



**SOCIEUX**

Social Protection European Union Expertise  
in Development Cooperation

## INFORMATION NOTE

### Improving the Mexican Pensions System

**8 July, Guanajuato (Mexico).- SOCIEUX, the European Union's Development Cooperation Expertise, has resumed its cooperation with the Social Security Institute of the State of Guanajuato (ISSEG). This cooperation centres on developing the Institute's management capabilities and proposing a review of the State's Social Security Act. In a first mission, which took place from 14 to 25 June, demographic factors such as major risks to pension-sustainability were highlighted by the experts.**

Last year, SOCIEUX provided assistance to the Social Security Institute of the State of Guanajuato (ISSEG) through a pensions training exercise and an assessment of its internal management system. The experts' recommendations included guidelines on the institution's administration, legislative changes and coordination with other pension providers in Mexico.

SOCIEUX's support continues to be focused on these matters. The renewed assistance began with a series of working meetings with the ISSEG. The National Retirement Savings System Commission (CON SAR) and the Inter-American Conference on Social Security (CISS) also participated in these meetings. In addition to reviewing the investment situation and the state of the pension system in the ISSEG, a matrix comparing up to ten European pension systems was drawn up. The object of this was to assess recently-adopted reforms – in particular those relating to civil servants' pensions – and contextualise them in relation to the ISSEG and the situation in other Mexican states. Further, actuarial studies conducted by the Institute and based on calculations relating to the Institute's members, its investments and its demographic tables were analysed. Among other things, the studies took account of the Proposal for a European Directive on Pension Funds, which addresses such issues as investment rules, risk-management and reporting obligations<sup>1</sup>.



*From left to right: Héctor Salgado Banda, ISSEG Managing Director; SOCIEUX experts Ignacio Camós and Hagen Hügelschäffer; and Aldo Baruch Gaínza Exzacarías, ISSEG Deputy Director of Planning*

<sup>1</sup> Proposal for a Directive of the European Parliament and of the Council on the activities and supervision of institutions for occupational retirement provision. Brussels, 27.03.2014. COM (2014) 167 final 2014/0091 (COD)



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According to the experts from SOCIEUX, in assessing the viability and sustainability of the system, the ISSEG should bear in mind the implications of Mexican demographics. The institute should also promote employment for women and older workers in order to increase their vesting time and boost their pension entitlements. In addition, the ISSEG should diversify pension fund investments without lowering the risk-return ratio.

During SOCIEUX's second mission, in addition to assessing issues of internal management, a comprehensive analysis of the Social Security Act of the State of Guanajuato was undertaken and specific articles were identified with a view to possibly amending them. "The results will be applied in the short and medium-term. In the short-term, a work schedule will be established to achieve the best pension parameters (legal and investment-related). This will include an examination of best practices in various European countries. In the medium-term, a proposal to reform the Social Security Act of the State of Guanajuato is being drafted. The objective of the reform is to address some of the experts' findings" stated Aldo Baruch, ISSEG Deputy Director of Planning.

Future SOCIEUX activities include assisting in the organisation of the National Pensions Seminar in November. The seminar will be spearheaded by the ISSEG and seeks to establish national coordination in the area of pensions. In addition, specific activities will be carried out with providers of pensions for civil servants in the states of Zacatecas and Baja California.

In the opinion of the experts; "The ISSEG has a well-designed pensions plan and its staff is highly qualified. Now, the ISSEG can assume a leadership role in Mexico and share knowledge and best practices".

#### **Experts deployed:**

- **Ignacio Camós Victoria:** Professor of Labour and Social Security Law at the University of Girona
- **Hagen Hügelschäffer:** Director of the AKA, the German Association of Local Public and Church Pension Schemes Institutions

#### **About SOCIEUX**

The EuropeAid funded project "SOCIEUX - Social Protection EU Expertise in Development Cooperation", is a technical assistance facility to support the efforts of partner countries to better design and manage social protection systems by means of short-term peer-to-peer inputs to be delivered by experts drawn primarily from the European Union Member States' public administrations and mandated bodies. SOCIEUX contributes to implementing the Communication on Social Protection in EU Development Cooperation (August 2012) and its subsequent Council Conclusions.

#### **For further information**

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