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began accruing; 4. Winners and Losers Due to Decreases in Fees; 5. Changes in Balances Due to Decreases in Fees; III. Consumer's "Confusion" and "Noise"; A. Theoretical Framework; B. Statistical Analysis of Possible "Noise" Distributions
8. "Noise Distribution" Percentage Loss in Pension Balances at Retirement Age Due to "Sub-Optimal" Choice of AFORE Fitted by the Normal and Weibull Distributions.9. "Noise Distribution" Percentage Loss in Pension Balances After A Five-year Period Due to "Sub-Optimal" Choice of AFORE Fitted By The Normal and Weibull Distributions; C. Mark-up Estimation in the AFORE Industry; 6. Mark-up According to the Number of AFOREs; IV. Empirical Study; A. Measurement of "Noise" and Consumer "Confusion"; B. Econometric Framework to Measure "Confusion's " Relative Importance; C. Empirical Results
V. Concluding Remarks Annexes; I. The Model; II. Questionnaires; References

Sommario/riassunto

This paper was prepared for the World Bank 4th Annual Contractual Savings Conference (Washington DC, April 2008) co-organized by Gregorio Impavido (gimpavido@imf.org). The article shows that account transfers among pension administrators in Mexico barely respond to price or return considerations and in general has not improved the consumer's pension balance. Instead of strengthening competition through lower fees and higher returns for the consumer, AFORE switching has so far undermined the system and resulted in the destruction of value. Moreover, ""noisy"" evaluations of the product by the
