



International

Living Longer in Mexico: Implications for Financial Security & Health On Both Sides of the Border

**Edward Johns,
Senior Advisor
Office of International Affairs**

AARP's International Role

- AARP seeks best practices, innovative public policies, and relevant products and services from overseas to support the association's domestic policy agenda and the wants and needs of our members.
- Key relationships with UN, OECD, European Commission, WHO, ILO, and many national governments and like-minded NGOs.
- “Reinventing Retirement” Conferences – LatAm in 2013?
- Best Employers International Awards
- The AARP International Journal
- International Idea Exchanges & Expert Series

AARP & Latin America

- Emerging as key region in our international outreach – alignment with Multicultural Markets and Engagement.
- Latino population increased 43 % from 2000-2010, to + 50 million – both Texas and Florida now 38 % Latino population.
- Number of Latinos 50+ will increase by +300 % by 2050.
- AARP focus & ties in Mexico, Brazil, Chile, Central America, and some Caribbean states

Mexico: Critical to our Multicultural Outreach and Remaining Relevant

- Mexican-Americans comprise +10 % of total U.S. population
- Mexican-Americans are 66 % of all Latinos in U.S.
- More Americans reside in Mexico than any other country – about 750,000
- About 1/3 of U.S. citizens in Mexico are 60+ -- cost of living 1/4 of average in U.S., healthcare costs even cheaper (IMSS)
- Most U.S. citizens could live comfortably in Mexico on U.S. Social Security and a modest pension/annuity.
- Opportunities for more members, products and services targeted to two communities.

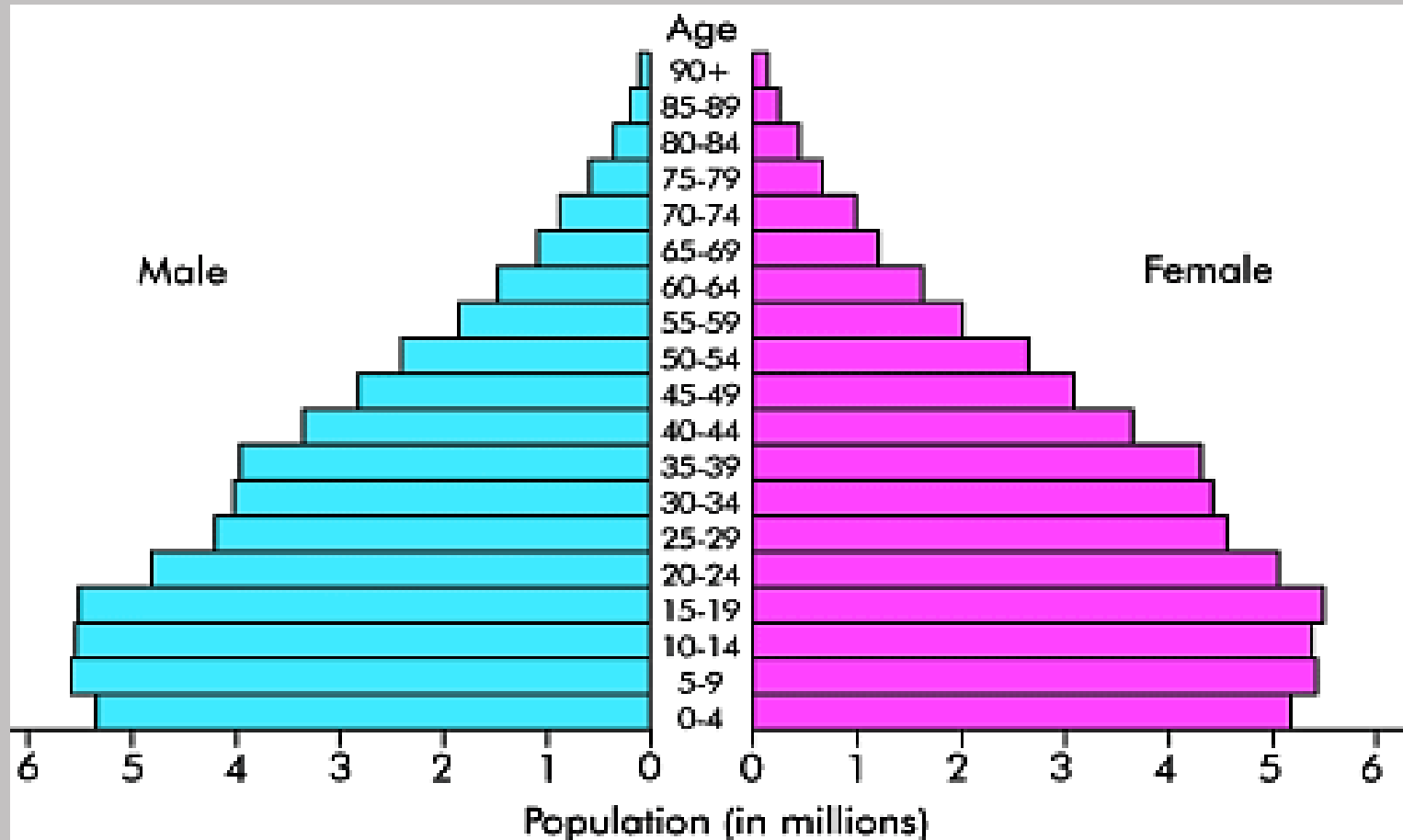


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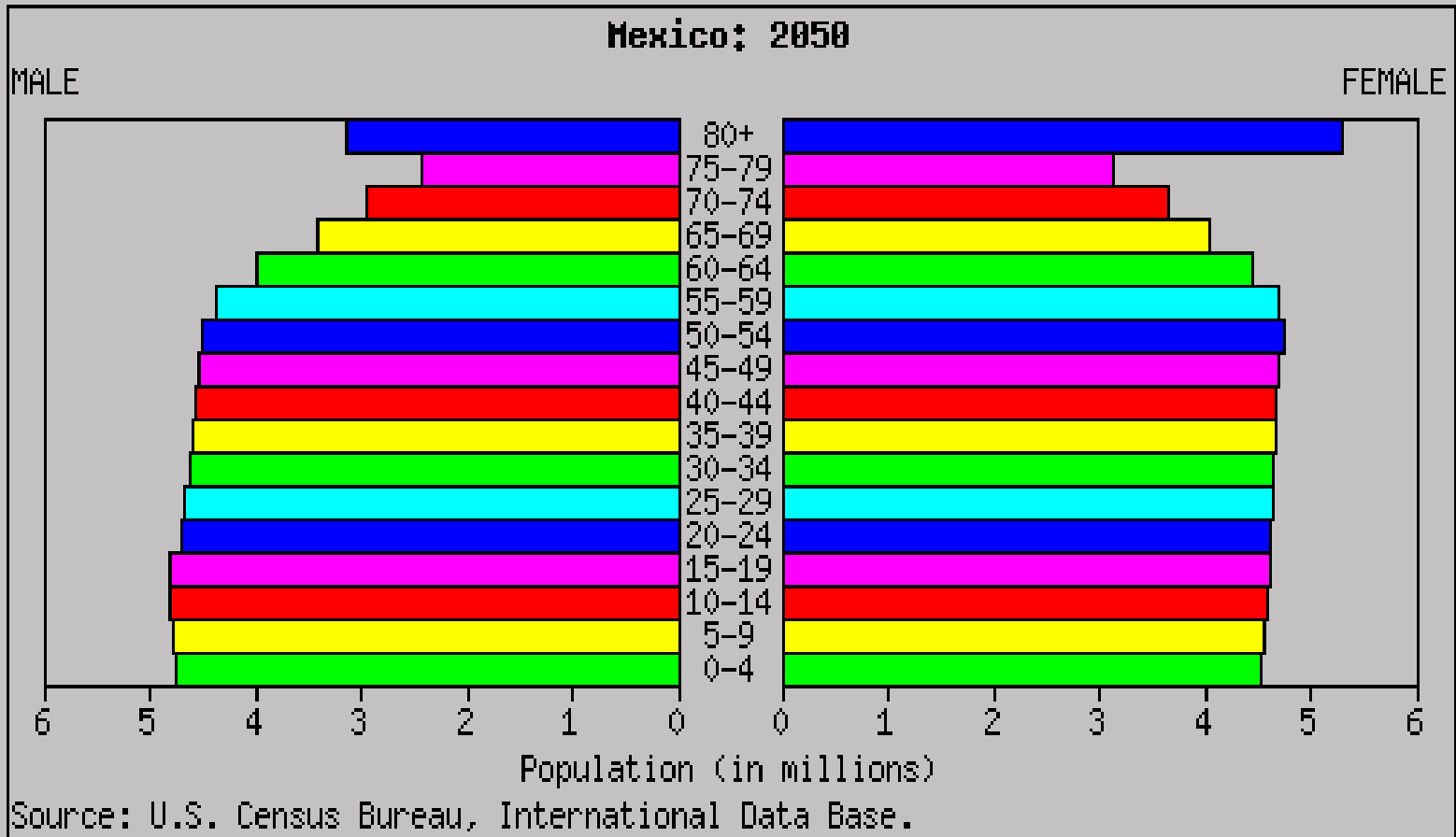
AARP-RAND-Centro Fox Study: “Living Longer in Mexico: Income Security & Health

Jointly sponsored study to contribute to the policy debate by representing the current state of income security, health status, and health care provision in old age, as well as to encourage a deeper commitment to the public and private sectors to find policy solutions to improve the well-being of older people in Mexico.

Mexico's Population Today: Youthful, Demographic Dividend

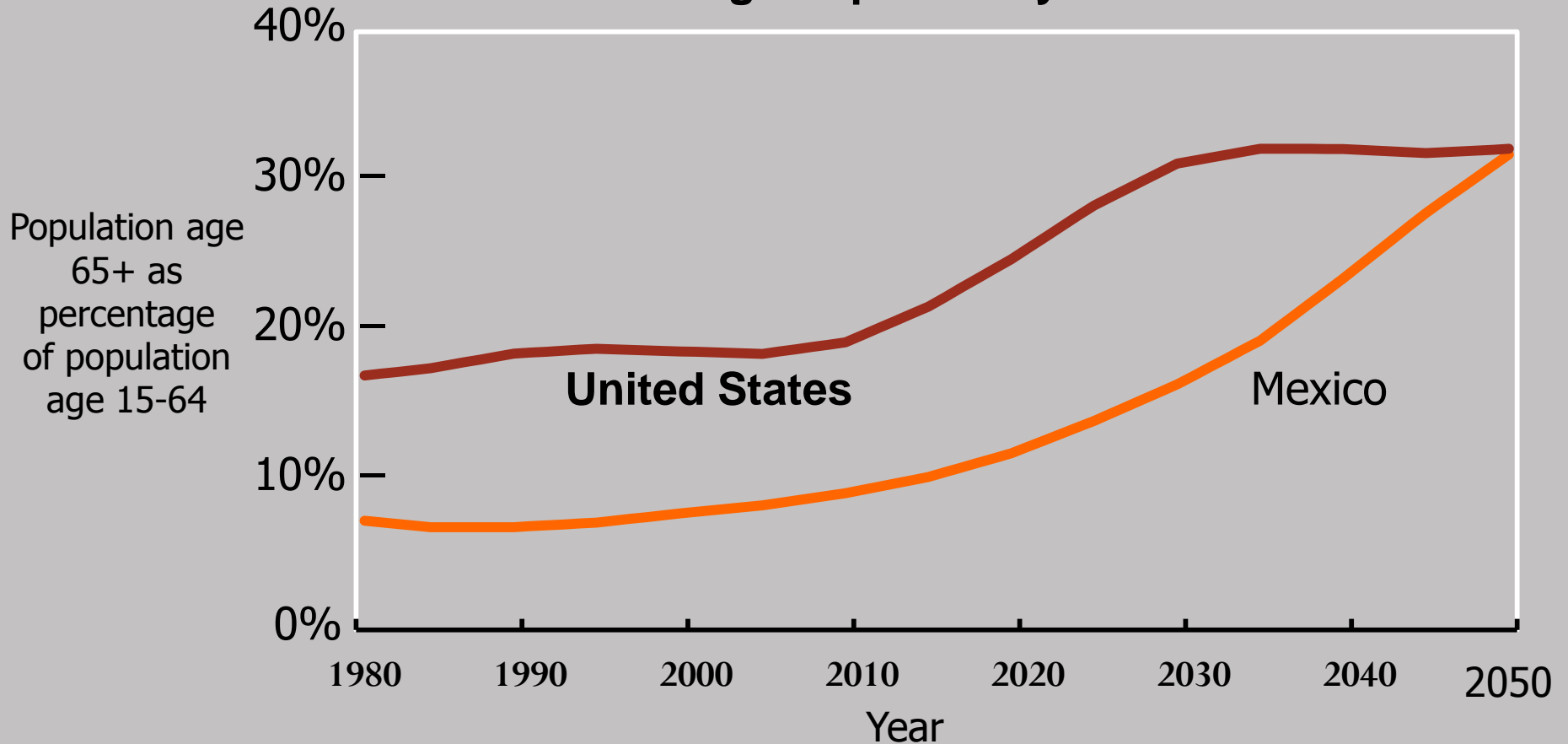


Mexico in 2050: "Population Square"



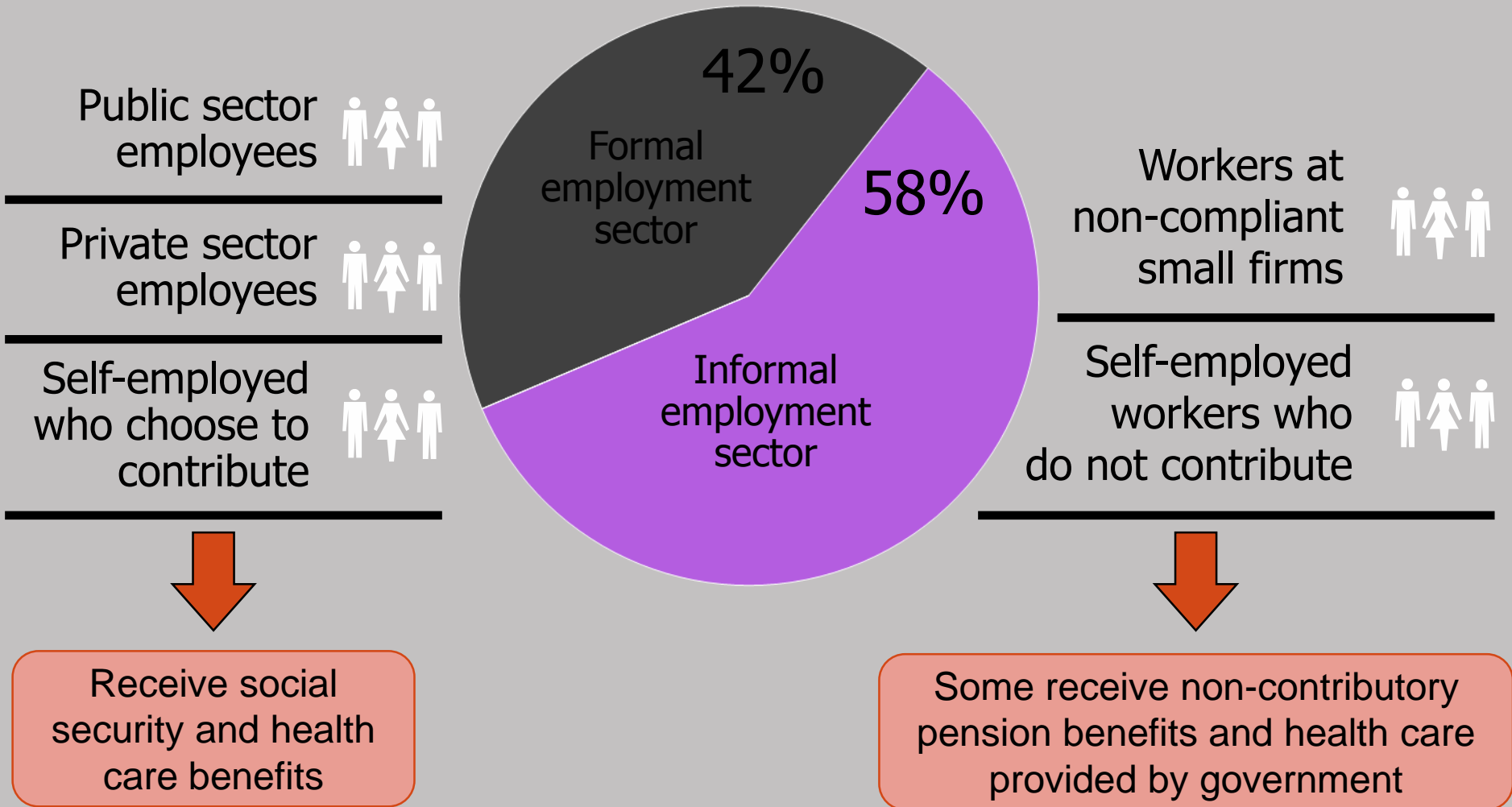
Mexico's Population Is Aging Fast

Old Age Dependency Ratio



Source: Organization for Economic Co-operation and Development (OECD), 2005

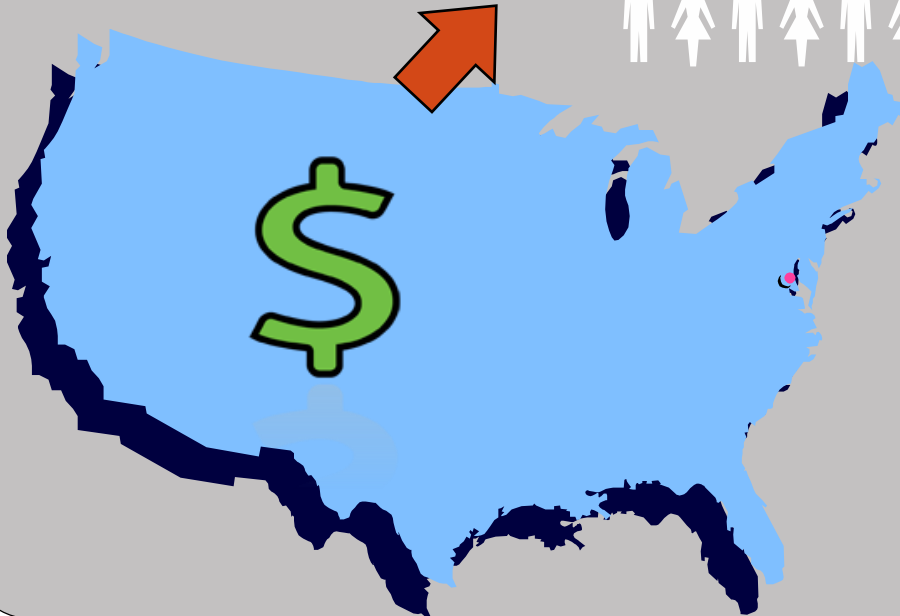
Mexico Does Not Provide Universal Social Security Benefits



Source: Perry, G., Maloney, W., Arias, O., Fajnzylber, P., Mason, A., and Saavedra-Chanduvi, J. 2007. "Informality: Exit and Exclusion". The World Bank: Washington D.C.

16 Percent of the Cash Support Comes from Children Living in the United States

- On average US\$ 4,635 yearly; 60% of recipient's gross income



- Recipients
 - Rural residents
 - Those who have lived in United States
 - Women

Population Projections Provide Window of Opportunity for Mexico

- Population is aging fast, but for the next 30 years most will be of working age – “Demographic Dividend” of low dependency ratio.
- Large cohorts will begin retiring in 2040 (Mexican “Baby Boom”)
- Now is the time to plan for older population with improved policies related to
 - Employment
 - Social security
 - Savings
 - Health care

Governments, Private Sector, Researchers Can Collaborate For Improved Policies

- For working-age population
 - For retired population

 - Private sector role
 - Integrating returning migrants into social security system
 - Improving data
 - Establishing a national social security agenda
- Extend coverage of funded social security programs
 - Make work in the formal sector more attractive
 - Extend mandatory contributions to self-employed
 - Improve enforcement of social security contributions in registered firms

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- Extend the safety net by providing basic noncontributory pensions
 - Develop mechanisms to target poor older persons

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- Promote retirement saving
 - Establish migrant contributions to social security while abroad

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- Establish an organization to oversee fragmented pension system
 - Implement policies for following individuals during working life until retirement

Summary and Conclusions

- Population is aging and poverty in old age is prevalent
- Mexico has a window of opportunity in the next decades
- Potential next steps
 - Consider ways to expand social security program to cover migrants and others in informal sector
 - Improve effectiveness of safety net programs
 - Provide financial literacy education and encourage retirement saving
 - Improve fragmented social security system
 - Learn more about labor market behavior, retirement behavior, and health at older ages

Next Steps for AARP

1. More targeted outreach to Mexican-American communities, especially in Texas, California, Arizona, New Mexico, Colorado, Nevada, Washington, and Illinois (collaborate with Mexican Consulates).
2. Policy exchange with Mexican government, academics, and civil society groups.
3. Possible new services, i.e. remittances, microfinance, financial planning, healthcare.
4. Outreach to American citizens 50+ living in Mexico through State Department, Social Security Administration, etc.
5. Promote development of membership-based organization(s) for the 50+ in Mexico.
6. Explore opportunities for AARP members to travel, study, volunteer, work, or retire in Mexico.



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Questions?

Contact: Edward Johns, Senior Advisor

Office of International Affairs

AARP

601 E Street, NW

Washington, DC 20049

USA

Telephone: 1-202-434-2395

Fax: 1-202-434-2454

Email: ejohns@aarp.org

www.aarp.org/international