts will be added in a future version if identified.

Formula 2: New System Benefit Formula

$$B_{OA(97),i,t} = \max \left\{ \frac{RSB_{i,t}}{1.02 \times (1 + A_{i,t})}, GMP_{i,t,s,c} \right\}$$

- $B_{OA(97),i,t}$ = Individual i 's own monthly old-age benefit at time t based on the defined contribution system since 1997 ^[1]
- $RSB_{i,t}$ = Individual i 's retirement savings balance in their individual account upon reaching **statutory retirement age** at time t ^[2];

$$RSB_{i,t} = IB_{i,t} \times \Pi_{q=t_0}^{N=t} (1 + I_{i,q}) + \left[0.80 \times \sum_{s=1}^{N=t} E_{i,s} \times TCR_{i,s} \times \Pi_{q=s}^{N=t} (1 + I_{i,q}) \right]$$

Key components of the formula are:

- ◊ $IB_{i,t}$ = Individual i 's account balance in their individual account at time t ^[3]
- ◊ $I_{i,q}$ = Individual i 's monthly return rate at time t based on their pension fund administration (AFORE)
- ◊ n = Number of months left from time t until individual i reaches **SRA**
- ◊ $E_{i,s}$ = Individual i 's earnings from employment at time t
- ◊ $TCR_{i,s}$ = Individual i 's total contribution rates —sum of own, employer's and government contributions at time t ^[4]
- $A_{i,t}$ = Annuity associated with individual i 's gender and age at time t ^[5]:

$$A_{i,t} = \frac{(1 + r_{i,t})^{12 \times L_{i,t}} - 1}{r_{i,t}}$$

- ◊ $r_{i,t}$ = Discount rate for individual i in time t
- ◊ $L_{i,t}$ = Estimated number of years individual i has left to live in time t ^[6]
- $GMP_{i,t,s,c}$ = **Guaranteed Minimum Pension** for individual i at time t based on their salary s and number of weekly contributions c —see **Table 6** for details

Source: [Secretaría de Hacienda y Crédito Público \(2016\)](#) - Estimación Personalizada de Pensión 2016: Metodología de Estimación [Personalized Pension Estimate 2016: Estimation Methodology]; [Comisión Nacional del Sistema de Ahorro para el Retiro \(2022\)](#) - Metodología de la calculadora ahorro y retiro para trabajadores que cotizan al IMSS [Methodology of the savings and retirement calculator for workers who contribute to the IMSS]

Note:

1. 2% is the percentage associated with a safety margin which is a constant.
2. 80% is the worker's contribution density which is an estimate of the proportion of time a worker makes contributions throughout their working life and is assumed a constant for calculation purposes.
3. The account balance may include savings from voluntary contributions, **ISSSTE** accounts and accounts of individuals migrating from the **Old System** to the **New System**.
4. From 2023, the employer contribution applies to employees' salaries above or equal to 1 Unit of Measure and Update (Unidad de Medida y Actualización, UMA). From 2021 to 2022, the government contribution is equivalent to 7.143% of the employer contribution plus a monthly contribution known as **social quota** [cuota social] equivalent to 5.5% of the general minimum wage in the Federal District (Distrito Federal, known as Mexico City since 2016) for each day an employee contributes to the system. In 2023, the **social quota** [cuota social] is given to workers who earn up to 7.09 times the **Unit of Measure and Update** [Unidad de Medida y Actualización, UMA] for an amount based on the salaries workers receive. From 2024, the **social quota** [cuota social] is given only to workers who earn up to 4 times the **Unit of Measure and Update** [Unidad de Medida y Actualización, UMA] for an amount based on the salaries workers receive.
5. The annuity rate for each deceased spouse is estimated as the Basic Old-Age Pension and Old-Age Early Retirement Pension Premium minus a discount rate equivalent to the ones published with the Life Annuity Values. See *Life Annuity Unit Values* ([Comisión Nacional del Sistema de Ahorro para el Retiro, 2021](#)) for details of the discount rate by week. See **Table 9** for details of the discount rate by week for 2023.
6. Longevity is estimated by gender and age. Values change weekly. See *Life Annuity Unit Values* ([Comisión Nacional del Sistema de Ahorro para el Retiro, 2021](#)) for details of longevity values by week.

Box 1: Example of individual receiving a benefit under the New System

Based on [Formula 2](#), we assume there is an individual with the following characteristics claiming a pension in 2024:

- Gender: Women
- Current Age: 63
- Number of weeks worked: 1,230
- $IB_{i,t}$: 15,000 pesos
- $l_{i,q}$: 3.43 percent
- n: 24 months
- $E_{i,s}$: 9,000 pesos
- $TCR_{i,s}$: 4.538 percent
- $r_{i,t}$: 5.63 percent
- $L_{i,t}$: 12.7977 years

We use the information above to calculate the individual's retirement savings balance (RSB) upon reaching [statutory retirement age](#) at time t :

$$RSB_{i,t} = 15,000 \times \prod_{q=t_0}^{N=t} (1 + 0.0343) + \left[0.80 \times \sum_{s=1}^{N=t} 9,000 \times 0.04538 \times \prod_{q=s}^{N=t} (1 + 0.0343) \right]$$

$$RSB_{i,t} = 495,896,266 \text{ pesos}$$

Similarly, we use the information above to calculate the annuity (A) associated with an individual's gender and age:

$$A_{i,t} = \frac{(1 + 0.0563)^{12 \times 12.7977} - 1}{0.0563} = 79,884.91$$

With this information, we calculate the monthly benefit amount an individual would receive:

$$B_{OA(97),i,t} = \max \left\{ \frac{495,896,266}{1.02 \times (1 + 79,884.91)}, GMP_{i,t,s,c} \right\}$$

$$B_{OA(97),i,t} = \max \left\{ 6,085.84, GMP_{i,t,s,c} \right\}$$

Thus, the individual's monthly benefit amount will be 6,085.84 pesos.

Source: [Secretaría de Hacienda y Crédito Público \(2016\)](#) - Estimación Personalizada de Pensión 2016: Metodología de Estimación [Personalized Pension Estimate 2016: Estimation Methodology]; [Comisión Nacional del Sistema de Ahorro para el Retiro \(2022\)](#) - Metodología de la calculadora ahorro y retiro para trabajadores que cotizan al IMSS [Methodology of the savings and retirement calculator for workers who contribute to the IMSS]

Table 7: Employer Contribution Rates Based on Salary (2023-2024)

Salary Range	2023	2024
1.0 UMA	3.15%	3.15%
1.01-1.5	3.281	3.413
1.51-2	3.575	4.00
2.01-2.5	3.751	4.353
2.51-3	3.869	4.588
3.01-3.5	3.953	4.756
3.51-4	4.016	4.882
4.01 and above	4.241	5.331

Source: [Diario Oficial de la Federación \(2020\)](#) - Decreto por el que se reforman, adicionan y derogan diversas disposiciones de la Ley del Seguro Social y de la Ley de los Sistemas de Ahorro para el Retiro [Decree by which various provisions of the Social Security Law and the Retirement Savings Systems Law are reformed, added and repealed]

Note: Salary amounts are compared to the [Unit of Measure and Update](#) [Unidad de Medida y Actualización, UMA].

Table 8: Number of Weekly Contributions (2021-2031)

Year	Contributions
2021	750
2022	775
2023	800
2024	825
2025	850
2026	875
2027	900
2028	925
2029	950
2030	975
2031	1,000

Source: [Diario Oficial de la Federación \(2020\)](#) - Decreto por el que se reforman, adicionan y derogan diversas disposiciones de la Ley del Seguro Social y de la Ley de los Sistemas de Ahorro para el Retiro [Decree by which various provisions of the Social Security Law and the Retirement Savings Systems Law are reformed, added and repealed]

Table 9: Discount Rates for Annuity Calculation (2023)

Period	Percentages
January 2, 2023 - January 7, 2023	4.63%
January 9, 2023 - January 15, 2023	4.66
January 16, 2023 - January 22, 2023	4.49
January 23, 2023 - January 29, 2023	4.53
January 30, 2023 - February 5, 2023	4.56
February 6, 2023 - February 12, 2023	4.53
February 13, 2023 - February 19, 2023	4.53
February 20, 2023 - February 26, 2023	4.68
February 27, 2023 - March 5, 2023	4.95
March 6, 2023 - March 12, 2023	4.96
March 13, 2023 - March 19, 2023	4.93
March 20, 2023 - March 26, 2023	4.89
March 27, 2023 - April 2, 2023	4.92
April 3, 2023 - April 9, 2023	4.85
April 10, 2023 - April 16, 2023	4.75
April 17, 2023 - April 23, 2023	4.71
April 24, 2023 - May 1, 2023	4.84
May 2, 2023 - May 7, 2023	4.86
May 8, 2023 - May 14, 2023	4.85
May 15, 2023 - May 21, 2023	4.84
May 22, 2023 - May 28, 2023	4.84
May 29, 2023 - June 4, 2023	4.86
June 5, 2023 - June 11, 2023	4.82
June 12, 2023 - June 18, 2023	4.86
June 19, 2023 - June 25, 2023	4.82
June 26, 2023 - July 2, 2023	4.77
July 3, 2023 - July 9, 2023	4.66
July 10, 2023 - July 16, 2023	4.76
July 17, 2023 - July 23, 2023	4.84
July 24, 2023 - July 30, 2023	4.73
July 31, 2023 - August 6, 2023	4.78
August 7, 2023 - August 13, 2023	4.81
August 14, 2023 - August 20, 2023	4.92
August 21, 2023 - August 27, 2023	4.97
August 28, 2023 - September 3, 2023	5.12
September 4, 2023 - September 10, 2023	5.11
September 11, 2023 - September 17, 2023	5.19
September 18, 2023 - September 24, 2023	5.33
September 25, 2023 - October 1, 2023	5.33
October 2, 2023 - October 8, 2023	5.56
October 9, 2023 - October 15, 2023	5.54
October 16, 2023 - October 22, 2023	5.43
October 23, 2023 - October 29, 2023	5.51
October 30, 2023 - November 5, 2023	5.62
November 6, 2023 - November 12, 2023	5.67
November 13, 2023 - November 19, 2023	5.43
November 20, 2023 - November 26, 2023	5.32
November 27, 2023 - December 3, 2023	5.24
December 4, 2023 - December 10, 2023	5.20
December 11, 2023 - December 17, 2023	5.00
December 18, 2023 - December 31, 2023	4.95

Source: [Comisión Nacional del Sistema de Ahorro para el Retiro \(2021\)](#) - Valores de la Unidad de Renta Vitalicia [Life Annuity Unit Values]

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Glossary of terms

This section summarizes key definitions from the main text. To facilitate switching back and forth, this document is designed with hyperlinks. Most PDF readers have shortcuts that permit a reader to return to the previous location after selecting a hyperlink. In Adobe Acrobat on a PC: “Alt” + “←”; In Adobe Acrobat on a MAC: “command” + “←”; In Preview on a MAC: “command” + “[”.

Annuitable System: A pension system that provides a periodic payment for life after the benefit begins.

Cash Balance System: A pension system that provides each individual an account that is drawn down over time.

Christmas bonus [Aguinaldo]: Benefit payment given once a year to individuals receiving a pension under the Old System. It is equal to one monthly pension payment.

Claimable Benefit: A pension where the beneficiary must actively file a claim for benefits with the government’s pension authority.

Class A: Persons who started working before July 1, 1997 (Old System): Individuals that started working in Mexico before July 1, 1997 were placed under the old system which was a defined benefit system.

Class B: Persons who started working on or after July 1, 1997 (New System): Individuals that started working in Mexico on or after July 1, 1997 were placed under the new system which is a defined contribution system.

Cost-of-Living Adjustments (COLA): Adjustments after an individual begins receiving benefits that increase benefit payments, typically in line with consumer prices or average earnings.

Earliest eligibility: Earliest age and/or years of contributions required to be eligible to start receipt of a particular type of benefit. Earliest eligibility is the same as statutory eligibility in countries where there is no benefit penalty for claiming before the statutory retirement age.

Guaranteed Minimum Pension [Pensión Mínima Garantizada, PMG]: Guaranteed minimum pension amount an individual could receive from their pension. It is equivalent to a monthly minimum wage in the Federal District (Distrito Federal, known as Mexico City since 2016). From 2021, the guaranteed minimum pension amount depends on the individual’s age at retirement, number of weeks of contribution and average salary while working.

Institute for Social Security and Services for State Workers (ISSSTE): Mexican government organization that administers the social security system for Mexican federal workers.

Latest claiming age: Latest age where a benefit may be claimed such that benefit payments are increased as an incentive for delaying the start of benefits past the statutory retirement age. Latest claiming age is the same as statutory retirement age in countries where there is no benefit to delayed claiming. Not applicable for non-claimable benefits.

Lump Sum Benefit: A pension system that provides an individual with a one-time or limited number of payments. Lump sum benefits are distinct from annuitable or cash balance benefits because they do not continue past a specified time frame. Lump sum benefits use varies by country, but they are sometimes used as death benefits, incentives to delay claiming, or payments to individuals with an insufficient contribution history to be eligible for annuitable benefits.

National Income Measure: In some pension systems, the benefit is dependent on a national income measure, such as average wages. We indicate a pension system depends on the national income measure if the benefit paid is determined by a national income measure (as opposed to an individual’s earnings history). For example, the benefit level for the United Kingdom Basic State Pension depends on a level set by the government and does not depend on an individual’s earnings. This distinction does not include systems that adjust annual benefits based on a national income measure or index past earnings using a national income measure.

New System: Pension system in place from 1997. It is a defined contribution system. Individuals that started working on or after July 1, 1997 are automatically enrolled in this system. Individuals that started working before July 1, 1997 that wish to enroll in this system must meet the minimum eligibility requirements for this system.

Old-age Early Retirement Pension [Pensión de Cesantía en Edad Avanzada]: Early retirement benefit given to older adults between ages 60 and 64.

Old-age Pension [Pensión de Vejez]: Pension benefit given to older adults over age 65 who have met the contribution requirements.

Old System: Pension system in place until 1997. It was a defined benefit system. Only individuals that started working before July 1, 1997 are eligible for this system.

Progressive Benefit: A benefit is progressive if people with lower earnings have a greater replacement rate for their contributions.

Qualified Benefit: A benefit is qualified if an individual must continue to meet certain standards, such as a means test, to continue receipt of benefits.

Retirement before age 60 [Retiro Anticipado]: Pension benefit given to older adults before age 60 who have met the contribution and savings requirements.

Social Quota [Cuota Social]: Additional monthly contribution given by the federal government.

Statutory Retirement Age (SRA): The age at which individuals are eligible to receive their full benefit. In the United States, this is known as the normal retirement age. In the United Kingdom, this is known as the state pension age.

Supplementary Pension System: System in which employers opened an individual savings account for their employees and contributed 2 percent of their salary. It was in place between May 1, 1992 and July 1, 1997.

Unit of Measure and Update [Unidad de Medida y Actualización, UMA]: In Mexico, this is a unit of reference used to determine payments, obligations or fines owed to the Mexican government.

Voluntary Continuation to the Mandatory Regime [Continuación Voluntaria al Régimen Obligatorio]: System under which individuals who have stopped working and have contributed for at least 52 weeks can continue making voluntary contributions during the time they are unemployed.

Notes

This section reports notes from the main text. To facilitate switching back and forth, this document is designed with hyperlinks. Most PDF readers have shortcuts that permit a reader to return to the previous location after selecting a hyperlink. In Adobe Acrobat on a PC: “Alt” + “←”; In Adobe Acrobat on a MAC: “command” + “←”; In Preview on a MAC: “command” + “[”.

1. Details will be added in the future.
2. Individuals who started contributing on or after July 1, 1997 and accumulate substantial savings in their retirement account may claim as young as 59.
3. Yes, but only for individuals under the New System who started contributing on or after July 1, 1997 and have accumulated substantial savings in their retirement account.
4. Individuals who started working before July 1, 1997 and wish to migrate to the New System may request the Mexican Social Security Institute [Instituto Mexicano de Seguridad Social, IMSS] to estimate the benefit amount they could receive under both the Old and New System, and decide whether to migrate to the New System. The number of weeks they contributed towards the Old System will count towards the number of weeks of contribution in the New System. There is no specific timeline to migrate to the New System if desired. It is not common for individuals under the Old System to migrate to the New System.

Version information

Current Version: 1.0 (November 2024)

Version History

- 1.0 (November 2024): First version

Additional resources

The following resources provide additional details for the interested reader:

Social Security Administration — Social Security Programs Throughout the World: The Americas, 2003-2019 . Available at: <https://www.ssa.gov/policy/docs/progdesc/ssptw/index.html>

Features: Online portal that provides information on the qualifying conditions and benefits of the Mexican old-age pension for different time periods such as 2003, 2005, 2007, 2009, 2011, 2013, 2015, 2017, and 2019.