



Limitations of Mexico's Retirement Savings System (SAR) and Savings Alternatives in Mexico

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Executive Summary

Overview

This whitepaper examines Mexico's Retirement Savings System (SAR), a fragmented and underperforming framework that leaves millions vulnerable to inadequate retirement security. Drawing on historical analysis, current data, and global benchmarks, it critiques the SAR's structural flaws—exacerbated by fiat money's inherent fragility—and positions Bitcoin as a resilient, high-yield alternative for long-term wealth preservation. Amid Mexico's aging population and escalating pension costs (projected at 7.8% of GDP by 2030), the report advocates a paradigm shift toward self-sovereign saving, leveraging recent 2024-2025 Afore reforms to enable diversified, productive investments.

Key Findings

Mexico's SAR, rated 69.3 in the 2025 Mercer CFA Global Pension Index (below the Netherlands' 85.4 but above the U.S.'s 61.1), covers only half the economically active population, hampered by informal employment and regulatory rigidity.

Historical reforms—from 1997's shift to defined-contribution Afores to 2007's ISSSTE updates—promised sustainability but failed to address core issues: implicit debts (e.g., ISSSTE at 50% GDP by 2025), non-contributory burdens like the PBPAM (now 2,400 pesos monthly for 65+), and total pension spending hitting 1.78 trillion pesos (11% GDP) in 2025, surpassing health and education outlays.

Fiat currencies erode savings—e.g., 100 pesos from 1980 now worth just \$0.04 adjusted for inflation—fostering impatience and consumption over accumulation. Mexico's crises (1982 Debt, 1994 Tequila) exemplify this manipulation, mirroring global trends: U.S. underfunded pensions (43 states), Japan's existential demographic risks. Informal saving (54.1% of 18-70-year-olds) signals demand for alternatives, yet voluntary Afore participation lags at 7.9% (2024).

Bitcoin as a Superior Vehicle

Bitcoin emerges as the antidote: scarce (21M cap), antifragile, and yielding 50% annualized returns over the past decade, outperforming traditional assets. A modest 3% allocation enhances 60/40 portfolios' Sharpe ratio, as seen in UK pension schemes like Cartwright's (using Onramp's MIC custody). In Mexico, Bitcoin's adoption surges for remittances and value storage, outshining SAR/Afores in sovereignty, inflation protection, and liquidity (see comparison table).

Recent reforms—October 2024's expanded limits (30% structured instruments, 12.5% REITs for youth) and August/November 2025 tweaks for simplified emissions and foreign-currency optimization—create opportunities for Afores to diversify into Bitcoin, boosting replacement rates and national growth.

Conclusions and Recommendations

The SAR's paternalistic model perpetuates weak incentives; true reform demands incorruptible money—scarce, secure, and portable. Policymakers should enable voluntary Bitcoin savings via Afores (mirroring U.S. IRAs/401(k)s) and advocate direct allocations without intermediaries. Civil society must push for regulatory evolution, drawing hope from institutional adoption.

Aureo Bitcoin, fresh from a \$1.1M pre-seed (Early Riders, Oct 2025), offers tailored plans and white-glove MIC custody for individuals and Afores.

Contact contacto@aureobitcoin.com to optimize your strategy.

This report calls for urgent action: Transition from fiat fragility to Bitcoin empowerment for dignified retirements and economic vitality.

Methodology



Methodology

Purpose and Scope

This report evaluates Mexico's Retirement Savings System (Sistema de Ahorro para el Retiro, SAR) and compares it with alternative savings mechanisms used in practice in Mexico, with a particular focus on bitcoin as a long-term savings technology. The scope is retirement-oriented saving (multi-decade horizons), including both contributory schemes (e.g., Afores/IMSS/ISSSTE-linked structures) and non-contributory public transfers, as well as informal saving practices.

Research Approach

The analysis follows a mixed qualitative approach grounded in:

1. **Literature review** of pensions, retirement saving behavior, and institutional design;
2. **Historical and institutional analysis** of Mexico's pension reforms and system architecture; and
3. **Comparative framework** to assess savings options using consistent criteria (incentives, third-party risk, liquidity, and inflation protection).
- 4.

The report is primarily explanatory and evaluative. It does not attempt to produce new econometric estimates; instead, it synthesizes established sources and applies a structured comparison to the Mexican context.

Analytical Framework

To compare SAR/Afores, informal savings, and bitcoin, the report uses a criteria-based evaluation centered on:

- **Control / sovereignty:** the saver's ability to hold and move wealth without discretionary third-party permission.
- **Inflation protection:** the expected ability to preserve purchasing power over long horizons.
- **Third-party risk:** exposure to custodians, administrators, political risk, and institutional constraints.
- **Liquidity:** the ability to convert savings into spending power when needed, including under stress.
- **Regulatory / policy risk:** exposure to rule changes, restrictions, or compliance burdens that can affect access, costs, or returns.

This framework is used to build the comparative table and to organize the conclusions and recommendations.

Data Sources and Evidence Base

The report relies on publicly available, reputable sources across five categories:

- **International benchmarks** for pension-system comparison (e.g., global pension indices).
- **Academic and policy literature** on Mexican retirement saving and coverage challenges.
- **Official Mexican demographic and macro context** (e.g., population aging projections, census-based statistics).
- **Public finance and budget reporting** relevant to pension spending and fiscal sustainability.
- **Bitcoin market and institutional adoption evidence**, used to support claims about long-horizon properties, custody models, and emerging institutional allocation practices.

Where journalistic sources are referenced, they are used to corroborate reported figures or public-policy developments and are treated as secondary support relative to official data and peer-reviewed or policy research.

Treatment of Quantitative Claims

Quantitative statements (e.g., pension spending levels, coverage rates, demographic projections, long-run inflation erosion examples) are presented as **reported figures** from the referenced sources. When the report makes comparisons across years or systems, it emphasizes order-of-magnitude relevance and long-horizon dynamics rather than short-term forecasting. Any figures that are sensitive to definitions (e.g., what counts as “coverage” or “informal saving”) are interpreted in line with the originating source’s methodology.

Limitations

This research has several constraints:

- **Data comparability:** different institutions define coverage, replacement rates, and spending categories differently.
- **Timeliness:** fiscal and demographic statistics are periodically revised; the report reflects the most recent referenced publications available to the author at time of writing.
- **Bitcoin-specific risks:** bitcoin involves operational and custody risks, regulatory uncertainty, and short-term volatility; these risks are acknowledged and are central to the emphasis on minimum technical competence and robust custody.
- **Causality vs. interpretation:** the report argues that fiat incentives materially affect saving behavior; this is an interpretive thesis supported by theory and historical context rather than a single causal estimate.

Practical and Ethical Note

This document is for research and educational purposes and should not be interpreted as individualized financial advice. Any allocation decisions should be evaluated against personal circumstances, risk tolerance, time horizon, and applicable regulation.

About the Author

Santiago Varela is a Bitcoiner and freedom-tech advocate focused on the intersection of Bitcoin, energy, and long-term capital formation. He holds a **B.Sc. in Economics from ITAM** (Mexico City), where his graduation thesis examined pension funds, real savings, financial literacy, low time preferences, and the role of sound money in strengthening long-horizon economic outcomes.



Santiago is also cofounder at **Kardashev BTC, a pioneering Latin American Bitcoin Mining Fund** and the founder of **La Casa de Satoshi** (Mexico City), where he works to expand Bitcoin education and adoption while promoting open, censorship-resistant technologies.

He is also deeply interested in energy systems, from hydrocarbons to renewables, and in building at the frontier where Bitcoin, energy, and AI converge, with a particular emphasis on the societal implications of energy abundance.

Learn more: <https://linktr.ee/santiago.varela.b>

Introduction



Introduction

This research report analyzes Mexico's Retirement Savings System (SAR), highlighting its structural deficiencies, and proposes Bitcoin as a superior savings alternative. The ability (or inability) to save has always been a determining factor in economic development and human well-being.

Economic growth is neither a mystery nor the result of a complex formula. On the contrary, it is a remarkably simple process that is triggered when people accumulate capital, engage in trade, and integrate productive innovations. In this process, saving—understood as the accumulation of capital—plays an essential role in driving growth, a truth that applies universally to individuals, companies, and nations alike.

Each year, the Mercer CFA Institute publishes the Global Pension Index. The index uses more than 50 indicators to rate retirement savings systems in 52 countries (representing 71% of the global population). The Netherlands emerged as the country with the best pension system, scoring 85.4, while Argentina was the worst-rated with 45.9.

Mexico's system received a score of 69.3, and the score for its U.S. counterpart was 61.1.

According to this renowned financial institution, Mexico's SAR has certain positive characteristics but also carries significant risks and deficiencies that require attention. Without implementing improvements, its effectiveness and long-term sustainability could be compromised.

In general terms, the SAR is characterized by its fragmentation, coverage that barely reaches half the population, the major obstacle posed by the informal economy, and finally, serious doubts about its economic viability.

The CFA Institute, the World Bank, and other international organizations promote that nations adopt multi-pillar retirement savings systems. These systems typically include a basic non-contributory pillar for the most vulnerable population, contributory and mandatory pillars, and voluntary contributory pillars.

Pension systems are based on two main categories: Defined Contribution (contributory) and Defined Benefit (non-contributory). These systems include several pillars—both contributory pension pillars and non-contributory ones—designed to ensure a minimum income for a specific segment of the population.

Pilares contributivos y obligatorios

0

Basic public pension that provides a minimum level of protection.

1

Public, mandatory contributory system linked to income level.

2

Private, mandatory, fully funded system.

3

Voluntary, fully funded pillar.

4

Financial instruments outside the pension system.

Those pension pillars that do not require contributions are a cause for great concern due to doubts about their long-term financial sustainability. If the benefit is guaranteed but the contributions are not sufficient to cover it, the financial deficit will increase progressively over time.

The existence of formal savings and pension systems can be interpreted as a paternalistic measure of the State, designed to counteract financial illiteracy and the lack of discipline among citizens. It is argued that such interventions would be unnecessary if individuals possessed the patience and sufficient personal finance knowledge to save consistently. However, it is an indisputable fact that, without government guidance, most people do not save enough for their retirement.

The official narrative often blames the individual; this report questions that premise. It is important to question the root of the problem: Why do Mexicans have difficulty saving? Does the explanation really boil down to impatience and financial ignorance, or are there more complex underlying factors that are truly responsible?

After exhaustive analysis and research, the answer reveals itself to be more complex than usually presented. Fiat money (issued by Central Banks and based purely on trust) is a key factor in individual lack of patience. Saving loses its appeal in a system where the value of the savings medium can be eroded by a simple bureaucratic decision. Additionally, the current inflationary environment demands that the individual become a finance expert just to preserve the value of their assets. As Dr. Saifedean Ammous expresses it:¹

“The problem with fiat currencies is that simply holding on to the wealth you already possess requires significant active management and expert decision-making. You need to develop expertise in portfolio allocation, risk management, stock and bond valuation, real estate markets, credit markets, global macroeconomic trends, national and international monetary policy, commodities markets, geopolitics, and many other complex and highly specialized fields to make informed investment decisions that allow you to maintain the wealth you have already accumulated. In effect, **with fiat currencies, you need to earn your money twice: once when you work to earn it and again when you invest it to combat inflation.**”

In summary, formal pension systems and fiat money share a common limitation: they generate weak incentives for long-term saving and shift the burden to the individual of navigating a complex and unstable financial environment. Given this landscape, the search for solid and autonomous alternatives to ensure post-labor financial well-being becomes imperative.

Fortunately, a ray of hope shines in this dark panorama. Bitcoin emerges as a beacon that illuminates the future of saving and, hence, of economic growth. Despite its short-term volatility, **it is the preeminent long-term savings technology.**

This report will focus on demonstrating how Bitcoin positions itself as the most beneficial tool for Mexican citizens seeking to optimize their savings strategies with an eye toward aging and personal wealth growth. For a complete understanding of this report, it is essential to review the historical evolution of the pension and retirement savings system in Mexico.

History of Saving in Mexico



History of Saving in Mexico

The Retirement Savings System (SAR) is Mexico's mechanism for individual accounts, where workers accumulate funds intended for their pension. Its operation depends on various actors: the CONSAR (National Commission of the Retirement Savings System), which performs the regulatory function; the AFORES (Retirement Fund Administrators), responsible for managing the resources; and institutions like the IMSS, ISSSTE, and SHCP, which handle supervision and coordination of the system.

The SAR Before 1997

Public pension programs in Mexico originated in the first half of the 20th century, in the context of a post-revolutionary country that had undergone significant labor transformations. However, Mexico's saving tradition is much older, being a pillar of economic development since Aztec times. At that time, various saving means were used, such as salt, cacao, or "tandas" (rotating savings groups), a practice that persists today in communities outside the traditional financial system.

In 1944, the IMSS created a program for formal private-sector workers. In 1959, the ISSSTE was created to serve federal public-sector workers. Similarly, programs were created for the armed forces and for workers at companies like PEMEX or CFE. "Over time, all these programs presented various problems caused by their own designs, but particularly due to financial difficulties that put their long-term viability at risk." (Villagómez, 2014)

In 1997, there was a pension system reform that gave rise to "a defined contribution scheme, full capitalization, and individual accounts. The change was mandatory for all affiliates. The pension the worker would receive would depend on the amount of the contribution, salary evolution, commissions from private administrators, and returns generated by investments."

The SAR After 1997

This change meant the transition from a defined benefit system to a defined contribution one, correcting the trajectory of public finances. The system established individual ownership of contributions to retirement accounts to replace the previous pay-as-you-go system. The government approved private investment administrators, called Afores, to manage individual accounts and established CONSAR to oversee this new SAR.

The privatization was carried out in two parts. In 1992, the government created individual accounts for all pension holders in the system. From that point on, social security contributions were placed in individual accounts instead of a general fund. The individual accounts were placed in the Bank of Mexico and earned a real annual interest of two percent. However, the scope of the privatization was, to a large extent, limited to administrative tasks. Meanwhile, all investment decisions were still made as in the old system. In order to further improve the efficiency of account and investment portfolio management, the government decided to fully privatize the system. In this way, account management passed from the hands of the Bank of Mexico to the hands of the Afores.

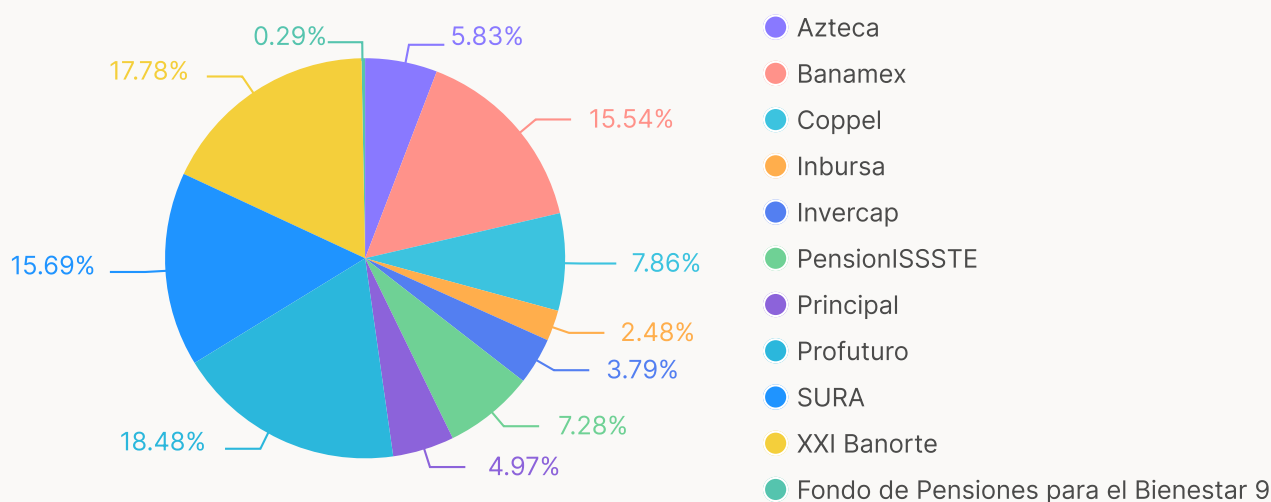
To be an Afore, a company needed to meet minimum capital requirements and demonstrate years of experience in the Mexican financial sector. Potential Afores had to disclose their business plans, pricing, commission structures, and more for CONSAR to accept their application. The government took several measures to structure a competitive and low-cost market. Likewise, the law established that no Afore could reach more than 20% of the market. **The Afores' portfolios were regulated with great rigidity and, consequently, investments were penalized in terms of returns.^a**

Mexico's legislative body and Senate approved a set of reforms for workers employed in the federal public sector (ISSSTE) in March 2007. The reforms were approved with the support of some major political parties, despite the initiative having been stalled for the previous five years. The bill reforms the pension system for workers employed in the federal public sector (ISSSTE). The initiative had the backing of the ruling National Action Party (PAN) and the Institutional Revolutionary Party (PRI), even in the face of some union and political protests. The Party of the Democratic Revolution (PRD) opposed the motion.

^a On average, the Retirement Fund Administrators (Afores) deliver a real return that ranges between 4% and 6%.

“In 2007 this program [ISSSTE] was reformed in accordance with the new IMSS program; the change to the new scheme was optional for already active workers, but not so for those who joined after the reform. Finally, there are various programs for workers of state-owned companies and bureaucrats in the states of the Republic. In their vast majority, they are defined benefit schemes and years of service, and they present serious financial viability problems.” (Villagómez, 2014)

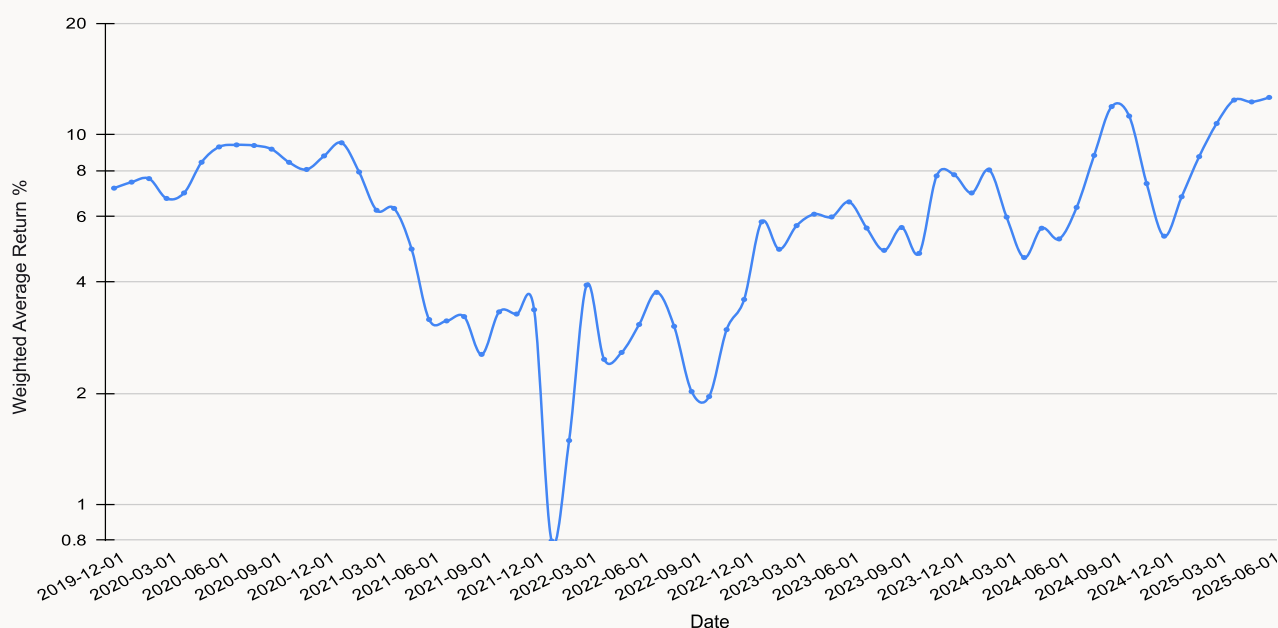
Afores market share (%)



<https://www.consar.gob.mx>

Weighted Average Return — SB Pensiones

Logarithmic scale



https://datos.gob.mx/dataset/rendimientos_afore

Antecedentes históricos del sistema de ahorro para el retiro (SAR)

Pre 1997

In 1944, the IMSS created a program for formal private-sector workers. In 1959, the ISSSTE was created to serve federal public-sector workers.

“Over time, all of these programs began to present various problems caused by their own designs, but particularly due to financial difficulties that put their long-term viability at risk.” (Villagómez, 2014)

1997 - 2007

In 1997, a reform of the pension system gave rise to a defined-contribution scheme, full capitalization, and individual accounts. The change was mandatory for all affiliates.

This change marked the transition from a defined-benefit system to a defined-contribution one, correcting the trajectory of public finances.

The government approved private investment administrators, called Afores, to manage the individual accounts and established CONSAR to oversee this new SAR.

Post 2007

Mexico’s legislature and Senate approved a set of reforms for the ISSSTE in March 2007.

“In their vast majority, they are defined-benefit and years-of-service schemes, and they present serious financial viability problems.” (Villagómez, 2014)

The current ISSSTE system is severely underfunded to cover all of its retirees’ future obligations.

Throughout the history of retirement saving in Mexico, a constant pattern is evident: an endless cycle of reforms and persistent weaknesses. While these reforms seek the system’s sustainability and adequacy, they have failed to eliminate deeply rooted structural weaknesses. Although the transition from the old Defined Benefit system to the current Afore-based SAR promised a more solid and equitable solution, the reality is that the current model faces serious challenges that cast doubt on its ability to guarantee dignified and sustainable pensions in the future.

Current State of Saving in Mexico



Current State of Saving in Mexico

The ISSSTE crisis is considerably more serious than that of the IMSS. The ISSSTE's implicit debt already reaches 50% of GDP for the year 2025, and each year without implementing reforms adds a deficit of 1-2% of GDP. This system, characterized by weaknesses in its structural design, was mainly shaped by the spirit of the most recent 2007 reform.

Main Points of the 2007 Reform



Portability

Workers who change jobs between the private and public sectors will remain covered.



Retirement Age

(public workers, by 2034)

- Men: from 60 → 55 years old
- Women: from 58 → 53 years old



Contributions

Before: 7% of salary

- Employee: 3.5%
- Employer: 3.5%

After (meta 12.7%)

- Employee: 6.125%
- Government:
 - 5.15% regular contribution
 - 1.5% social payments



Voluntary contributions

- Employees can voluntarily contribute **up to 2%**.
- Government matches every peso of voluntary contributions with **3.25 pesos**.
- Total maximum: **8.5%** (2% employee + 6.5% government)



Fund Administration

- Initially administered by Pensionisste (a public institution)
- Public administration: minimum 3 years
- Afterwards, workers can switch to a private fund
- There is uncertainty about how this new fund will be administered



Benefits

- Guaranteed minimum pension = 2× minimum salary

In the July-September 2014 issue of *El Trimestre Económico*, Alejandro Villagómez published an article titled *Savings for Retirement: A Reflection for Mexico*²¹. In this article, Villagómez points out the fact that individuals are not making the necessary savings for their retirement phase and supports it with the scant empirical evidence available on the Mexican case.

The evidence suggests that, in many contexts, workers do not save adequately for their retirement, justifying state intervention through mandatory savings policies. These measures, though paternalistic, seek to counteract citizens' limited financial knowledge and lack of long-term planning, requiring sophisticated financial management to ensure the viability of retirement funds.

According to Villagómez, “while the State’s participation in providing pensions for retirement has been important, empirical literature has shown that, **for the case of most developing countries, this solution has only partially resolved the problem of adequate retirement savings for the entire population.**”

Pension system coverage in Mexico is very low and the system is highly fragmented. The population covered by the system is barely half of the economically active population (EAP). The programs are also unsustainable because there are high levels of promised benefits for those replacement rates of 100% after 30 years.

Finally, the author raises controversial issues regarding voluntary savings and mandatory savings. “The introduction of this **mandatory savings does not necessarily mean an increase in total retirement savings**, since an individual might substitute voluntary savings for mandatory ones.” In this way, individuals come to perceive these mandatory savings contributions as a tax. In this context, non-state-dependent savings technologies, such as Bitcoin, become relevant.

Today’s SAR

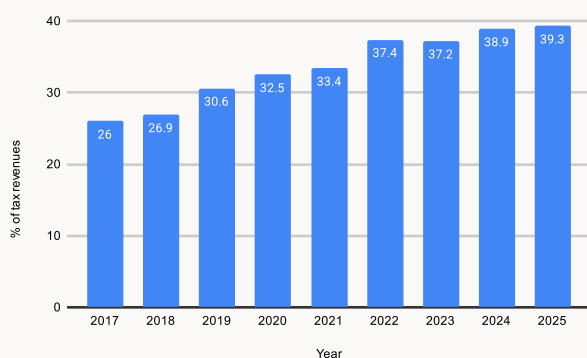
Mexico’s Pension for the Well-Being of Older Adults (PBPAM), since its inception in 2007, has undergone notable evolution. Initially, it was a program focused on people in rural communities in poverty, with a monthly support of 500 pesos. However, in 2019 it transformed into a universal program, extending its benefits to all people aged 68 or older, with an amount increased to 1,275 pesos.

Subsequently, in 2021, coverage was expanded to include people aged 65 and older, and annual adjustments to the pension amount have been made, reaching 2,400 pesos in 2023. This example illustrates how non-contributory pensions are a true problem for public spending and government public finances¹³.

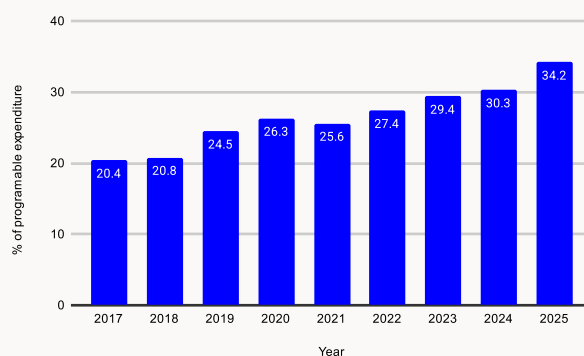
Recently, the national press has also pointed out this worrying phenomenon of public finances. In 2023, almost 17% of total government spending was allocated to pension payments, surpassing even spending on physical investment, health, and education. According to Belén Saldívar of El Economista, this trend is expected to continue until 2030, with an estimated 7.8% of GDP allocated to pensions.⁸

According to Carlos Ramírez, spending allocated to 'contributory' pensions (IMSS, ISSSTE, etc.) amounted to 1.29 trillion pesos in October 2025, while 'non-contributory' pensions (Older Adults, 60-64) summed 481 billion pesos. Total pension spending reached 1.78 trillion pesos. In comparison, total Health spending was 696.2 billion pesos and Education spending was 824.872 billion pesos. This figure represents 11% of GDP in 2025.¹⁵

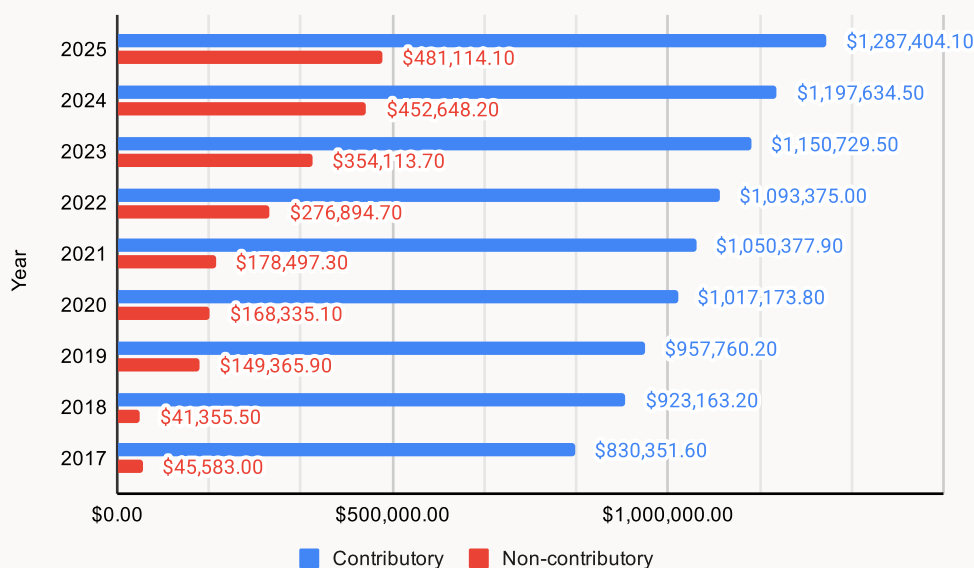
Pension spending, % of tax revenues



Pension spending, % of total programable expenditure



Total MXN pension spending



In 2023, several economists published a study titled *Mexico, How Are We Doing with Retirement Savings?*¹³. In this study, they point out that only 39.1% of the population between 18 and 70 years old has an Afore (with 2021 data). On the other hand, in that same year, the results indicated that 54.1% of the population between 18 and 70 years old saves informally. The search for superior savings alternatives to traditional ones by Mexicans is evident in informal saving. Bitcoin presents itself as a superior savings option, functioning as a decentralized 'digital tanda' with the potential to offer better results.

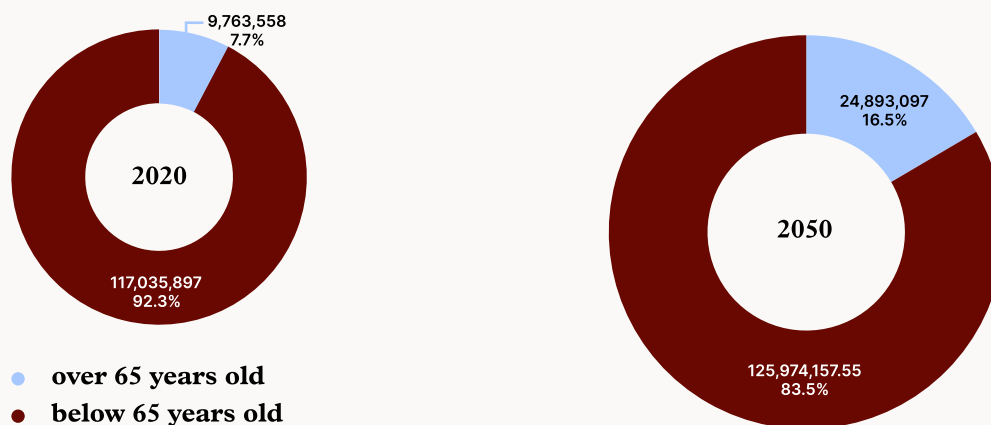
More recently, the reforms to Afores implemented between 2024 and 2025 aim to balance long-term return increases with greater oversight and support for the national economy. The October 2024 reform significantly expanded the maximum investment limits in high-potential assets such as Structured Instruments (to finance infrastructure and private equity) and REITs (real estate investment trusts), raising the caps to up to 30% and 12.5%, respectively, for younger generations. Additionally, the concept of "Simplified Issuer" was introduced, opening a legal pathway for pension funds to invest in securities from smaller Mexican companies seeking simplified capital-raising.

Subsequent modifications in August and November 2025 emphasized the goal of supporting financing for Mexican companies (including Simplified Emissions) under specific prudential guidelines and adjusted the investment limits in foreign-currency-denominated assets to optimize worker returns and replacement rates. In essence, the central narrative is to grant Afores more leeway to diversify into alternative assets¹⁹, but under strict regulatory control, aiming for retirement savings to drive the country's productive development. In this context, Bitcoin becomes relevant as a diversification strategy for Afores.

Demographic Challenge

In Mexico, the population aged 65 or older rose to 9,763,558 people (equivalent to 7.7% of the total population) according to the 2020 INEGI census. CONAPO projections indicate that by 2050, there will be 24,893,097 people aged 65 or older. This would be equivalent to 16.5% of the total population and implies more than double the proportion recorded in 2020 in just 30 years.¹² This population aging causes an increase in public spending allocated to pensions and retirements over time. Likewise, this helps explain the mediocre rating that the Mexican SAR receives in global comparisons.

Mexico is aging: more people aged 65+ (2020 vs 2050)



Pension spending has experienced a notable increase in recent years, reaching 1.78 trillion pesos in 2025. While most of this spending is allocated to contributory pensions, non-contributory pensions have shown even greater growth, nearly doubling their budget compared to the previous year. This situation reflects the impact of recent legislative reforms that, although seeking to expand coverage, also generate additional pressures on public finances in the long term. Due to demographic changes (population aging), public spending on retired workers' pensions is expected to continue increasing at the same rate. In this way, some economists have come to describe these pension systems as intergenerational pyramid schemes.

The Fiat World



The Fiat World

Mexico's situation is not unique. While there are specific structural problems in the country, it is essential to recognize that the savings and pensions challenge transcends national borders. Population aging is a global trend that imposes considerable challenges on pension and retirement savings systems worldwide.

According to *The State of Pensions 2025*⁹ by Equable, the situation of pension funds in the USA is also quite negative. Only 7 U.S. states have financially sound pension funds at the aggregate level. The other 43 states have underfunded pension funds.

Upon examining other developed economies with established social security systems, such as Japan¹⁸, Italy, and Spain¹⁶, we observe a similar problem: retirement savings systems (whether public pensions or regulated private funds) will have trouble ensuring genuine financial freedom for their citizens. Additionally, demographic risk looms as an existential threat.

This evidence not only points to a lack of financial education or individual impatience as the center of the savings problem, but reveals an underlying and deeper cause: the nature of the fiat world and its weak currencies. **The corruption of money inevitably leads to the corruption of society.** Considered the operating system of society, money influences every economic transaction and crucially shapes the financial decisions and values that drive them. In this context, the current culture of mass consumption and ostentation that dominates the planet is explained through the distorted incentives that fiat money generates in favor of impatience.

According to an essay by Robert Breedlove, “central banks, the masters of money in the modern era, use this tool to steal time and inflict inequality in wealth. History shows us that the corruption of monetary systems leads to moral decay, social collapse, and slavery. Since the temptation to manipulate money has always proven too strong for humanity to resist, the only antidote to this poison is incorruptible money: Bitcoin.”³

Bitcoin in the Mexican Context



Bitcoin in the Mexican Context

Mexico's economic history, marked by the crises of 1982 and 1994, evidences the persistent vulnerability to monetary manipulation inherent in a fiat system. In 1982 (the Debt Crisis), the manipulation consisted of using massive external debt and a fixed overvalued exchange rate to finance excessive public spending, simulating stability until the oil price drop forced a moratorium and a catastrophic devaluation. In 1994 (the December Mistake), the manipulation focused on maintaining the peso's overvaluation for political reasons and issuing Tesobonos (dollarized debt) to hide the exhaustion of reserves, causing an abrupt devaluation and financial collapse at the end of the term. Both episodes illustrate how authorities, seeking short-term political benefits, altered the nominal value of the currency, transferring the cost of these imbalances to the citizens.

Inflation in Mexico is a persistent economic phenomenon that constantly and significantly erodes the purchasing power of money over time. This effect becomes particularly evident when considering extended periods. Thus, if you had saved a nominal amount of 100 pesos in 1980 and kept those 100 pesos intact, without generating any return or investment to compensate for the generalized rise in prices, until 2024, you would have experienced an overwhelming loss of 99.96% of your original purchasing power. In practical and real value terms adjusted for inflation, the value of those 100 pesos today would be just \$0.04 pesos.⁵

Original value	\$100.00 MXN
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Period	1980 a 2024
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Accumulated inflation	272,490.88%
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Real value of money today

\$0.04 MXN

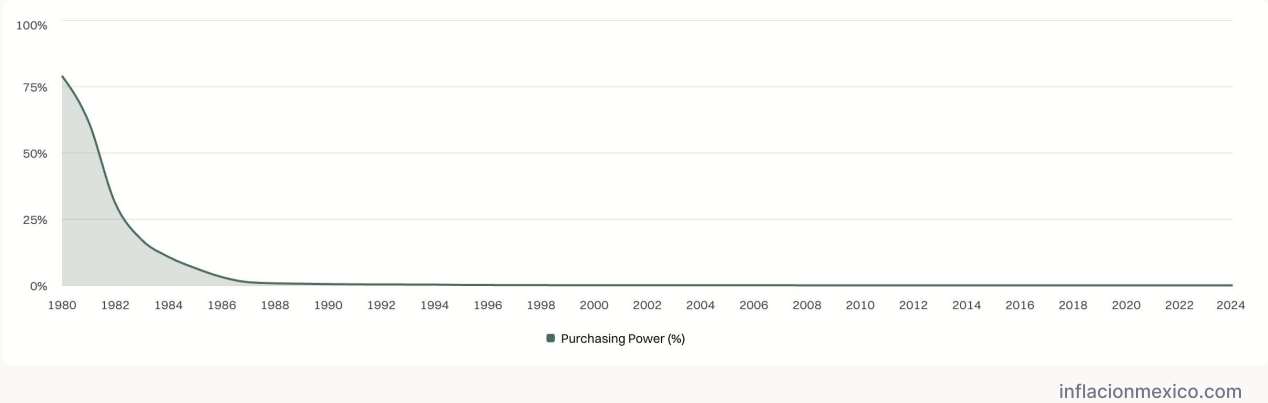


Purchasing power lost

-99.96%

inflacionmexico.com

Purchasing Power of MXN (1980-2024)



The 2008 bailout of banks considered 'Too Big to Fail' evidenced on a global level the potential for manipulation inherent in the current monetary system. Today, the credibility of institutions like the Federal Reserve is subject to widespread questioning. Given this panorama, **people are actively seeking alternatives that do not focus on quick enrichment, but on protection against the gradual impoverishment caused by fiat or "fragile" money.**

In Mexico, Bitcoin adoption is growing, driven by this search for options outside the traditional banking system. It is seen as a way to save in a scarcer and stronger asset, using it both as a store of value and as a medium of exchange that improves efficiency in sending remittances and international payments.

	Control/ Sovereignty	Inflation Protection	Third-Party Risks	Liquidity	Regulatory Risk
SAR/Afores	Low	Low	High	Low	High
Informal Saving	Medium	Low	Medium	Medium	Medium
Bitcoin	High	High	N/A	High	N/A

Bitcoin as a Long-Term Savings Vehicle



Bitcoin as a Long-Term Savings Vehicle

Bitcoin as a Long-Term Savings Alternative

Despite its short-term volatility, it positions itself as a superior savings technology, as long as it is used with the minimum necessary technical knowledge. It is crucial to invest time in understanding the system's rules, as improper use of private keys and wallets has caused significant losses in the past.

Bitcoin's main value proposition is its scarcity, due to the fixed supply of 21 million bitcoins. Likewise, the Bitcoin network is long-term resilient and antifragile against censorship or manipulation attacks.

Superior Returns

Bitcoin has demonstrated exceptional performance, with an annualized average of 50% over the last decade²⁰, surpassing all major asset classes. While concerns about its risk and volatility persist, its favorable long-term volatility and return profile is transforming it from a speculative opportunity to an investment imperative for institutions.



Implications for Asset Management

Bitcoin adoption by Registered Investment Advisors (RIAs) aligns with their mission to transform asset management for the benefit of clients. Global macroeconomic factors, such as growing sovereign debt and deficits (which contrast with Bitcoin's coded supply cap and, consequently, its absolute scarcity), support this adoption.

The Traditional 60/40 Case

A small allocation to Bitcoin has the potential to optimize both absolute returns and risk-adjusted returns in a traditional 60% stocks and 40% bonds (60/40) portfolio. Since the 60/40 portfolio constitutes a key benchmark, there is a strong incentive for institutions to seek to outperform its performance metrics through Bitcoin inclusion. The Sharpe ratio, a metric that indicates return per unit of volatility in an asset, improves significantly in any such portfolio, with a conservative allocation. Inclusion of Bitcoin is suggested as a diversification tool, adjusted to each individual's profile and risk tolerance.

This emerging asset⁷ stands as a beacon of hope that shines in this gloomy panorama of saving in Mexico and the world. The advent of incorruptible money represents a guide that illuminates the future of saving and, consequently, of economic growth. It is time to get off the boat that is at risk of sinking; there is a superior safeguard option to which one can turn.

“History demonstrates that it is not possible to isolate oneself from the consequences of others having more valuable money than one's own.”

Characteristics	Bitcoin	MXN	CETEs	Real Estate	USD
Loan collateral	✓	✓	✓	✓	✓
Divisibility and portability	✓	✓	✓	✗	✓
24/7 global liquidity	✓	✗	✗	✗	✓
Limited and predetermined issuance	✓	✗	✗	✓	✗
Censorship-resistance	✓	✗	✗	✗	✗

Bitcoin combines the best of traditional assets with unique advantages that no other asset class can match, offering unprecedented protection, growth potential, and financial freedom. However, Bitcoin is not a panacea against poverty nor a magical solution for those who do not seek their own improvement. Its true value lies in something much more significant than any fiat currency: economic freedom. This freedom empowers people who do want to better themselves, providing them with the means to achieve it.

Conclusions



Conclusions

The SAR does not represent a genuine solution for Mexicans' savings. In general terms, an authentic paradigm shift is necessary in all countries and in the entirety of formal savings systems. The main obstacle does not lie in impatience or lack of financial education, but in the nature of fiat money: fragile, manipulable, and vulnerable. The true solution requires money that is inherently difficult to produce, characterized by being scarce, incorruptible, secure, sovereign, resilient, and highly portable.

In this context, Bitcoin has demonstrated savings properties that significantly surpass traditional options over long-term horizons. This has been evidenced both at the individual level, with the development of technologies like multisignatures, and at the institutional level, with the implementation of multi-signature (multisig) multi-institutional (MIC) technology.

The UK pension industry is a great example of Bitcoin's potential. Cartwright, a pension fund specialist, has advised a scheme with a 3% Bitcoin allocation. This move reflects the growing recognition of Bitcoin as a viable asset class for pension funds, even for those with conservative investment strategies.⁴

What is interesting about the Cartwright case is his preference for Onramp Bitcoin's MIC as a custody method, unlike pension funds in the USA that used ETFs. The era of institutional Bitcoin adoption has arrived thanks to recent innovations in the ecosystem that are already capable of guaranteeing maximum security for institutional investors. These custody solutions are even safer than the custody schemes for many traditional assets, which are subject to third-party risks.

Policy and Savings Recommendations



Policy and Savings Recommendations

It is crucial to take control of your savings and not delegate your financial future to third parties. Current savings technology allows you to regain control. Therefore, it is strongly recommended to save consistently and with discipline in Bitcoin, to custody your funds via self-custody or a professional service like Onramp Bitcoin's MIC.

In the United States, the creation of vehicles like Bitcoin ETFs in capital markets is shortening the distance between this savings technology and the traditional financial system. It is already observed that some 401k plans (analogous to Mexican Afores) and public pension funds are allocating a small percentage of their portfolios to these ETFs. This could be the first step; in Mexico, we need to promote the development of our local capital markets and the introduction of financial instruments that integrate Bitcoin with Afores. It is essential to remember that Bitcoin with intermediaries is not the same as Bitcoin without intermediaries. Seek help from a trusted person if you still do not understand the difference between both alternatives.

To encourage saving in Mexico, it is proposed to implement the option of voluntary savings in Bitcoin through Afores, similar to how it has been done with some IRA accounts in the USA. Since voluntary savings in the SAR is notoriously forgotten and has low participation, offering Bitcoin could be a strong incentive, as savers would have full control over those funds.

Additionally, it is crucial for civil society to drive a movement to demand that Afores be allowed to include Bitcoin in their investment portfolios, allowing direct allocation without intermediaries. Although this change could take years, it is considered an essential fight. The Cartwright example gives us hope that one day it will be possible in Mexico with our Afores.

About Aureo

Building on the paradigm shift toward self-sovereign, resilient saving outlined in this report—and the recent 2024-2025 Afore reforms that open doors for diversified, high-potential investments—the Aureo Bitcoin team stands ready to empower you with comprehensive support.

As a Bitcoin-only platform pioneering secure financial services in Mexico, we offer everything from personalized savings plans tailored to your long-term goals to our signature "white-glove" technical implementation, ensuring bespoke guidance every step of the way.

With our recent \$1.1 million pre-seed funding from Early Riders, Aureo and MIC (multi-institutional custody) technology are solidifying as the premier choice for institutional investors like Afores, enabling safe integration of Bitcoin as a diversification powerhouse without third-party risks.

Ready to reclaim control of your financial destiny through superior savings technology?

Contact the Aureo Bitcoin team at hello@aureobitcoin.com for expert advice on self-custody, portfolio optimization, and compliant Bitcoin strategies.

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