Pension Program Overview (Indonesia) by:
Transformation to BPJS
Current Pension Scheme
SJSN Pension Scheme
SS Pension Projection
Roles of Labor Union
Establishment of:
- BPJS Kesehatan (former PT. Askes)
- BPJS Ketenagakerjaan (former PT Jamsostek)

Program Implementation of BPJS Ketenagakerjaan

Incorporation of PT. Taspen & PT. Asabri into SJSN

SJSN = National Social Security System
BPJS = Social Security Institution
CONTENT

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- Current SS Pension Scheme
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## Indonesia Pension Pillars

<table>
<thead>
<tr>
<th>Scheme</th>
<th>Member</th>
<th>Financing</th>
<th>Administrator</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Mandatory Social Pension</strong></td>
<td>Civil Servant, Police &amp; Military, Private Formal &amp; Informal Sector</td>
<td>PAYG DB</td>
<td>PT. Taspen, PT. Asabri, BPJS Ketenagakerjaan</td>
</tr>
<tr>
<td><strong>Voluntary Individual Saving</strong></td>
<td>Individual</td>
<td>DC</td>
<td>Financial Institution</td>
</tr>
<tr>
<td><strong>Voluntary Occupational Private Pension</strong></td>
<td>Private Formal Sector &amp; Individual</td>
<td>Funded DB</td>
<td>Employer Pension Fund</td>
</tr>
<tr>
<td><strong>Mandatory Old-Age Saving</strong></td>
<td>Private Formal Sector &amp; Individual</td>
<td>DC</td>
<td>Financial Institution Pension Fund</td>
</tr>
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</table>

*Current Condition*
## Benefits for Current Programs

<table>
<thead>
<tr>
<th>Specifications</th>
<th>Civil Service Pension</th>
<th>Jamsostek’s Old Age Savings</th>
<th>Private Pensions</th>
<th>Mandatory Termination Allowance</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Normal Retirement Age</strong></td>
<td>56 or age 50 with 20 years of service</td>
<td>55 or 5 years of contributions of termination</td>
<td>Mostly : 55 , maximum 60</td>
<td>As per prevailing law</td>
</tr>
<tr>
<td><strong>FORMULA</strong> (% of Pensionable wages)</td>
<td><strong>Pensionable wages</strong></td>
<td>Basic salary plus family allowance</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td><strong>Accrual rate</strong></td>
<td>2.50% for each year of service</td>
<td>5.70%</td>
<td>Maximum: DB: 2.50%/year; DC: 20%/year</td>
</tr>
<tr>
<td></td>
<td><strong>Maximum</strong></td>
<td>75% of basic salary</td>
<td>N.A</td>
<td>DB: 80%; DC: 20% /year</td>
</tr>
<tr>
<td></td>
<td><strong>Benefit payment mode</strong></td>
<td>Annuity benefit for life</td>
<td>Lump sum payment of Accumulated contributions plus the declared rate of return on account balances and contributions</td>
<td>20% lump sum, 80% monthly pension for life</td>
</tr>
</tbody>
</table>
## Contribution for Current Programs

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<th>Private Pensions</th>
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</tr>
</thead>
<tbody>
<tr>
<td><strong>CONTRIBUTIONS</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Employee</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Employee</td>
<td>4.75%</td>
<td>Formal: 2%</td>
<td>Maximum: 60% of employer’s contributions</td>
<td>None</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Informal: 2% of income (“income” set up at minimum wage level of IDR 1 million / month)</td>
<td>The total contributions in a year shall not exceed 20% of pension base earnings</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Employer</strong></td>
<td></td>
<td>Paygo, varies on actual expenditure</td>
<td>DB: pay monthly/annually, depend on actuarial valuation DC: as set out in the EPF/FIPF regulation</td>
<td>PAYG, paid full by employer</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Formal sector worker: 3.70%</td>
<td>None</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Informal sector worker: None</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

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*Image Source: PT. Jaminan Sosial Tenaga Kerja (Persero)*
<table>
<thead>
<tr>
<th>Scheme</th>
<th>Plan</th>
<th>Main Issues</th>
</tr>
</thead>
<tbody>
<tr>
<td>Voluntary Individual Saving</td>
<td>DC</td>
<td>Lack of Awareness (among workers), expensive annuity products</td>
</tr>
<tr>
<td>Voluntary Occupational</td>
<td>Funded DB</td>
<td>Past Service Liability</td>
</tr>
<tr>
<td>Private Pension</td>
<td>DC</td>
<td>Low contribution level, No tax incentive, expensive annuity products</td>
</tr>
<tr>
<td>Mandatory Old-Age Saving</td>
<td>DC</td>
<td>Early withdraw (5 year, 1 month) after termination</td>
</tr>
<tr>
<td>Mandatory Social Pension</td>
<td>PAYG DB</td>
<td>Unsustain (negative asset), too generous benefits</td>
</tr>
<tr>
<td></td>
<td>Funded DB</td>
<td>Awareness of Stakeholders of DB in Social Insurance, ALM (Investment</td>
</tr>
<tr>
<td></td>
<td></td>
<td>instruments: govt bonds, deposito, stocks, property), SS Operation,</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Delinquencies</td>
</tr>
</tbody>
</table>
CONTENT

- Transformation to BPJS
- Current Pension Schemes
- SJSN Pension Scheme
- SS Pension Projection
- Roles of Labor Union
Role of SJSN Pension

Primary objective
- Elderly
- Vulnerable

Secondary objective
- Replace the portion of pre-retirement income

Protect
- Disable
- Widow/ers
- Children

Against Poverty
- Working Poor
- Parents

By law: Num. 40/2004
Minimum of Benefit: certain living standard
Plan: Defined Benefit
Retirement age: based on prevailing laws

Benefits are payable to:
- Participants:
  - attaining retirement age
  - total and permanent disability
- Beneficiaries:
  - Participant’s death

Qualification for normal pension: Min. 15 years contribution

Contribution: shared between employer and workers

Beneficiaries: the spouse, young children and, in some cases, parents

By Law:
- Retirement age: based on prevailing laws
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- Qualification for normal pension: Min. 15 years contribution

By Law (elucidation):
- The benefit should be sufficient to fulfill basic needs
- There should be a minimum and maximum benefit.
- The benefit should be based on last salary and years of contributions
- Lifetime income following exit from labor force
- Formal sector only (differs from other programs)

General Provisions of Pension SJSN
DEPENDENCY RATIO
POPULATION PYRAMID YEAR 2015

UPN = 56 tahun

FEMALE

MALE

31,45 juta orang penduduk (12,18%); dengan rincian laki-laki sebanyak 15,14 juta orang, dan perempuan sebanyak 16,31 juta orang. Tingkat ketergantungan penduduk usia 56 tahun ke atas 20,21%, sedangkan tingkat ketergantungan penduduk usia 65 tahun ke atas 8,99%.

155,54 juta orang penduduk (60,23%); dengan rincian laki-laki sebanyak 78,23 juta orang, dan perempuan sebanyak 77,31 juta orang.

71,24 juta orang penduduk (27,59%); dengan rincian laki-laki sebanyak 36,60 juta orang, dan perempuan sebanyak 34,64 juta orang.

Proyeksi jumlah penduduk Indonesia tahun 2015 adalah 258,24 juta orang penduduk, dengan 129,97 juta orang laki-laki; dan 128,26 juta orang perempuan.
POPPULATION PIRAMID YEAR

UPN = 56 tahun

FEMALE

MALE

90,75 juta orang penduduk (25,81%); dengan rincian laki-laki sebanyak 42,62 juta orang, dan perempuan sebanyak 48,13 juta orang. Tingkat ketergantungan penduduk usia 56 tahun ke atas 47,57%, sedangkan tingkat ketergantungan penduduk usia 65 tahun ke atas 26,45%.

190,53 juta orang penduduk (54,18%); dengan rincian laki-laki sebanyak 97,10 juta orang, dan perempuan sebanyak 93,42 juta orang.

70,37 juta orang penduduk (20,01%); dengan rincian laki-laki sebanyak 36,09 juta orang, dan perempuan sebanyak 34,28 juta orang.

Proyeksi jumlah penduduk Indonesia tahun 2050 adalah 351,65 juta orang penduduk, dengan 175,81 juta orang laki-laki; dan 175,84 juta orang perempuan.
Proyeksi jumlah pekerja Indonesia tahun 2050 adalah 165,16 juta orang pekerja, dengan rincian 62,28 juta orang pekerja formal (37,71%), dan 102,87 juta orang pekerja informal (62,29%).
Members Projection

MEMBER PIRAMID YEAR 2050

FEMALE

MALE

Proyeksi jumlah peserta BPJS Ketenagakerjaan tahun 2050 adalah 38,77 juta orang peserta (68,99% dari pekerja formal), dengan 38,08 juta orang peserta Jaminan Pensiun (98,23% dari peserta BPJS).
Members Projection

MEMBER OF PENSION PROGRAM BPJS PROJECTION

Juta orang

UPN = 56 tahun

Jumlah peserta aktif
Jumlah potensi kepesertaan (< UPN)
Tingkat cakupan kepesertaan (AKTIF) terhadap total pekerja formal
Contributors vs Retirees Projection

Juta orang


UPN = 56 tahun

Jumlah peserta aktif
Jumlah pensiunan
Tingkat Ketergantungan Pensiunan (pensioner's dependency ratio)
Financing
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Roles of Labor Union
Organization Structure of Employer Pension Fund

1. Doing the supervision
2. Report to the employers and members
3. Appoints Public Accounting which will do Pension Fund financial audit
4. Appoints Actuary which will conduct actuarial report – in case of DB scheme
5. Defines investment policy (with the employer) – in case of DC Scheme
1. Doing the study and research in relation with social security practices
2. Propose the investment policy of Social Security Fund
3. Having authorities in monitoring and evaluating the implementation of social security

DJSN (National Social Security Board)
BPJS-TK Organizational Structure

**Board of Trustees**
- Government (2)
- Employer (2)
- Employee (2)
- Society (1)

**Board of Director**

**Tasks (Board of Trustee)**
1. Doing the supervision for the management policy by BPJS and the performance of BOD
2. Doing the supervision for the SS Fund management
3. Giving advices and recommendation
4. Submitting supervisory report to the President and National SS Council (DJSN)
Conclusions

1. The enactment of the BPJS law is a significant step in the implementation of a social protection system for all Indonesia.

2. The current pension system is fragmented and varies by labor market groups – civil servant, the military and formal sector workers.

3. Union will play a more important roles in the implementasi of SJSN:
   - Strong comprehension in the field of social security (pension, etc) and regulations
   - Engagement and communication with stakeholders/policy makers
Thank You