

Reform of the Pensions System

Today the Decree reforming the Social Security Act and the Retirement Savings System Act (*hereinafter, the Reform*) was published in the Official Federal Gazette, which amends the current pensions system.

Below are the most relevant changes of the Reform:

- a) Reduction in the weeks of contribution to obtain a guaranteed pension or a pension for discharge for age and old age. In this regard, beginning on January 1, 2021 the weeks of contribution will be reduced to 750, which will be increased gradually, adding 25 weeks per year until reaching 1,000. Currently 1,200 weeks of contribution are required to obtain the above mentioned pensions.
- b) Increase in the total contribution for retirement, discharge for age and old age insurance. In this regard, beginning in the year 2023 the contribution of the employer will gradually increase over 8 years and there will also be an increase in the social fee (government fee), so that for the year 2030 the increase of the total contribution for retirement will reach 15%. In the years 2021 and 2022 the total fee will remain at 6.5%. It is important to mention that the greater increase will be for the employer fee.
- c) Increase in the value of the guaranteed pension in function of age, weeks of contributing and base salary of enrollment.
- d) Inclusion of the possibility of making withdrawals from the Voluntary Contributions Subaccount at any time.
- e) Elimination of the statute of limitation for obtaining the resources from the Retirement, Discharge for Age and Old Age Subaccount.

We also commented on the main aspects of this Reform in our note of July 24, 2020 but based only on the information announced by the President of Mexico. In any case, that note can be consulted [here](#).

Please let us know if you have any questions in this respect.

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