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INFORMATION NOTE

The ISSEG and SOCIEUX will continue to collaborate in the coordination of Mexican pension systems

Guanajuato, Mexico, November 2015.- the State of Guanajuato (Mexico) hosted the three-day long *International Pensions Seminar*, the plenary session of which was held on 26 November. The event, organised by the Social Security Institute of the State of Guanajuato (ISSEG) in collaboration with *SOCIEUX, the Social Protection EU Expertise in Development Cooperation*, brought together more than six hundred people from twenty Mexican states and was attended by many important state and federal figures, including Miguel Márquez, the Governor of Guanajuato. The European Union was represented by Juan Garay, Head of Cooperation Section from the Delegation of the EU to Mexico.

Alongside the ISSEG, represented by its General Director, Héctor Salgado, SOCIEUX contributed to the seminar by organising the topics addressed and drawing up recommendations to assist experts Carlos García de Cortázar, Deputy Director General for Social Affairs, Education, Culture, Health and Consumption of the Spanish Ministry of Foreign Affairs and Cooperation, Antonio Ojeda, Professor of Labour Law and Social Security at the University of Seville and Borja Suárez, Professor of Labour Law and Social Security at the Autonomous University of Madrid. The major state institutions in the field of pensions (PENSIONISSSTE), savings (CONSAR) and social security (IMSS) also took part, as did worker representation bodies (ISSSTE).

All of the participants spoke of the need for a comprehensive, "decent" and coordinated pension system, under the authority of an official public body, and a new *Framework Law* which is sufficiently flexible to face current economic and demographic challenges.

The need for state coordination

Today, 2.7 million Mexicans are pensioners. This represents thirteen million pesos a month for the state (around 715 million euros). Mexico has a pension system which is highly fragmented in all its aspects as a result of a disparate social policy which is focussed on the short-term and has undergone many consecutive reforms. 90% of workers are members of reformed pension systems. This context means that different pension systems converge between states with different requirements. Moreover, the current global economic crisis, the slowdown of the Mexican economy and changing demographic trends mean that significant reform in the country is needed.

The first conclusion reached by consensus during the *International Pensions Seminar* was the need to work towards establishing a new framework law which contains general principles aimed at guaranteeing a "decent" and coordinated pension system for all Mexicans and which is disassociated from salaries. Given the country's demographic and economic development, these regulations should include sustainable criteria and be approved by all social stakeholders, business owners, workers and states, in order to achieve better social acceptance.

A coordinated pension system would operate under the authority of an official public body with modern management and a homogeneous database and in which the different pension institutions and IMSS and ISSSTE would participate. This coordinating body would facilitate the exchange of information, experience and good practices between the different Mexican pension schemes on issues such as the portability of pensions and the reciprocal calculation



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of contributions and payments. The European Union Social Protection Committee could be used as an example of this.

Other conclusions drawn throughout the three days of work pointed to the need to supplement pension rights with greater contributions or personal savings and the need for pension institutions to diversify their fund investment without affecting the risk/return ratio. Furthermore, the "pay-as-you-go schemes versus funded schemes" reasoning should be expanded with other mixed integration models, such as those that exist in European Union States. "Diversity in combination could be the slogan to follow," said Miguel Aguirre Farias, from Valuaciones Actuariales del Norte, who added that "a pension scheme that does not include - even partially - the informal economy will be an incomplete scheme which will suffer from a lack of solidarity."

The ISSEG - SOCIEUX collaboration

Collaboration between the Social Security Institute of the State of Guanajuato (ISSEG) and SOCIEUX, the Social Protection EU Expertise in Development Cooperation, began in June 2014, with a pensions training activity and an *in situ* assessment of the internal management system. As conclusions of these activities, the SOCIEUX experts pointed not only to guidelines on the institution's administration, but also to the need for legislative change and coordination with other pension providers in the country.

One year later, in July, SOCIEUX resumed collaboration with the ISSEG in developing its management capacity and with the proposal of revising the Social Security Law for the state. In addition to reviewing the current situation of and progress made by the ISSEG, a matrix comparing up to ten European pension systems went on to be developed, in order to assess recently adopted reforms, particularly in relation to civil servants' pensions, and to put them into context in the scope of both the ISSEG and in other Mexican states.

Shortly after, in September, providers of pensions for civil servants in the states of Zacatecas and Baja California took up the challenge of analysing their management capacities with a view to providing their beneficiaries with sufficient and sustainable pensions. The SOCIEUX experts recommended that supplementary pension systems be developed and that their financial investment be improved, and they reiterated the need in Mexico for a body to represent the country's various pension funds and provide a common platform.

The work carried out converged in the *International Pensions Seminar*, the first objective of which was to implement pension coordination at national level.

Additional information

[International Pensions Seminar Website](#)

[European Union: An Agenda for Adequate, Safe and Sustainable Pensions](#)

[OECD Pensions Outlook 2014](#)

For more information

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