

Ageing and income support of older Mexicans and Mexican-Americans

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Objective

- To examine and compare the sources of financial security for older persons in Mexico and Mexican Origin in the USA.

Demographic facts

	Mexico	Hispanic USA, USA	Non-Hispanic White, USA
TFR	2.1 (2009)	3.1 (Mexican,2009)	1.9 (2009)
Life expectancy at birth	75.5 (2010)	83.1 (female) 77.9 (male)	80.5 (female) 75.6 (male)
% pop 65+	12.9 (2010)	4.3% (Mexican)	15.5%
Elderly in poverty	29%	20.5% (Mexican)	6.1%

Source: USA Life Table by Hispanic Origin, Vital Health Statistics, CDC Oct 2010

Mexico Private Pension

Voluntary Occupational

- Occupational pension plans

Mandatory, personal

- SIEFORES: mandatory contributions
- ISSSTE: mandatory contributions

Voluntary, personal

- SIEFORES: voluntary contributions
- ISSSTE: voluntary contributions

SIEFORES

mandatory pension for non-civil workers

- Contributions: Employers 5.15%
 Employees 1.125%
 Government 0.225%
- Defined contribution for retirement benefits (age 65)
- Defined benefit for disability and old-age survivor insurance
- In 2009, covered about 46% of population. The uninsured are concentrated in informal sector.
- Government guarantees a min pension for those participated in the pension, but no social assistance pension for those without retirement plan.

Public Transfers in USA

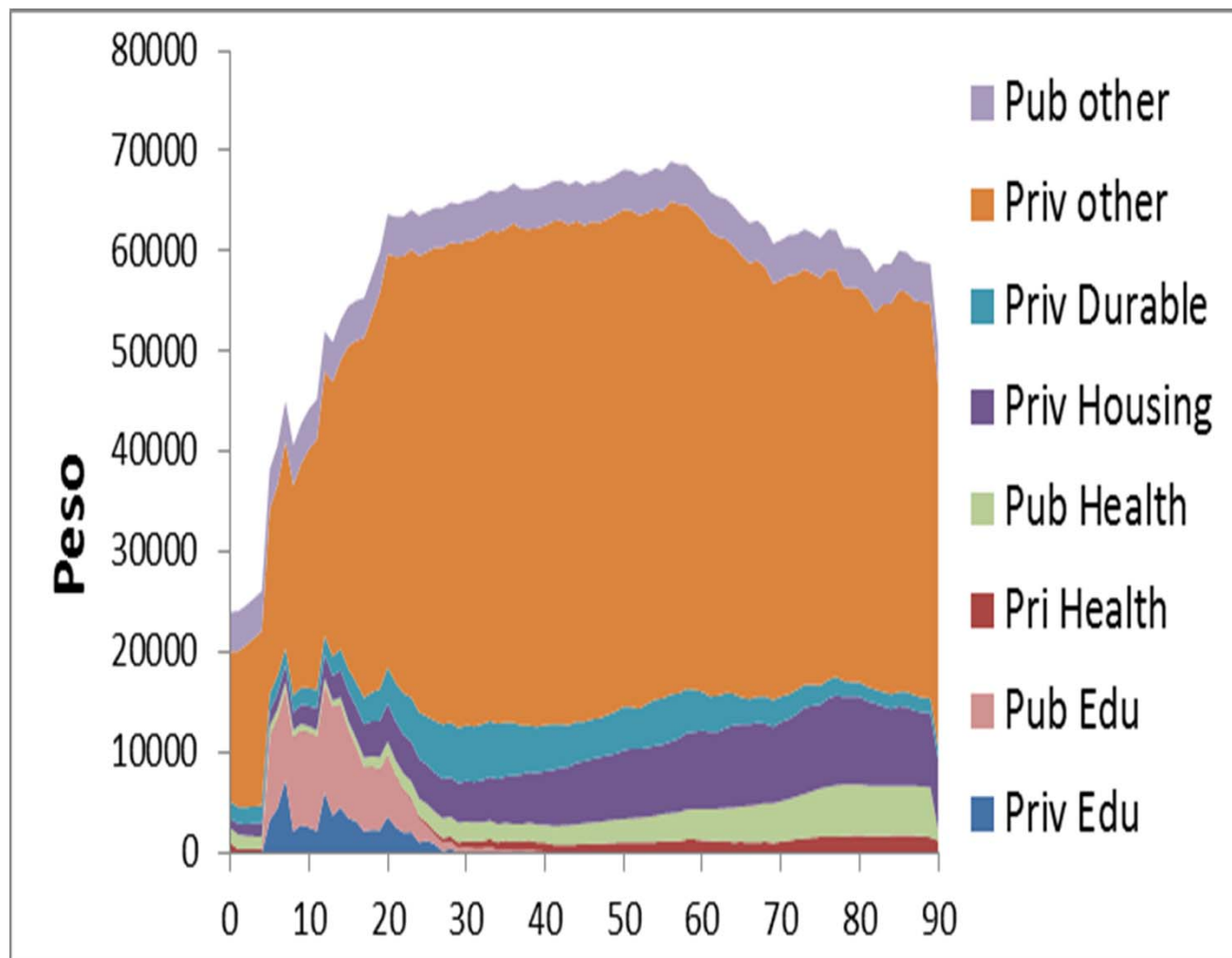
Health	
Medicare	Health insurance for those age 65+
Medicaid	Health insurance for poor, and long-term care.
Other health	Public health, other health insurance for poor.
Pensions	
Social Security	Pay as you go pension program.
Other Social Insurance Programs	
Unemployment	Federal and state unemployment insurance.
Programs for the poor	Includes tax rebates, food aid, welfare payments.
Programs for veterans and their families	Includes health care, some pensions, readjustment payments.

Data

- Mexico:
 - Household Income and Expenditure Survey (ENIGH), 2004
 - System of National Accounts of Mexico, 2004
 - Other admin records: Ministry of Finance, Ministry of Statistics
- USA:
 - Consumer Expenditure Survey (CEX)
 - Current Population Survey (CPS)

Consumption: Mexico

Per capita consumption, Mexico 2004



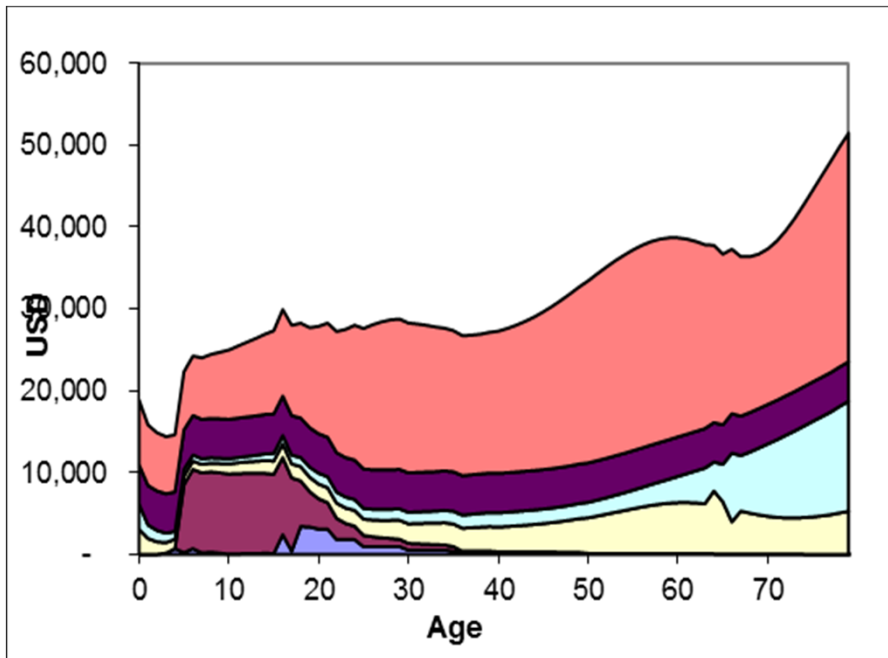
Similar to most developing countries. A drop in old-age

Old-age health consumption is not very diff from other adults

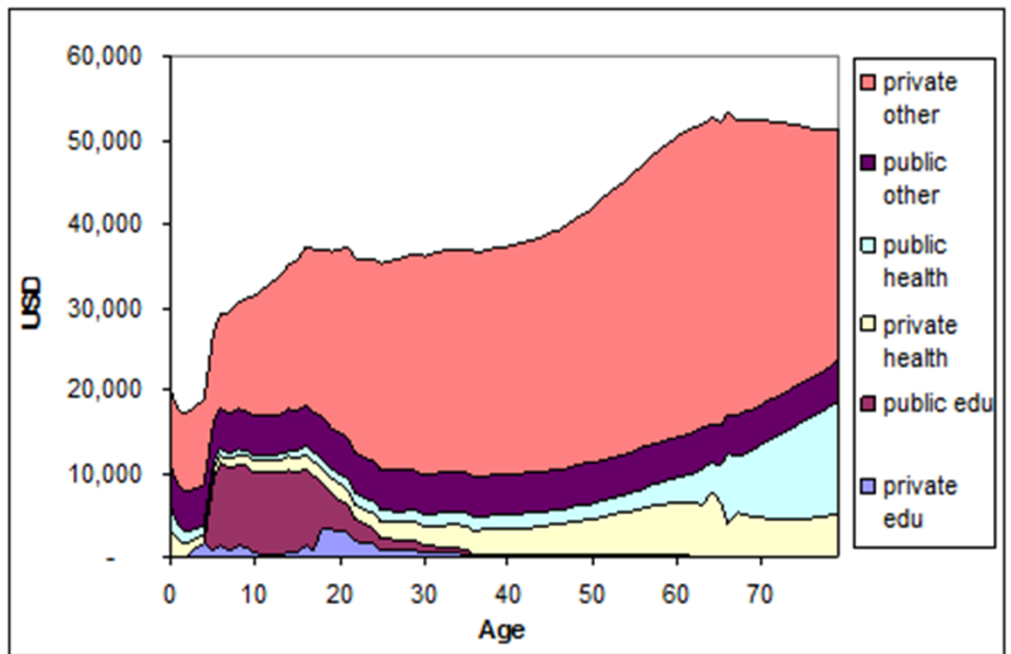
Factors: shortage personnel, availability of intensive treatment

Consumption: Mexican Americans VS Non-Mexican Americans

Per capita consumption **Mexican Americans**



Per capita consumption **Non-Mexican Americans**

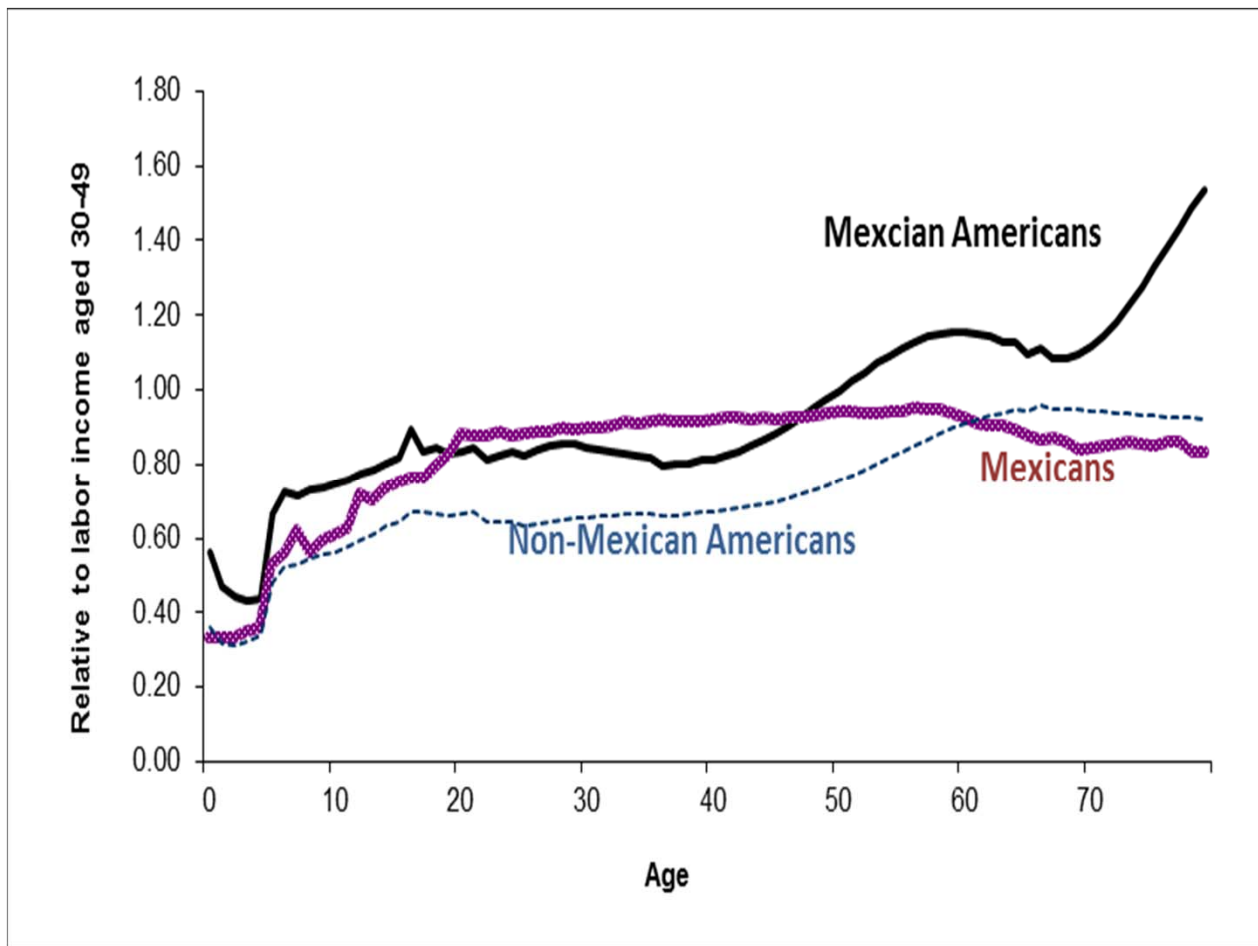


Mexican Americans consume the American way

Increase consumption in old-age because of the publicly supplied health care

Consumption: all together

Per capita consumption, relative to labor income 30-49



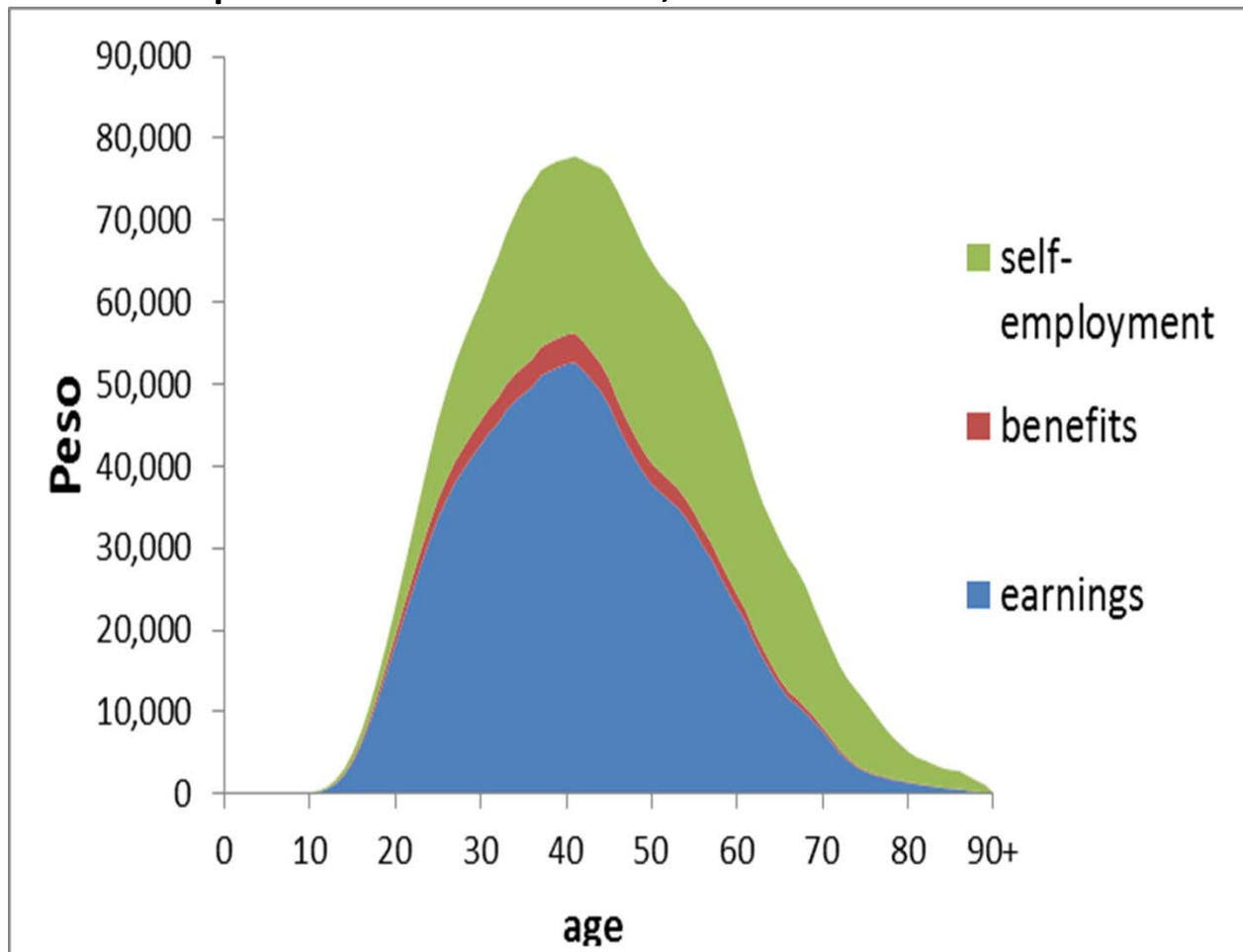
Mexican Americans have lower level of consumption

Mexican origins consume more of their earnings.

Factors: remittances, non-labor income, # dependents, ppp earned from labor income

Labor Income: Mexico

Per capita labor income, Mexico 2004

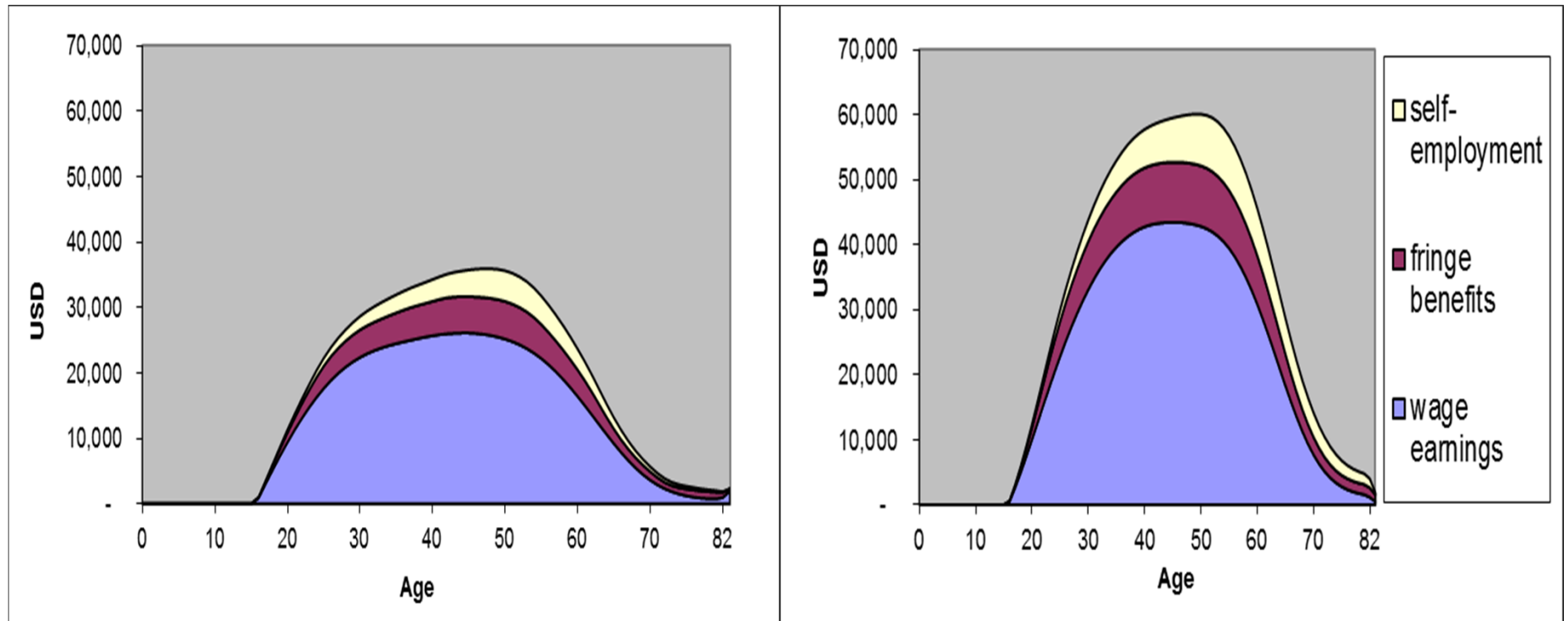


Share of self-employment is high. 1/3 of labor income is from self-employment

High LFPR 65+ is 30% for males, 13% female

Labor Income: Mexican Americans VS Non-Mexican Americans

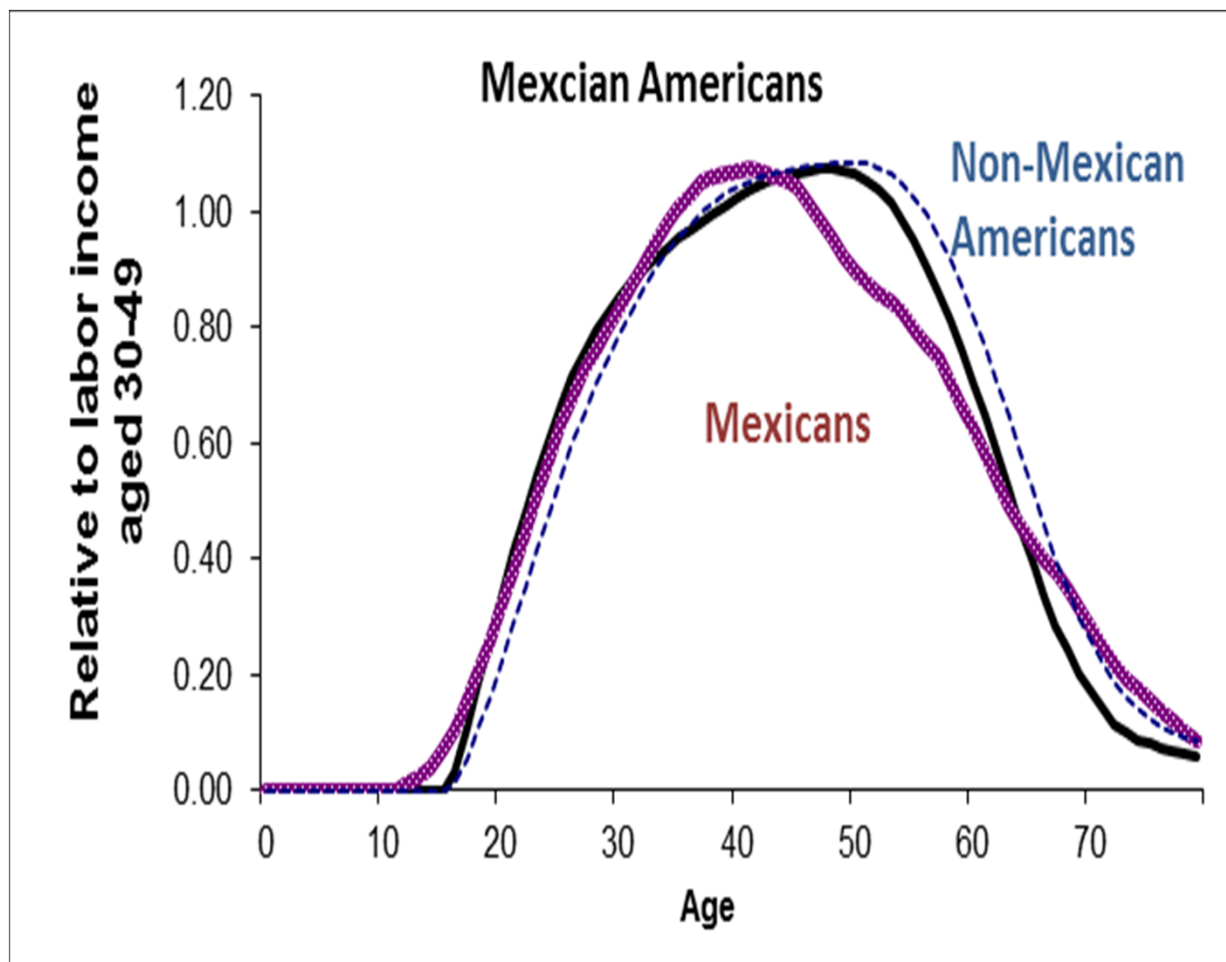
Per capita labor income, **Mexican Americans, 2007** **Non Mexican Americans, 2007**



Mexican Americans have lower level of earnings, including during old-age

Labor Income: all together

Per capita labor income relative to labor income 30-49



Shape:

Mexico peaks early
Americans peak later

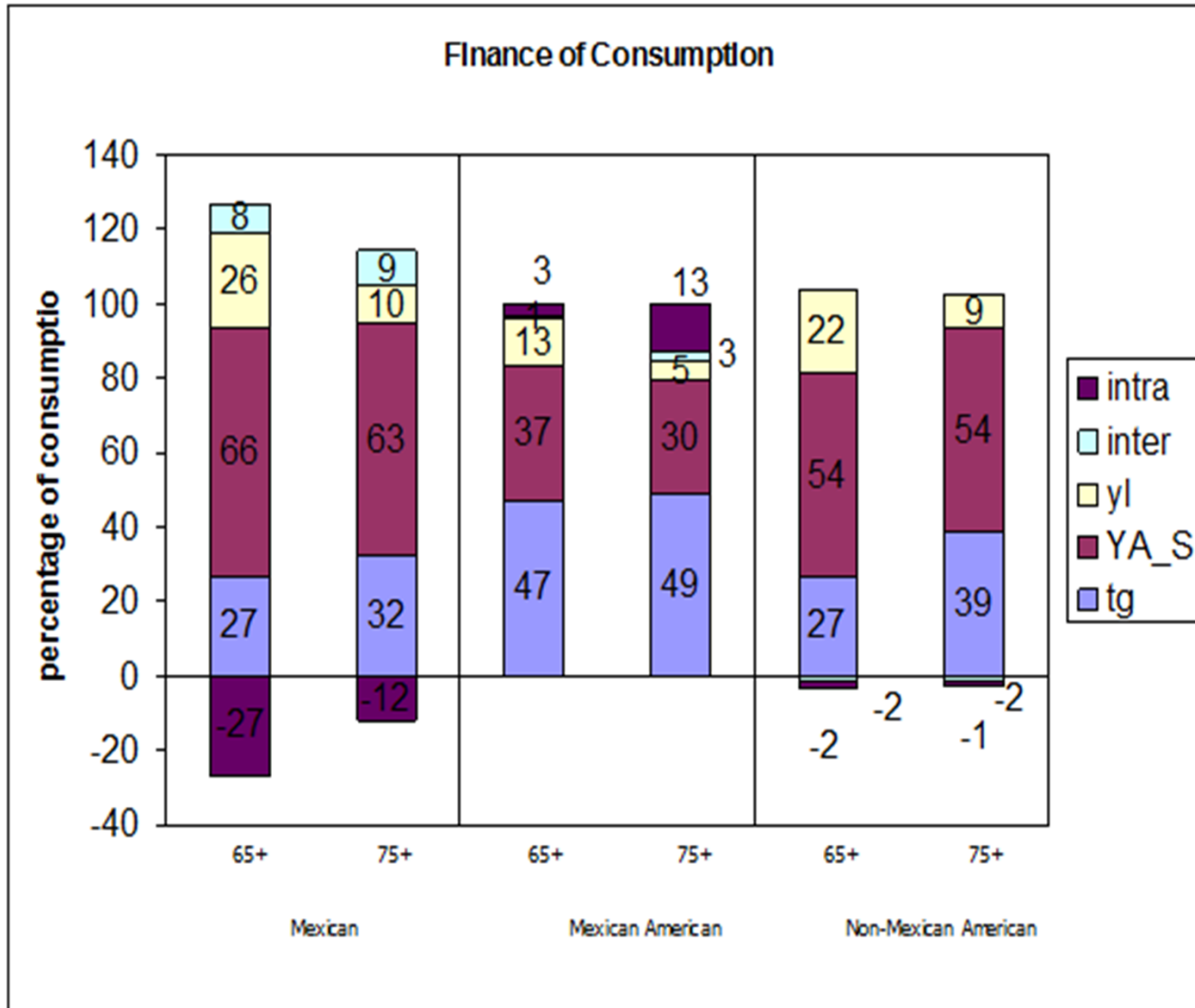
LFPR 65+ for Mexican
Americans 16% (males)
8% (female)

Mexico has large
elderly share of labor
income

Mexico 7%

USA 2.5%

How do elders finance their consumption?



Mexican elders have similar pattern with Non-Mexican elders

Fam transfers are positive for Mexican Americans

Pub transfers are important for both Mexico and USA, especially for Mexican Americans

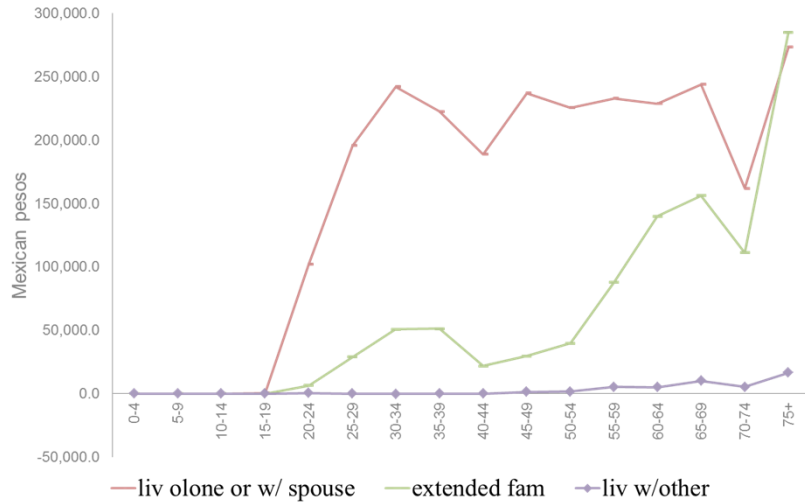
1. Mexicans elders are financing their old-age similar to Non-Mexican Americans
2. Mexican Americans rely on familial transfers, but not Mexicans
3. Public transfers, labor income and asset reallocations are important in Mexico and USA

1. Mexicans elders are financing their old-age similar to Non-Mexican Americans

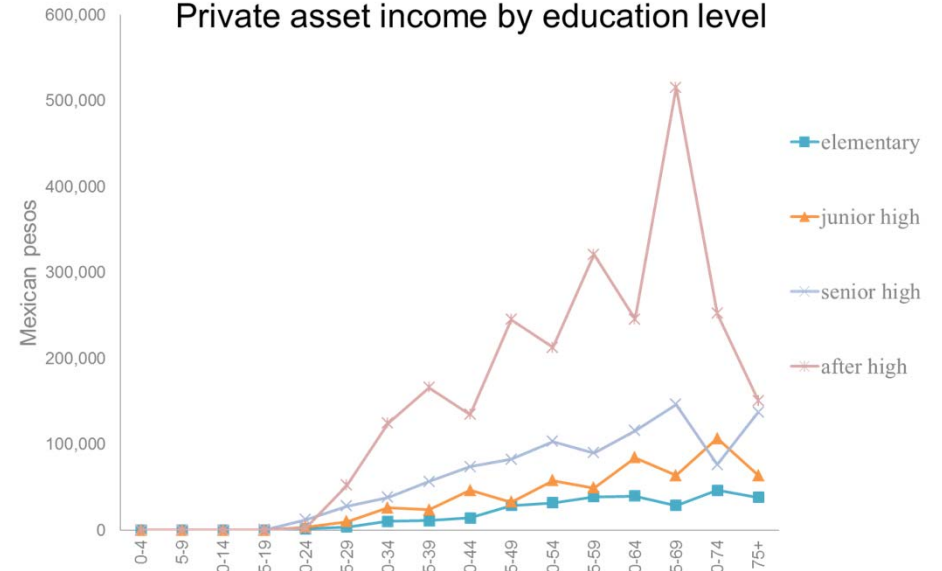
- Major source is asset reallocations (50%-60%)
- Followed by public transfers (30%) & labor income (10%-20%)
- *Does this reflect that they have comparable “standard of living”?*

Who owns the private asset income in Mexico?

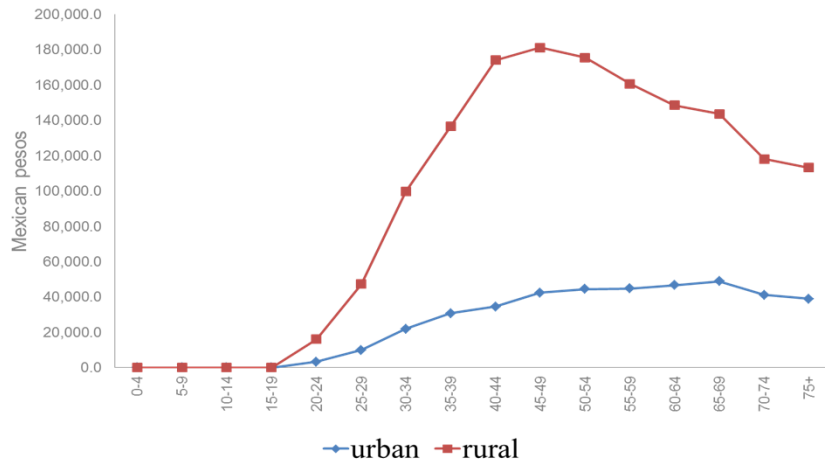
Private Asset Income by living arrangement



Private asset income by education level



Labor income (rural and urban)



2. Mexican Americans rely on familial transfers, but not Mexicans

- Mexican Americans 65+ : +4%
75+: +16%
- Mexicans 65+: -27%
75+: -12%

Living Arrangement:

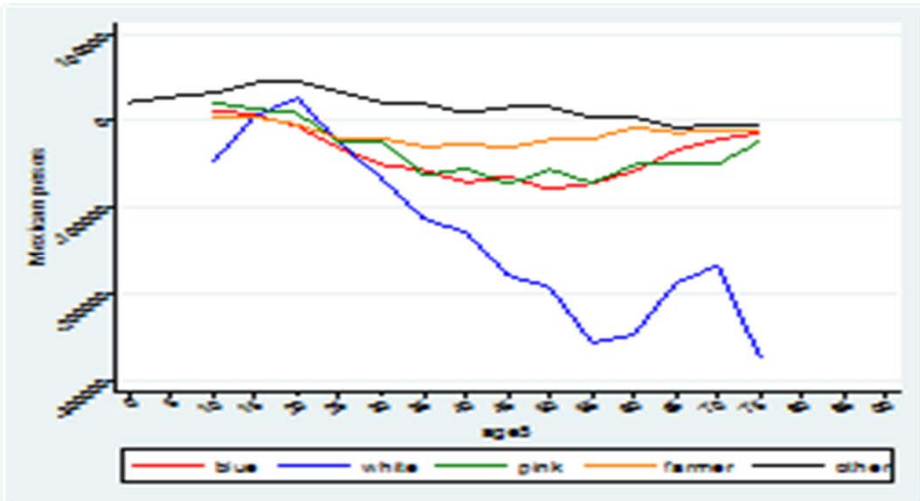
40% of Mexican Americans 65+ live with adult child

15% of Non-Mexican Americans 65+ does

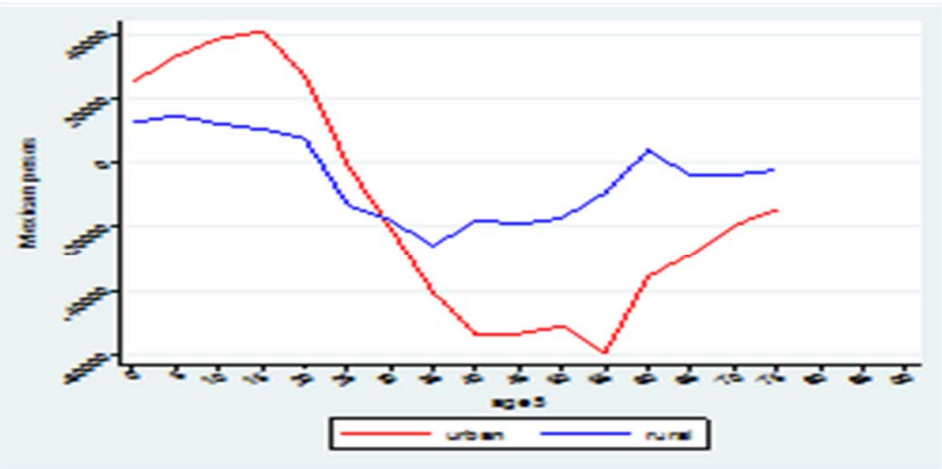
48% of Mexicans 65+ does

Who are giving intra-hh transfers in Mexico?

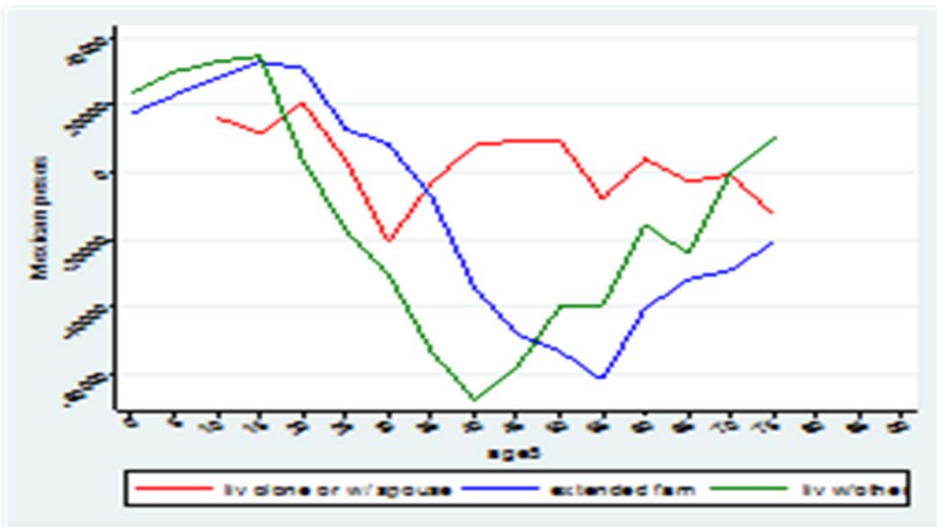
Occupation



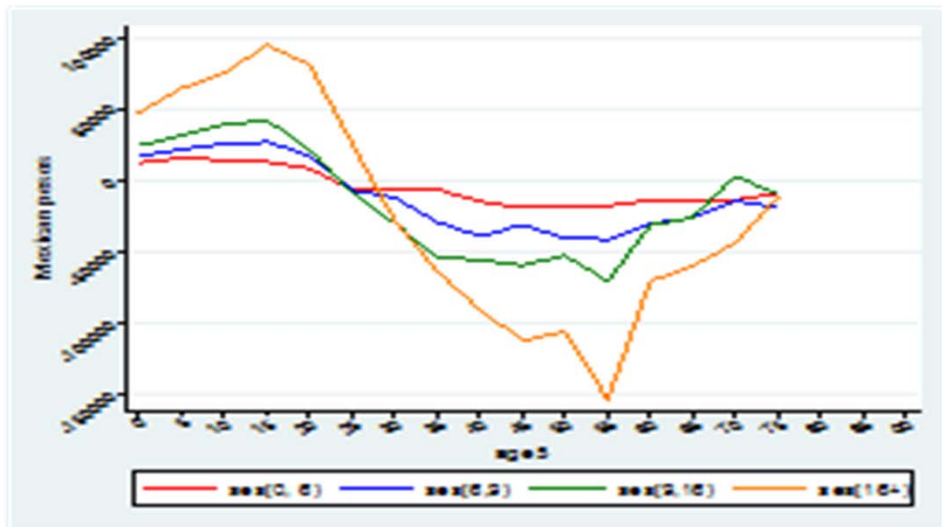
Urban/rural



Living arrangement



Educational level



3. Public transfers, labor income and asset reallocations are important in Mexico and USA

- Mexican Americans elders are relying more on public transfers than Non-Mexican Americans
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- Mexican Americans elders rely more on social and family while Mexicans & Non-Mex Americans are more “self-reliance”.