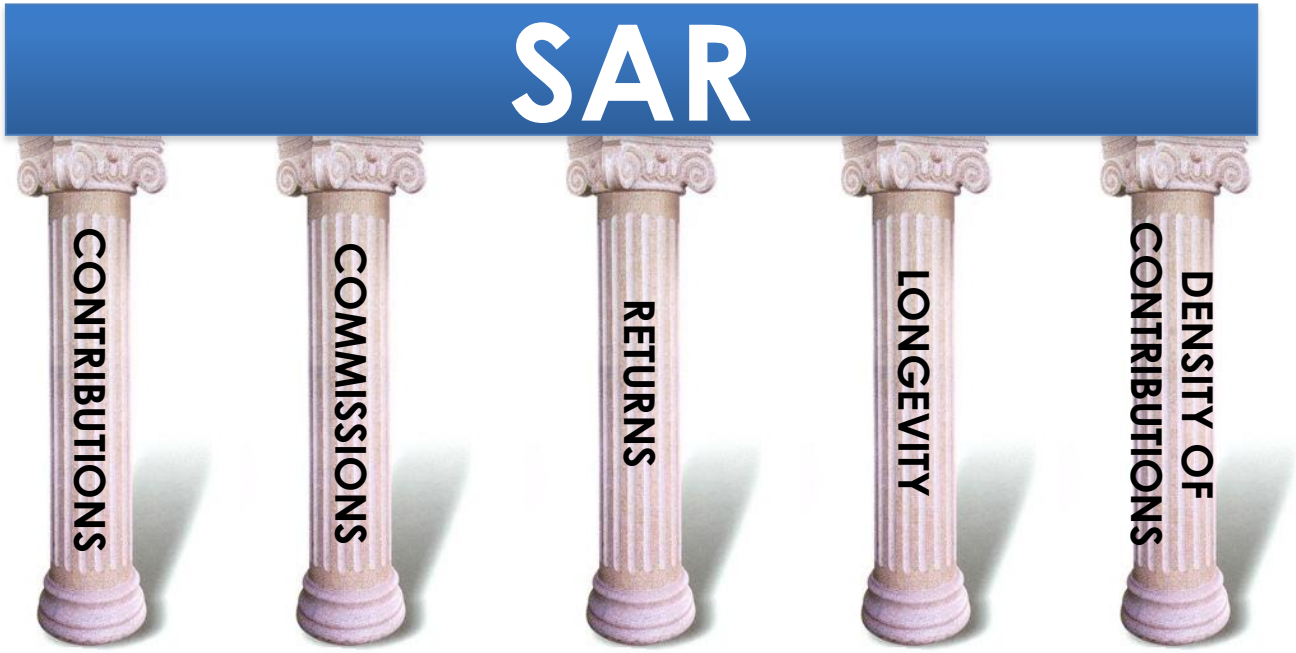
CONSAR

Comisión Nacional del Sistema de Ahorro para el Retiro

Awareness and education on the Retirement Saving System: Mexico

October, 2011

Mexico changed in 1997 from a DB to a DC system. The DC Retirement Savings System has 5 pillars that will define the pension:



- Contributions are mandatory (6.5% for private sector workers and 11.3% for public sector).
- Commissions and returns vary among the 13 private pension fund managers. Currently, the biggest gap in returns is in the pension fund for the youngest in which the highest return is 13.86% and the lowest 7.55%.

So why is it important that account-owners understand and become involved?

1. Due to its compulsory nature, many account-owners are not aware of this private property

2. To acknowledge this part of their personal/family asset

If I die the savings are for my benefitiaries

3. To make decissions that will increase their savings

More returns imply a bigger Pension!

4. To generate public support on the relevance of having such a system

•A sustainable pension system
•Private and public sector financing
•More jobs

A study published (July 2011) by the Mexican Association of Pension Fund Administrators reveals what people think about their retirement:

Having to tackle at least 42 million account-owners all over Mexico, the challenge is huge. CONSAR has therefore implemented the following strategy:

1. Account statement
2. Website
3. Call center
4. Short workshops
5. Information fairs
6. Training the trainers
7. Communication campaigns

1 Account statement

✔ Account statements are sent to the account-owners' addresses 3 times a year.

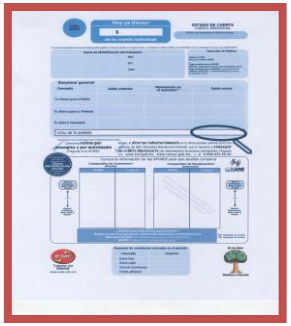
5 years ago we simplified the statement

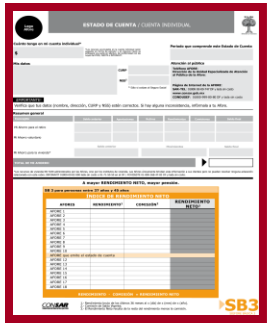
- ✔ no legal information
- ✔ visually attractive/colorful
- ✔ clear-cut info on
  - returns
  - fees
  - balance
  - comparative information

According to the focus group

✗ **BEFORE**

Confusing
Tedious
Extensive
Difficult to understand





NOW

Modern
Friendly
Simplified
Practical
Simple

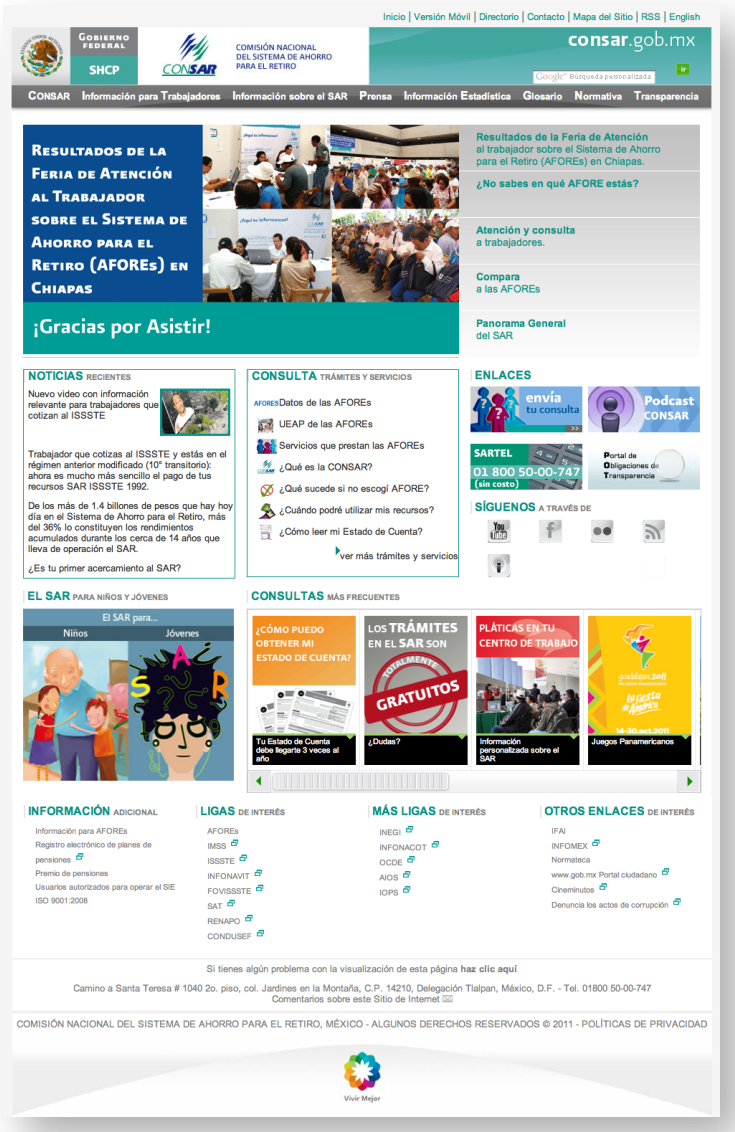
✔

2 Website

✔ The re-launch of the website in 2007 meant the change from legal information to visually attractive and basic information based on the top queries from the public.

INTERNET USERS

2007	2010	2011 (Jan-Sep)	
	10 million	7.5 million	Visits
2 million	15 million	16.3 million	Navigations

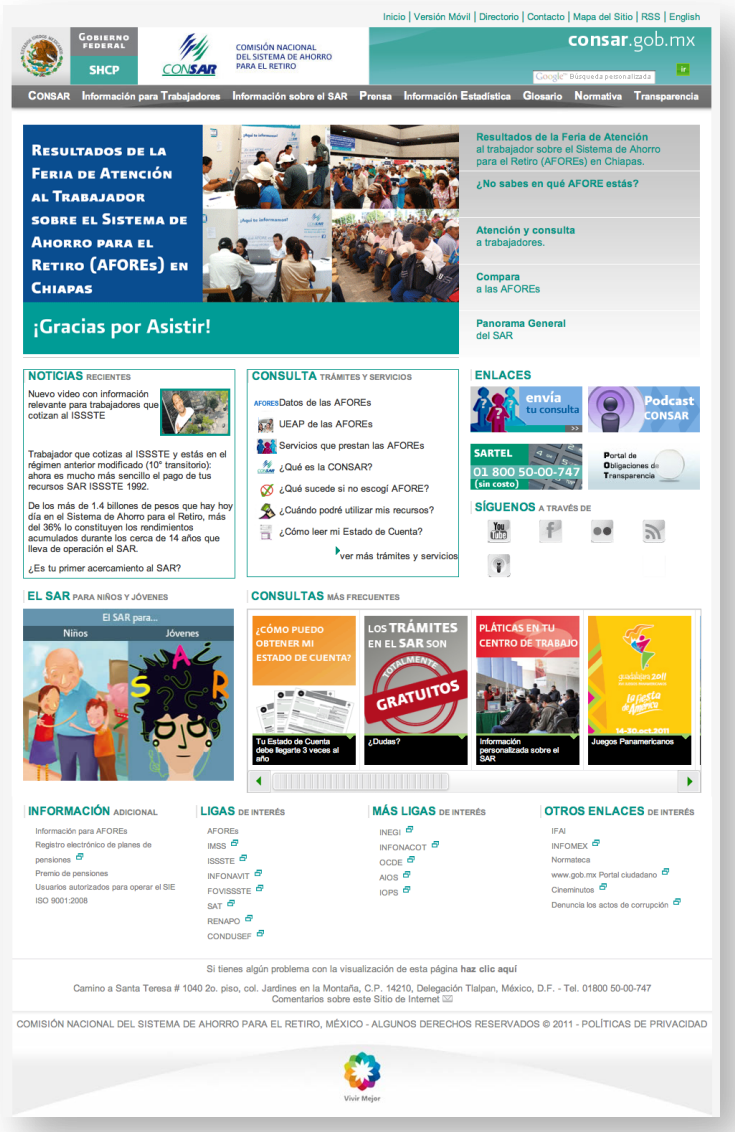


2 Website

- Within the ranking of the 50,000 most viewed webpages in Mexico, CONSAR ranks **#18** within the government sector.

- CONSAR´s webpage has more visits than even many Ministries such as:

  - Finance
  - Comptroller
  - Energy

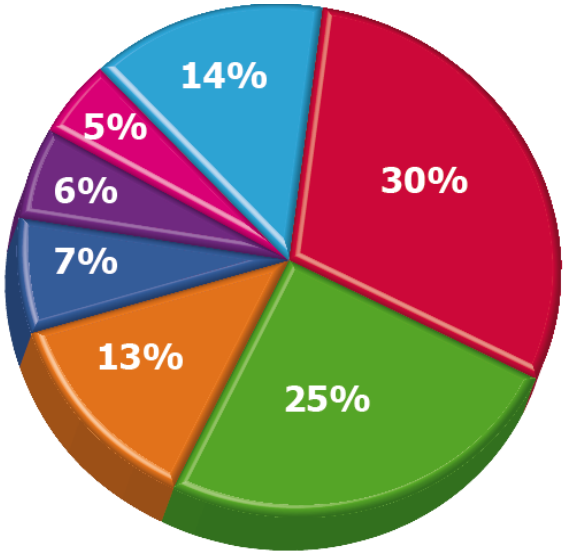


3 Call center

- This is a free of charge, nationwide telephone service, financed by the Pension Fund Administrators and regulated, trained, supervised and promoted by CONSAR.
- It serves more than 10,000 people daily.
- By automating the 4 main questions in 2007, we passed from 2 million to 4 million calls per year.

3 Call center

The main questions in 2010 were:



30%		In which AFORE is my account?
25%		I want to register in an AFORE
13%		Returns
7%		Unemployment withdrawals
6%		Account statement requests
5%		Public sector workers
14%		Others

4 Short workshops

- Direct approach to workers from both large and small enterprises and trade unions.

- Format: a 45-minute general presentation and between 1 and 2 hours of question-solving.

- 99% Are rated from good to excellent by the recipients.

4 Short Workshops

Workshops	
Year	Number
2011*	201*
2010	237
2009	241
2008	127
2007	75
2006	35
TOTAL	916

*Preliminary

5 Information Fairs

- Expos in municipal and governmental esplanades, delegations and convention centers nationwide.

- Participation of all the Institutions involved in the Retirement Savings System:

  - CONSAR
  - Social Security Institutions (private and public sector)
  - Financial Consumer Rights Protection Agency
  - Housing Institutes (private and public sector)
  - Pension Fund Managers

- More than 2 million workers have been informed in these events between 2007 and 2011.

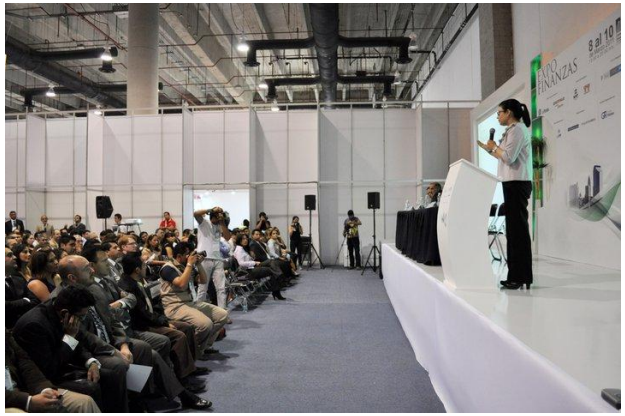
5 Information fairs

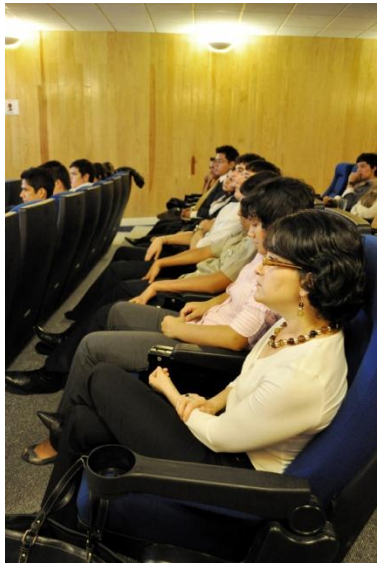
✔ **In 2010, for the first time CONSAR visited all 32 states in Mexico with either a set of workshops or a fair.**

6 Training the trainers

✔ **Training the trainers scheme for those with direct contact with account-owners.**

- Call center agents
- Financial Consumer Rights Protection Agency agents
- Technological Institute of Monterrey (pilot program)





7 Communication campaigns

- Massive campaigns aimed at "call to action". It´s expected that recipients:
  - Call SARTEL to be informed
  - Navigate the webpage to be informed
  - Get information on future events

- The following media channels are used:
  - Radio
  - Television
  - Press
  - Subway, metros and suburban trains
  - Bus stops
  - Internet
  - Billboards
  - Videos
  - Leaflets
  - Books for Children
  - Comics

Challenges we face

1 DIMENSION

The pension system consists of over 43 million accounts representing 38% of the country´s population.

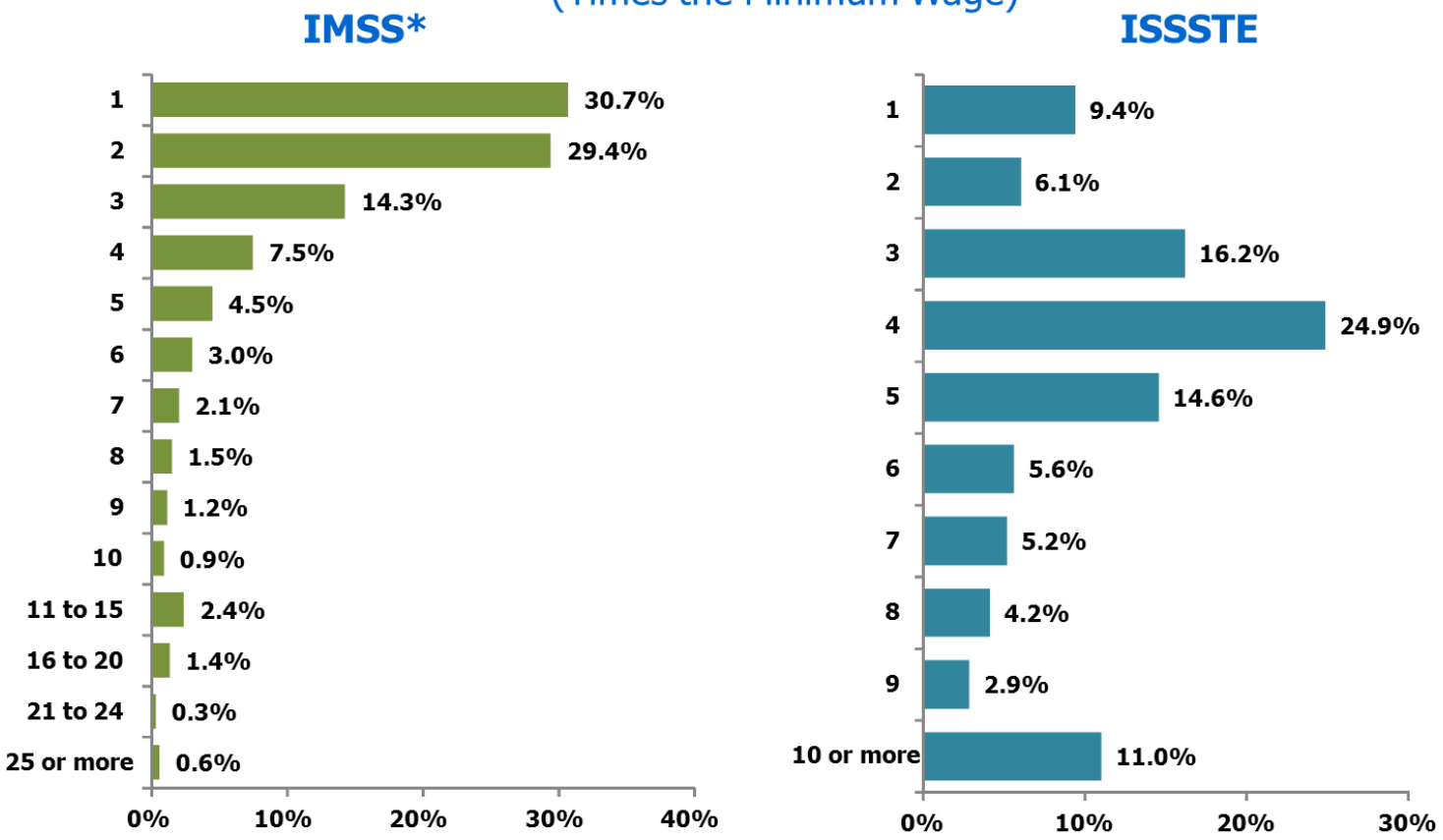
1. Distrito Federal	**16.3**
2. Estado de México	**7.6**
3. Jalisco	**7.6**
4. Nuevo León	**6.0**
5. Chihuahua	**5.1**
6. Veracruz	4.9
7. Baja California	4.7
8. Guanajuato	4.3
9. Tamaulipas	4.1
10. Sinaloa	3.8
11. Puebla	3.6
12. Sonora	3.4
13. Coahuila	3.3
14. Michoacán	2.3
15. Querétaro	1.9
16. Quintana Roo	1.8
17. San Luis Potosí	1.8
18. Chiapas	1.6
19. Yucatán	1.6
20. Guerrero	1.5
21. Durango	1.5
22. Tabasco	1.5
23. Oaxaca	1.4
24. Hidalgo	1.4
25. Morelos	1.3
26. Aguascalientes	1.2
27. Zacatecas	0.8
28. Nayarit	0.8
29. Baja California Sur	0.8
30. Colima	0.7
31. Campeche	0.7
32. Tlaxcala	0.6

Challenges we face

2 DIFFERENT TARGET GROUPS

Great differences between income levels and thus financial education.

Account Distribution by Salary Range
(Times the Minimum Wage)



*Considering the accounts with contributions during the last two months
Data as of may 2011.

Minimum Wage in Mexico in 2011 is 59.82 Pesos, 5.03 USD approx.

Challenges we face

3 BETTER MEASUREMENT

We need to move from the basic data for measuring just the "call to action" to a more sophisticated analysis of behavioral changes

Today we know:	What we need to know is:
• That an increased number of people seek in a proactive manner information: -Online (2 million ➡ 16.3 million) -Via telephone (2 million ➡ 4 million) • More people/ companies/ institutions ask for workshops and fairs.	• What people do with the information they receive • How they use it or apply it in their own benefit • Changes in attitude • What media are more effective and the ones with greater impact

Conclusions

- We know is better to have started somewhere than never having done so.
- We know that more people are informed now than before.
- We know that "call to action" is functioning due to the significant raise in Internet access, telephone calls and requests for training courses.
- We are currently developing a study on the behavioral effects of CONSAR's actions (2012).

www.consar.gob.mx

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