

# Pension Program Overview (Indonesia)

by:



# CONTENT

Transformation to BPJS

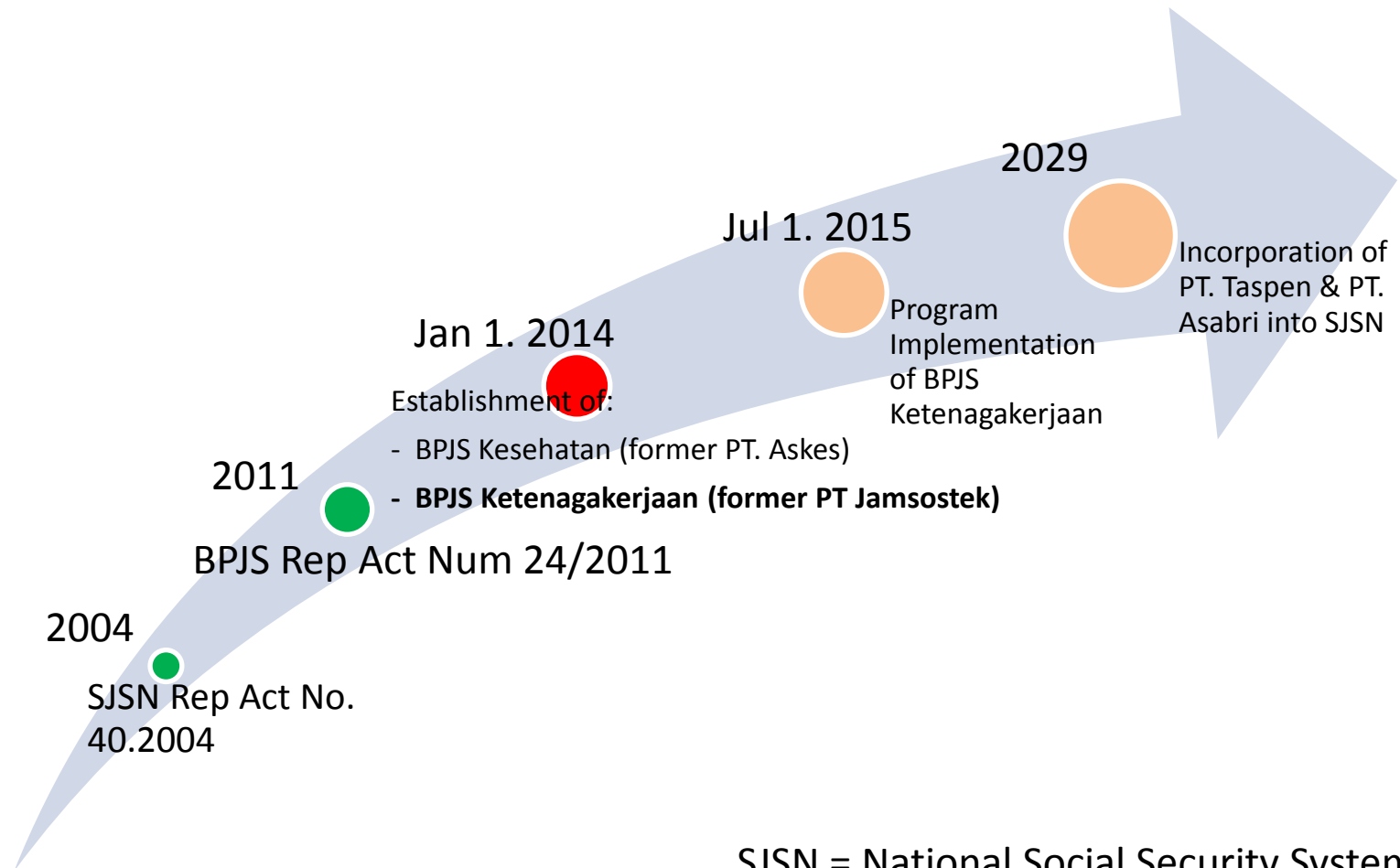
Current Pension Scheme

SJSN Pension Scheme

SS Pension Projection

Roles of Labor Union

# Indonesia Soc Security Transformation RoadMap



SJSN = National Social Security System  
BPJS = Social Security Institution

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# Current Condition

## Indonesia Pension Pillars

Scheme	Member	Financing	Adminstrator
Voluntary Individual Saving	Individual	DC	Financial Institution
Voluntary Occupational Private Pension	Private Formal Sector & Individual	Funded DB	Employer Pension Fund
		DC	Financial Institution Pension Fund
Mandatory Old-Age Saving	Private Formal Sector & Individual	DC	PT. Jamsostek
Mandatory Social Pension	Civil Servant	PAYG DB	PT. Taspen
	Police & Military		PT. Asabri
	Private Formal & Informal Sector	Funded DB	BPJS Ketenagakerjaan

# Benefits for Current Programs

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

# Contribution for Current Programs

Specifications	Civil Service Pension	Jamsostek's Old Age Savings	Private Pensions	Mandatory Termination Allowance
<b>CONTRIBUTIONS</b>				
<b>Employee</b>	4.75%	Formal: 2% Informal : 2% of income ("income" set up at minimum wage level of IDR 1 million / month)	Maximum: 60% of employer's contributions The total contributions in a year shall not exceed 20% of pension base earnings	None
<b>Employer</b>	Paygo, varies on actual expenditure	Formal sector worker: 3.70% Informal sector worker: None	DB: pay monthly/annually, depend on actuarial valuation DC: as set out in the EPF/FIPF regulation	PAYG, paid full by employer

# Issues

Scheme	Plan	Main Issues
Voluntary Individual Saving	DC	Lack of Awareness(among workers), expensive annuity products
Voluntary Occupational Private Pension	Funded DB	Past Service Liability
	DC	Low contribution level, No tax incentive, expensive annuity products
Mandatory Old-Age Saving	DC	Early withdraw (5 year, 1 month) after termination
Mandatory Social Pension	PAYG DB	Unsustain (negative asset), too generous benefits
	Funded DB	Awareness of Stakeholders of DB in Social Insurance, ALM (Investment instruments: govt bonds, deposito, stocks, property), SS Operation, Delinquencies



# CONTENT

Transformation to BPJS

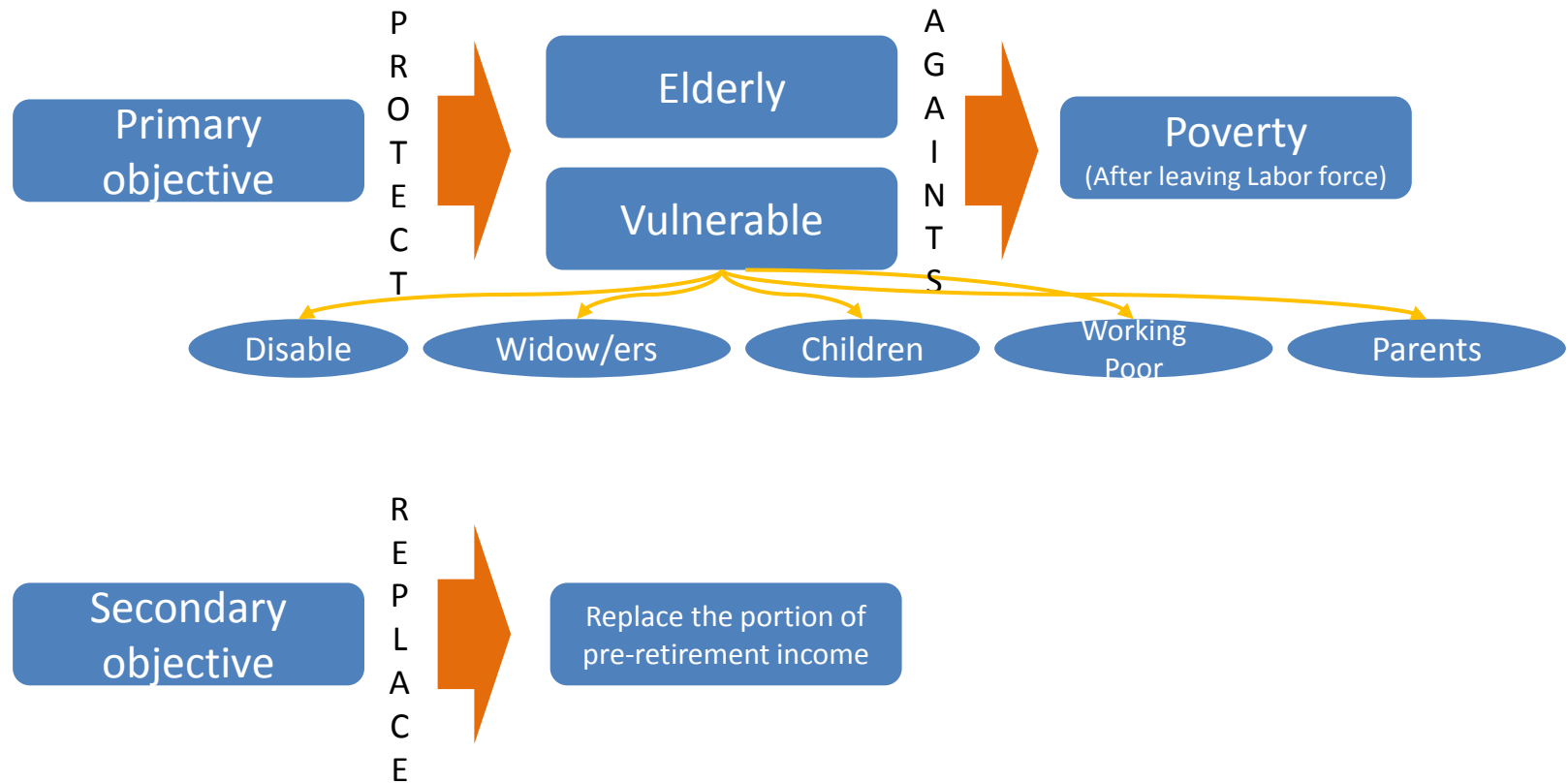
Current Pension Schemes

SJSN Pension Scheme

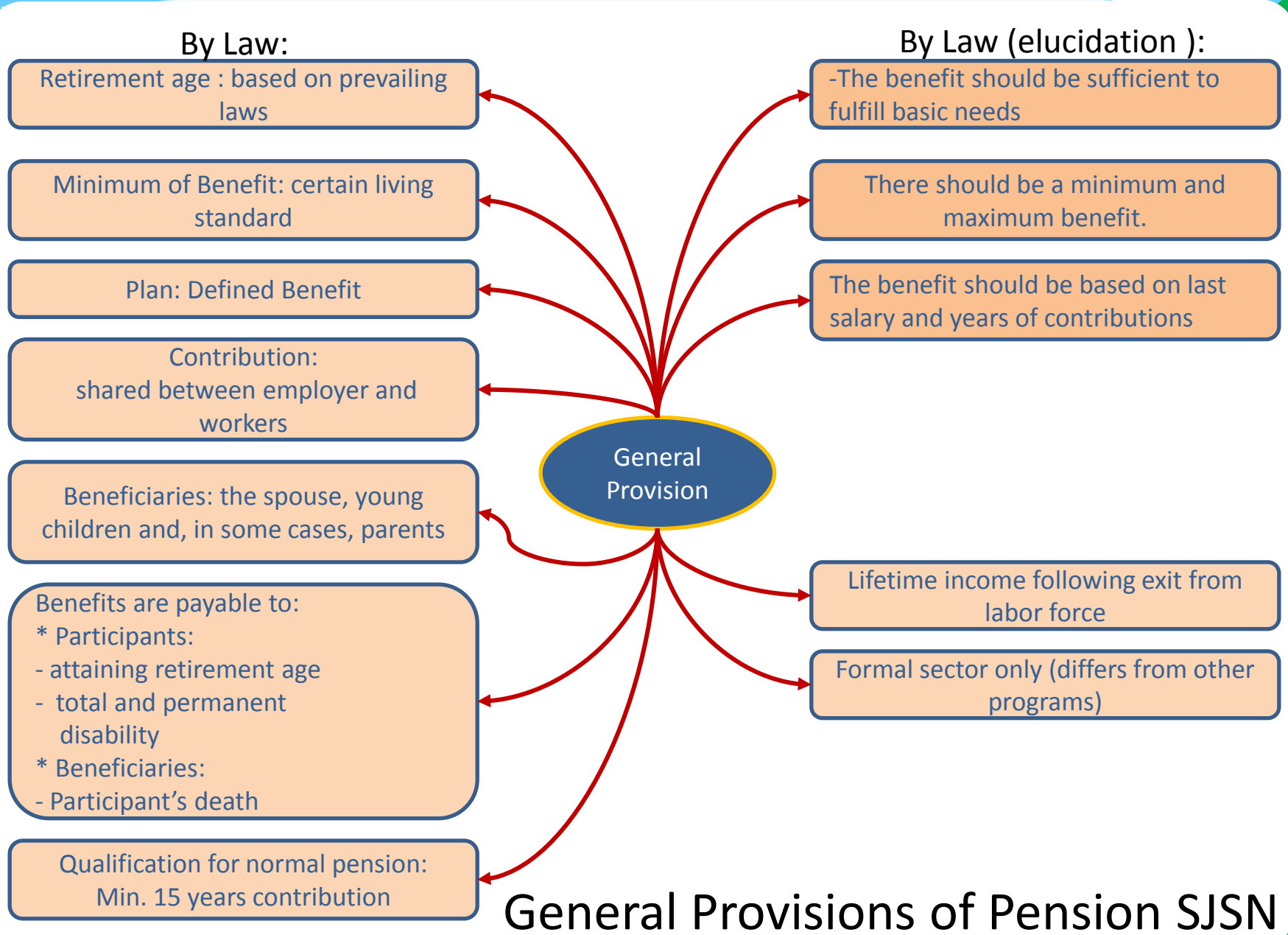
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# Role of SJSN Pension



By law: Num. 40/2004



## General Provisions of Pension SJSN

# CONTENT

Transformation to BPJS

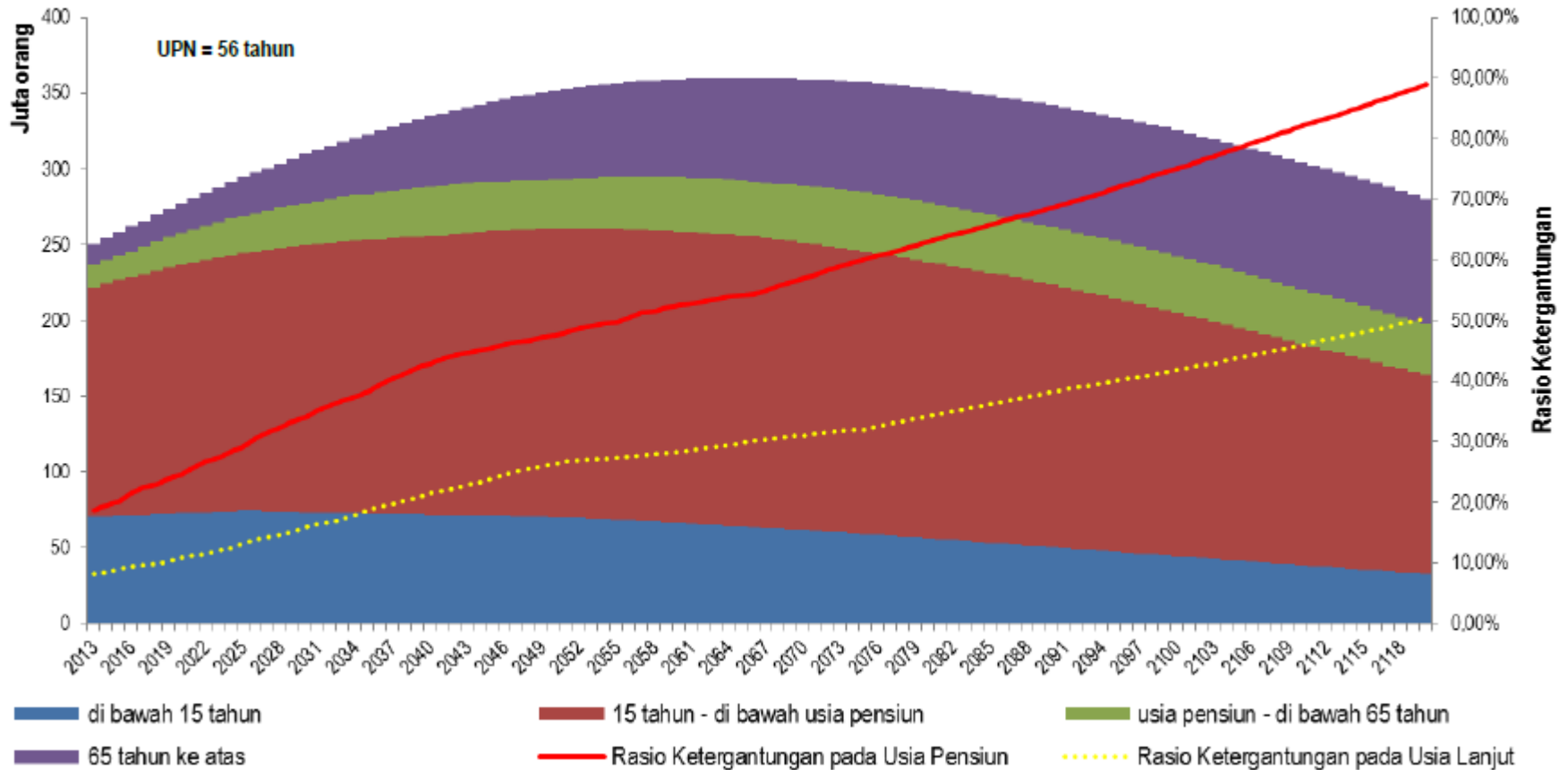
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## DEPENDENCY RATIO

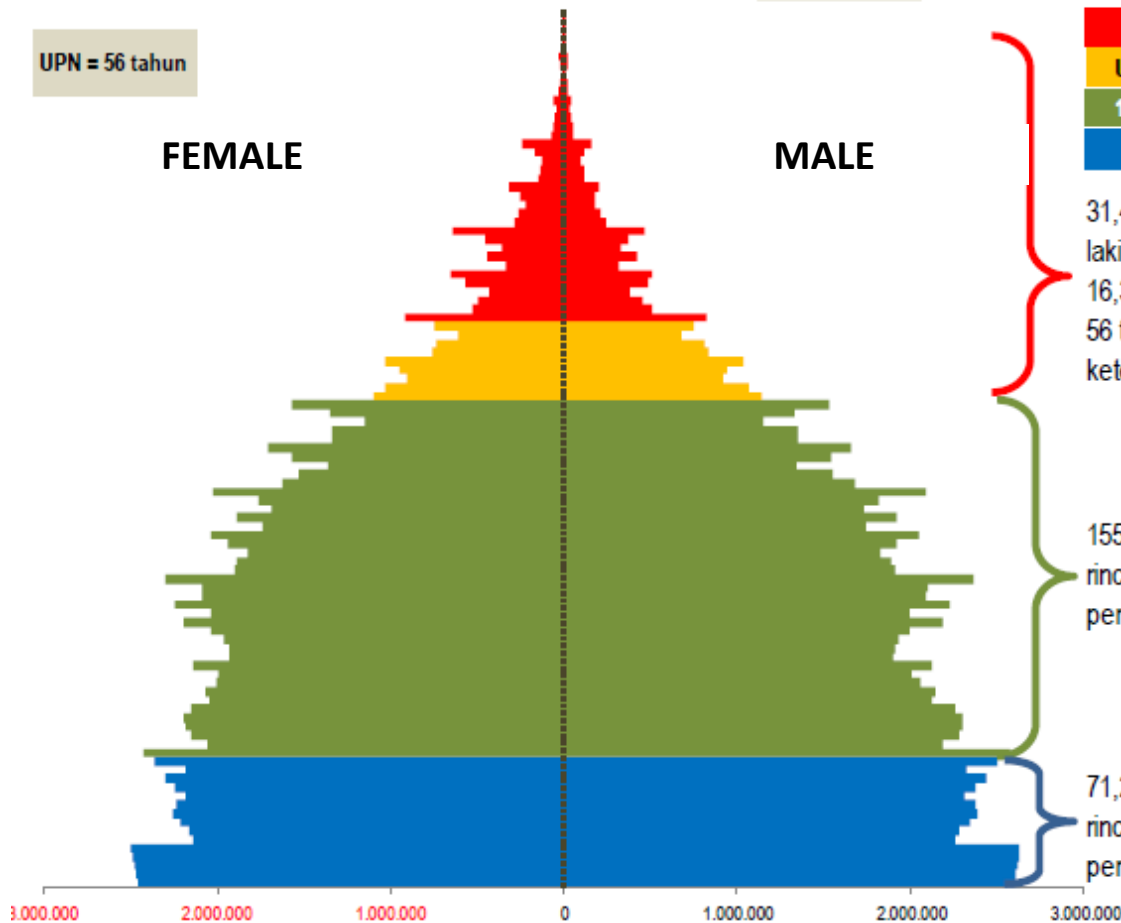


## POPULATION PIRAMID YEAR 2015

UPN = 56 tahun

FEMALE

MALE



65 tahun ke atas
UPN sampai di bawah 65 tahun
15 tahun sampai di bawah UPN
Usia di bawah 15 tahun

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.

## POPULATION PYRAMID YEAR 2050

UPN = 56 tahun

FEMALE

MALE

65 tahun ke atas

UPN sampai di bawah 65 tahun

15 tahun sampai di bawah UPN

Usia di bawah 15 tahun

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.

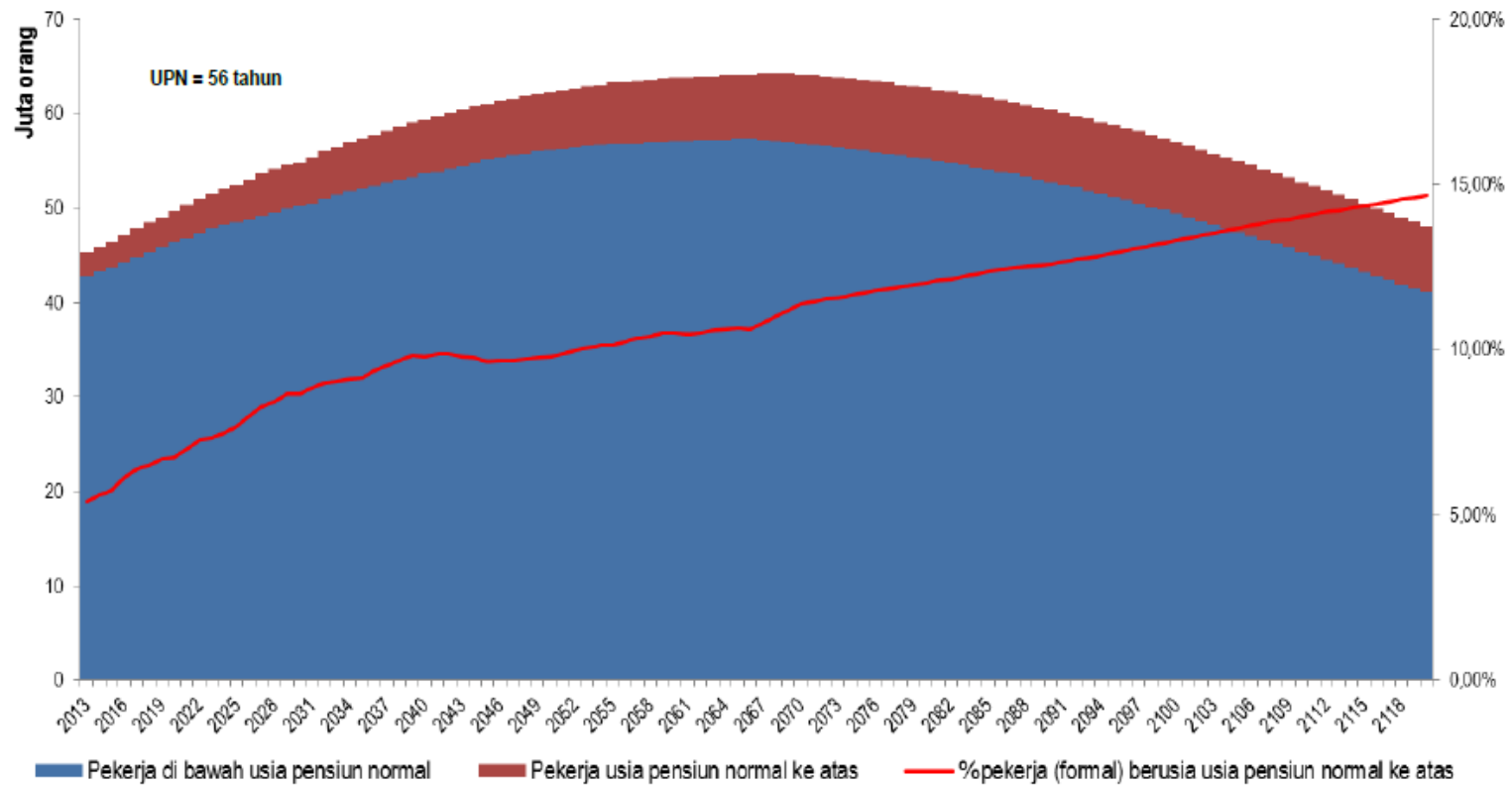
70,37 juta orang penduduk (20,01%); dengan rincian laki-laki sebanyak 36,09 juta orang, dan perempuan sebanyak 34,28 juta orang.

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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.

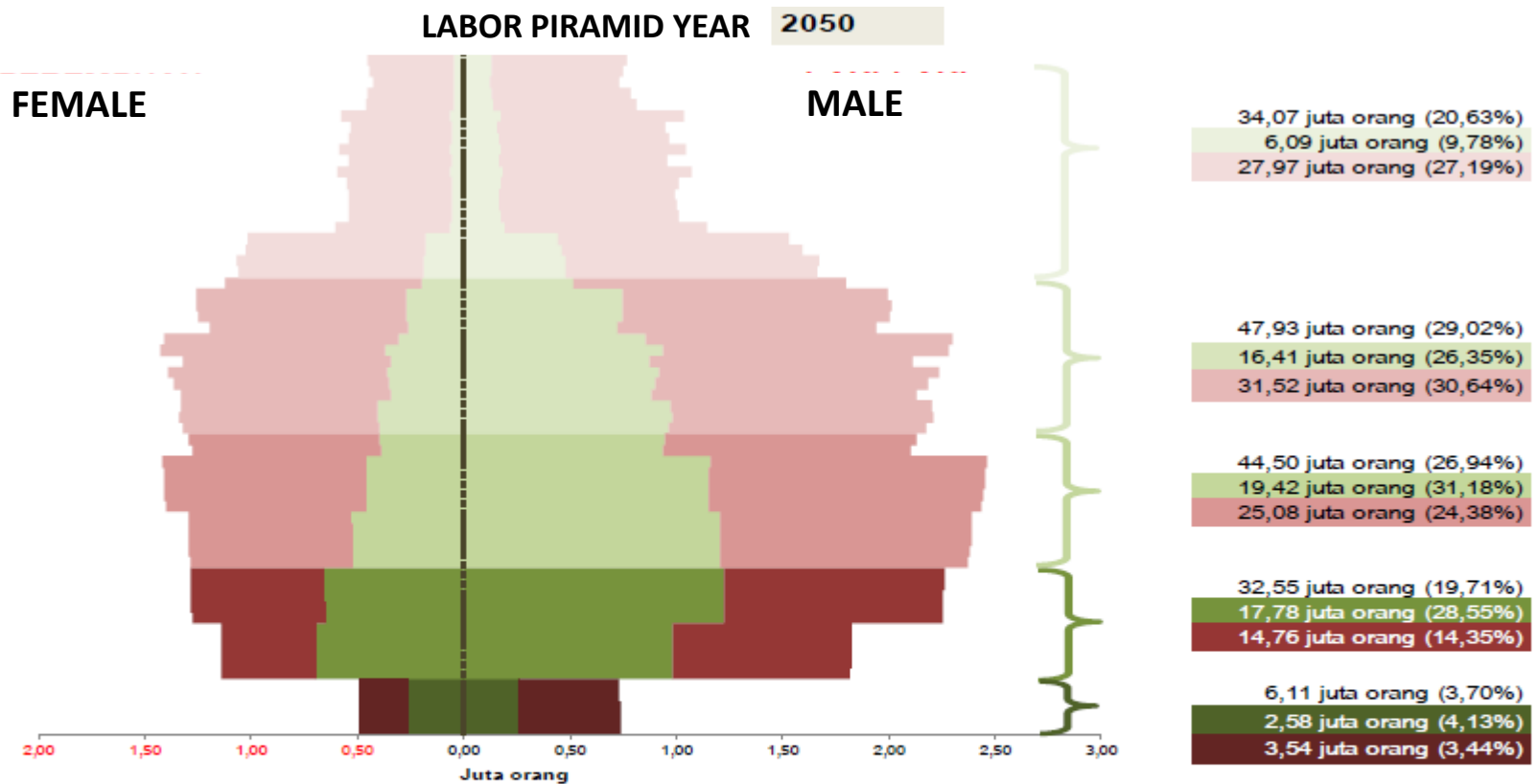
# Labor Projection

## FORMAL SECTOR (berdasarkan kelompok usia)





# Labor Projection



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%).

## PEKERJA FORMAL

UPN ke atas
di atas (UPN-15) - di bawah UPN
30 - (UPN-15) tahun
20 - di bawah 30 tahun
15 - di bawah 20 tahun

## PEKERJA INFORMAL

UPN ke atas
di atas (UPN-15) - di bawah UPN
30 - (UPN-15) tahun
20 - di bawah 30 tahun
15 - di bawah 20 tahun

UPN = 56 tahun

# 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 Ketenagakerjaan).

## PESERTA JP

di atas (UPN-15) - di bawah UPN

30 - (UPN-15) tahun

20 - di bawah 30 tahun

15 - di bawah 20 tahun

## PESERTA NON JP

di atas (UPN-15) - di bawah UPN

30 - (UPN-15) tahun

20 - di bawah 30 tahun

15 - di bawah 20 tahun

## POTENSI PESERTA BPJS

di atas (UPN-15) - di bawah UPN

30 - (UPN-15) tahun

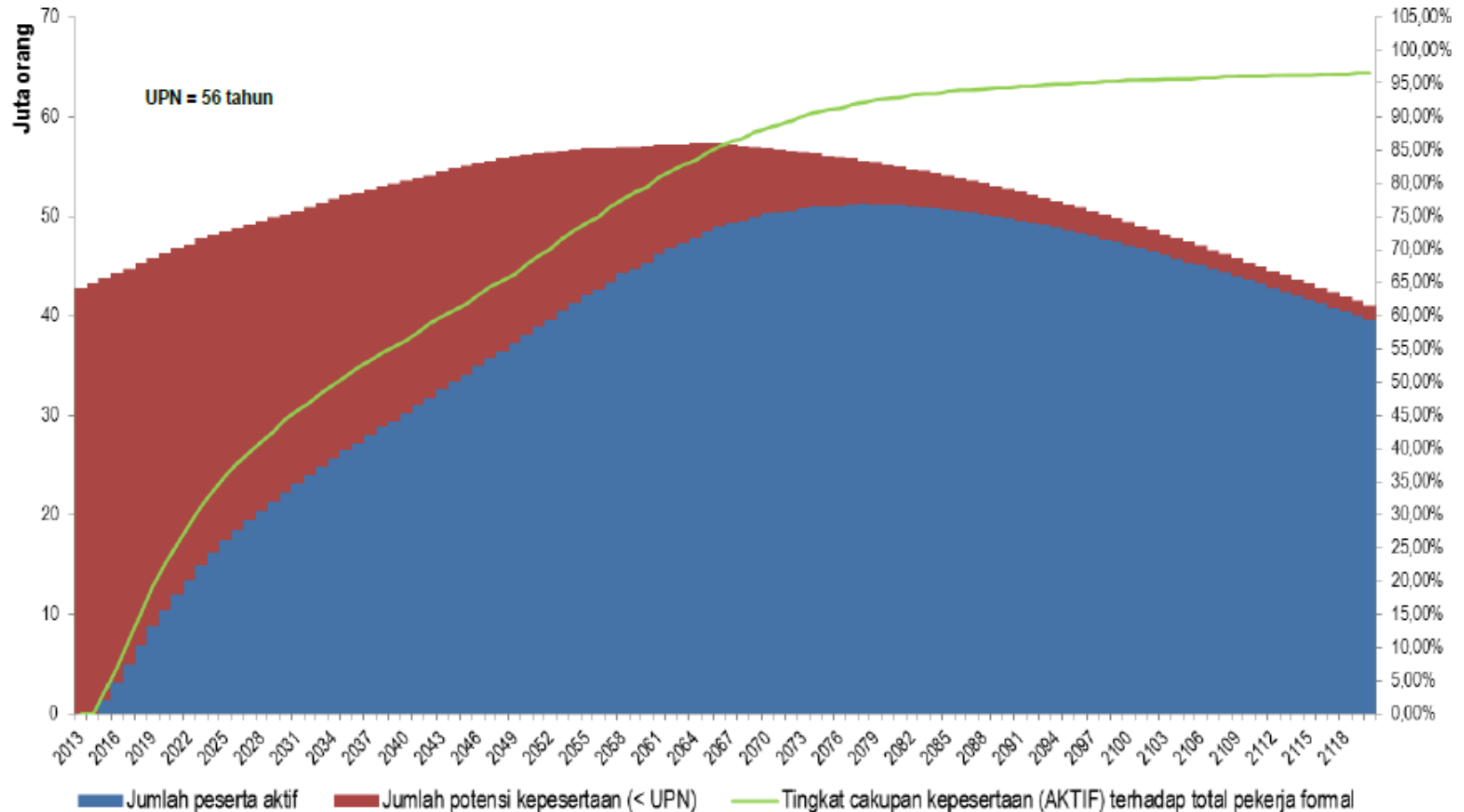
20 - di bawah 30 tahun

15 - di bawah 20 tahun

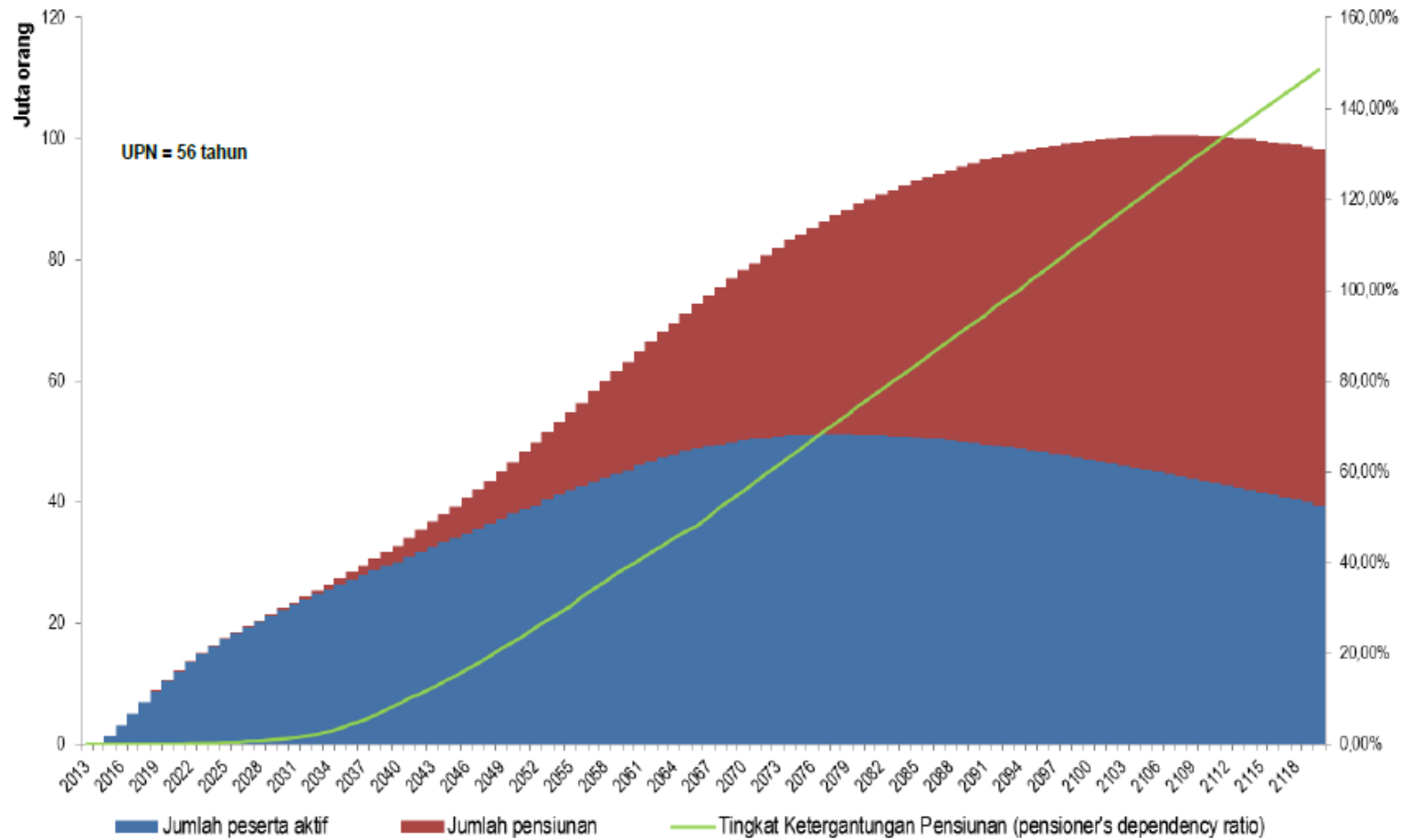
UPN = 56 tahun

# Members Projection

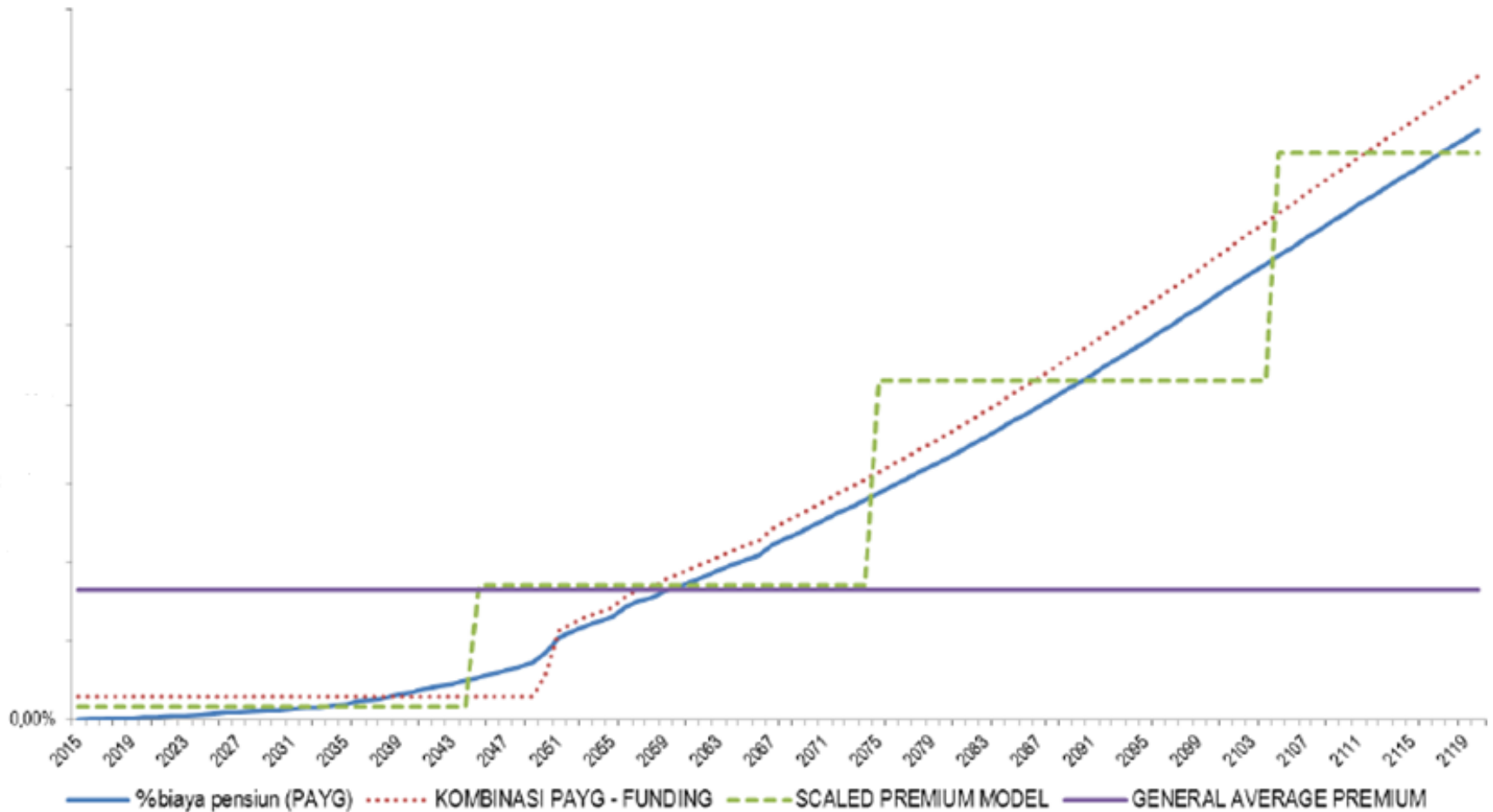
MEMBER OF PENSION PROGRAM BPJS PROJECTION



# Contributors vs Retirees Projection



# Financing



Transformation to BPJS

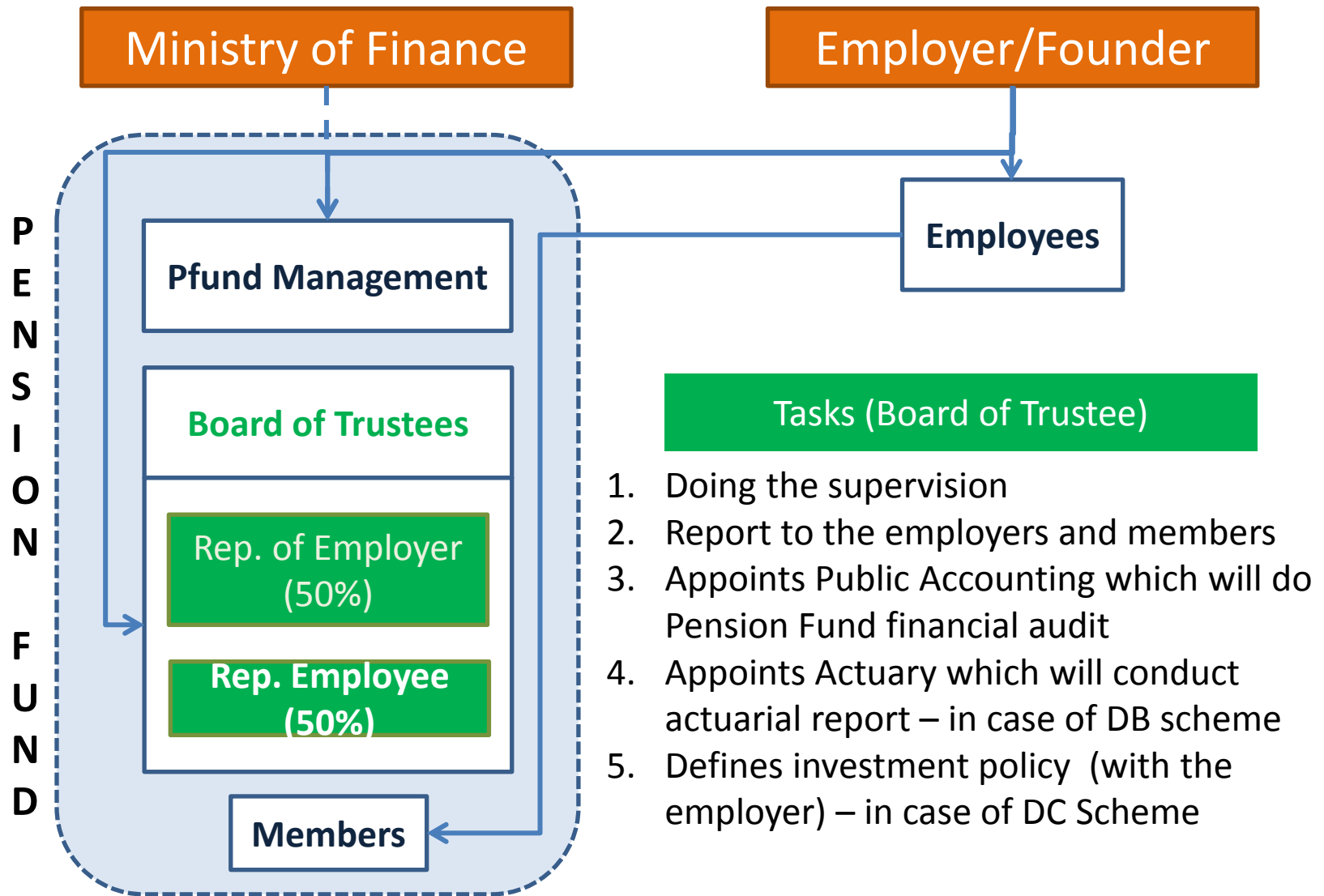
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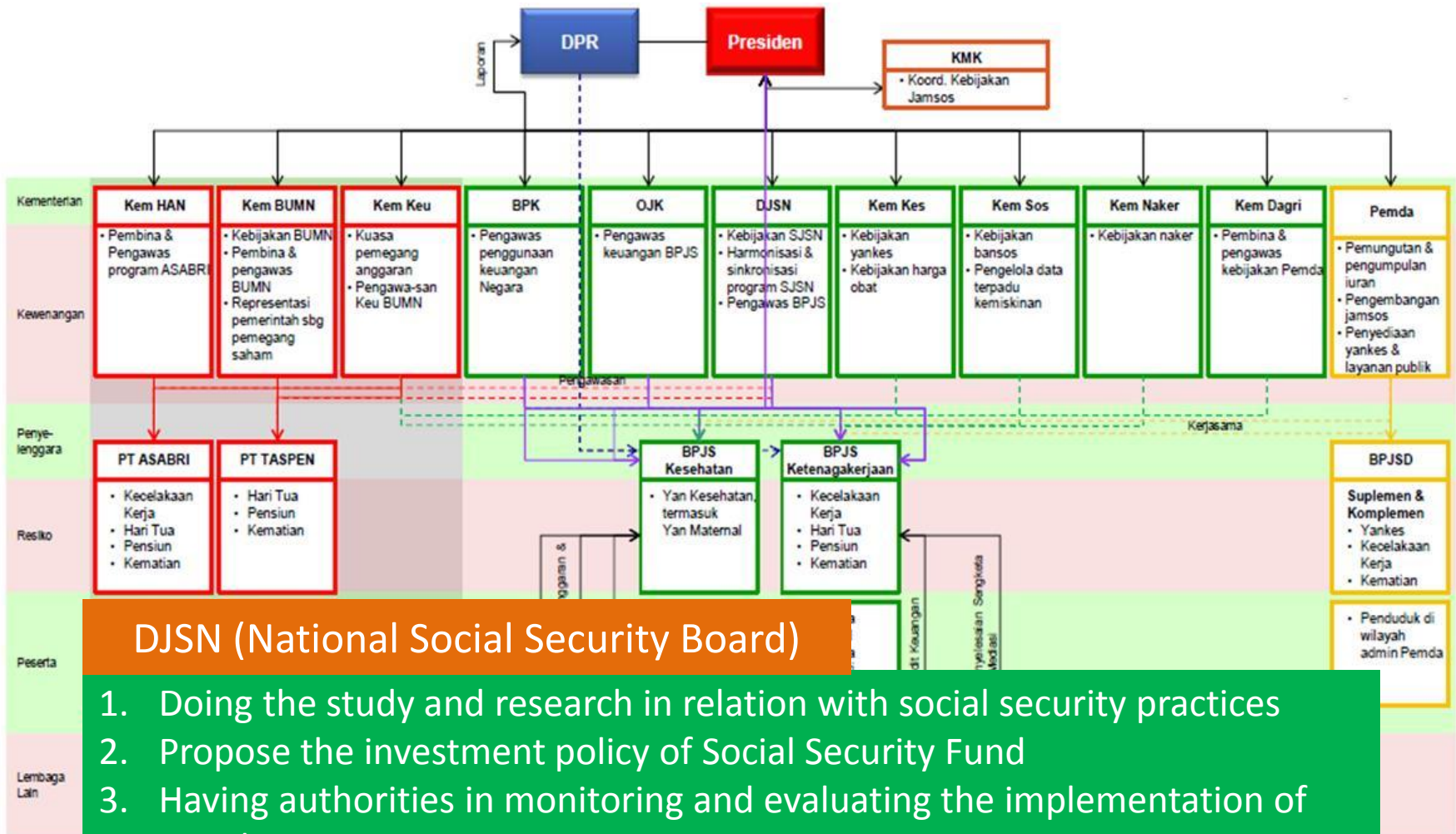
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# Organization Structure of Employer Pension Fund



# Macro Organizational Structure

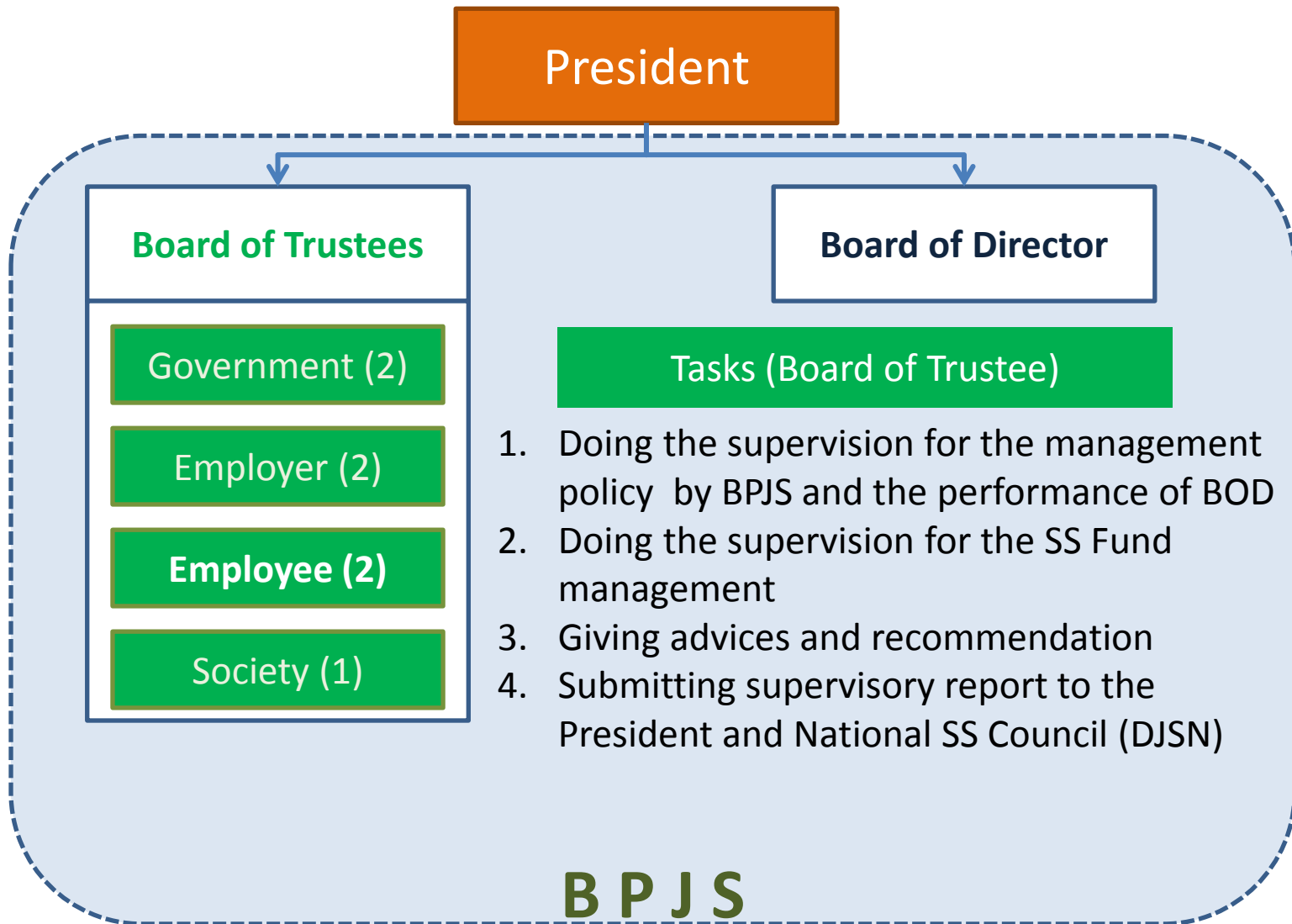


## DJSN (National Social Security Board)

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



# BPJS-TK Organizational Structure



# 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