



INDONESIA PENSION CONFERENCE

25 YEARS OF PENSION SAVINGS

“Way Forward for Next Quarter Century”

25-26 April 2017
Grand Hyatt Hotel, Jakarta



HARMONIZATION IN REGULATORY FRAMEWORK FOR PENSION AND SAVINGS

VOLUNTARY VS MANDATORY

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OUTLINE

- Introduction
- Latest development
- Future direction



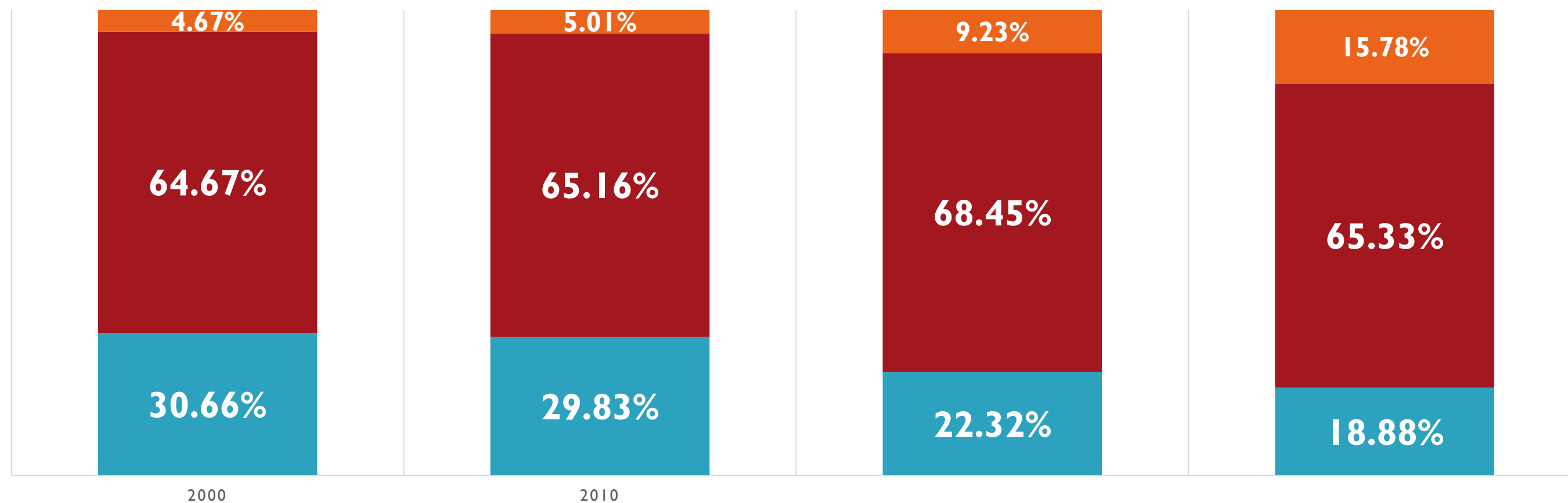
INTRODUCTION



DEMOGRAPHIC CHALLENGES AND OPPORTUNITIES

DEMOGRAPHY PROFILE

■ 0 - 14 ■ 15 - 64 ■ 65 - above



2000

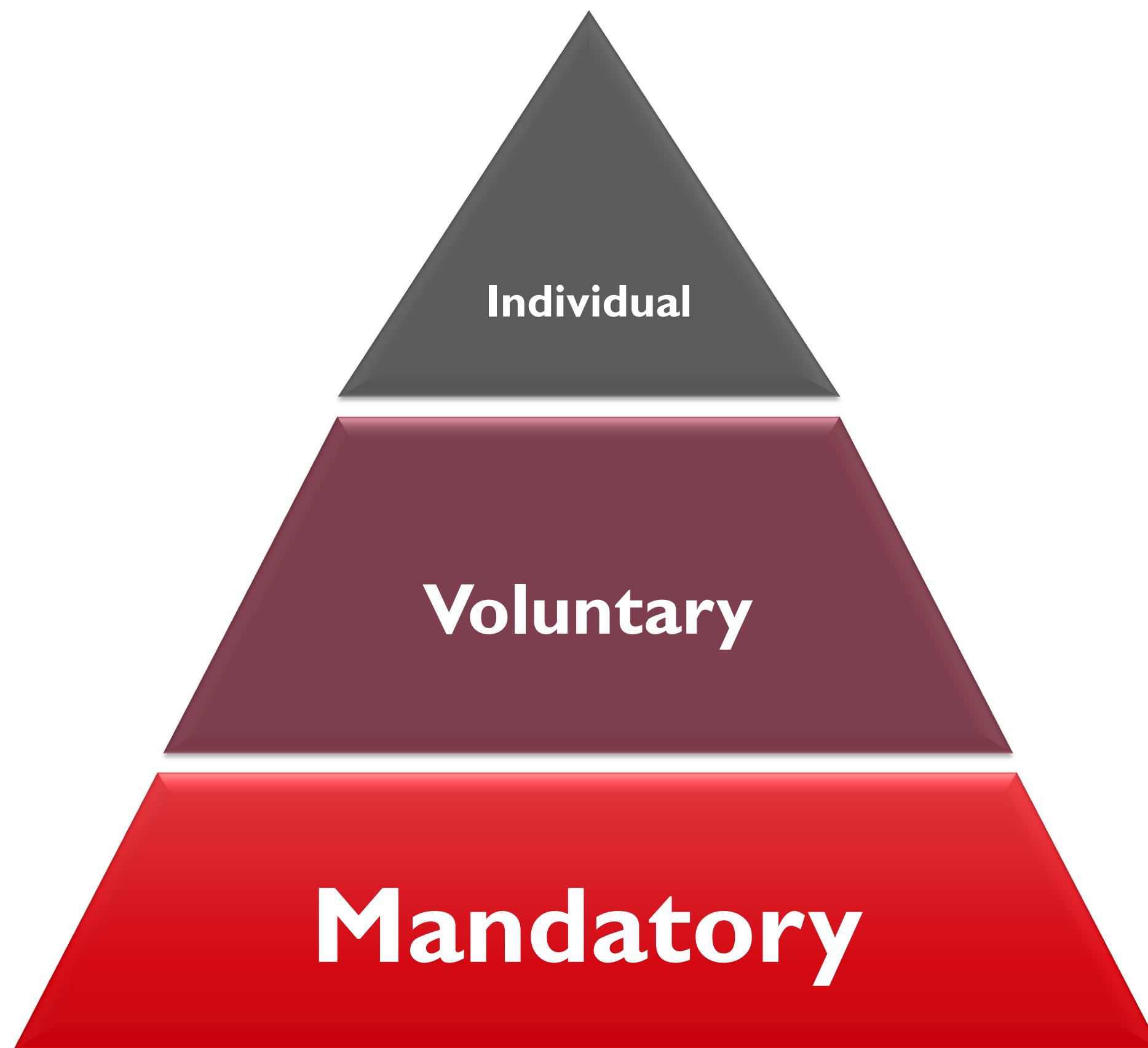
2010

(in million)

- How to mitigate the risk of aging population?
- Demographic bonus → time to develop savings
- Encourage bigger savings for future retirement

	2000	2010	2030	2050
Population	208,94	240,68	293,48	321,38
0 - 14	64,06	71,79	65,50	60,69
15 - 64	135,13	156,83	200,90	209,96
65 - up	9,75	12,06	27,09	50,72
Dependency Ratio				
Old-age	7,21%	7,69%	13,48%	24,16%
Total	54,62%	53,47%	46,09%	53,06%

MULTI-PILLAR SYSTEM



Individual Voluntary

Arranged Voluntary

Mandatory



INDONESIA PENSION SCHEME

	Civil Servants	Army forces (Incl. Police officers)	Private tenured workers	Private non-tenured workers
Mandatory	Admin: PT Taspen	Admin: PT Asabri	Admin: BPJS (Old age savings & Pension)	Admin: BPJS (Old age savings)
Arranged Voluntary			Employer/ Financial Institution Pension Fund	
Individual Voluntary	Financial Institution Pension Fund	Financial Institution Pension Fund	Financial Institution Pension Fund	Financial Institution Pension Fund



No	SJSN Pension
1	Scheme:
	<ul style="list-style-type: none"> • Defined benefit with indexed career average (ICA) • Start at 1 July 2016 • Financing scheme: Partially Funded • Accrual rate: 1% for each year of contribution • Minimum 15 years of contribution • Benefit formula: Accrual rate (X%) * number of year of contribution * average salary (ICA, indexed with inflation) • Targeted replacement ratio (RR): 25%-30% • ILO recommendation RR is 40%. Another 12%-15% is from Old-age Savings Program (Defined Contribution)
2	Pension Age
	<p>The first 3 year: 56 yo</p> <ul style="list-style-type: none"> • Automatic adjustment: increase 1 year for every 3 year (starting in 2019) up to 65 • Balancing the accumulating period and spending period (due to aging population)
3	Rate of contribution
	<ul style="list-style-type: none"> • Start with 3% of fixed salary (FS) • Will increase after considering: national economic condition and the actuarial liability of the program (ensuring the reserves is always available for the liability, partially funded) • Employer 2% of FS; Employee 1% of FS
4	Cost of living adjustment (CoLA) / Benefit indexation
	<ul style="list-style-type: none"> • Inflation rate

PHK BENEFIT

- Another Post of Retirement Benefit
- Consist of:
 - Severance
 - Length of service award
 - Others benefit
- Actuarial calculation
 - **7.46% - 11.84%** of salary

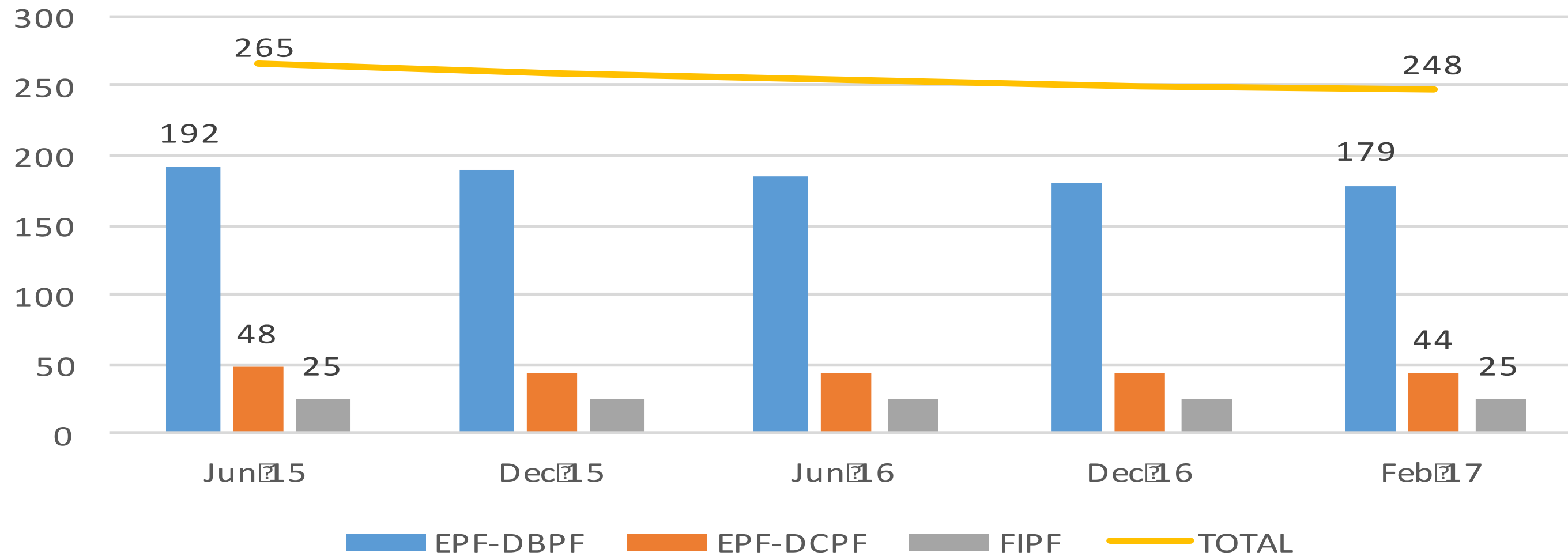


LATEST DEVELOPMENT



VOLUNTARY PENSION FUND

Total Pension Fund



- The number of Pension Fund is decreasing

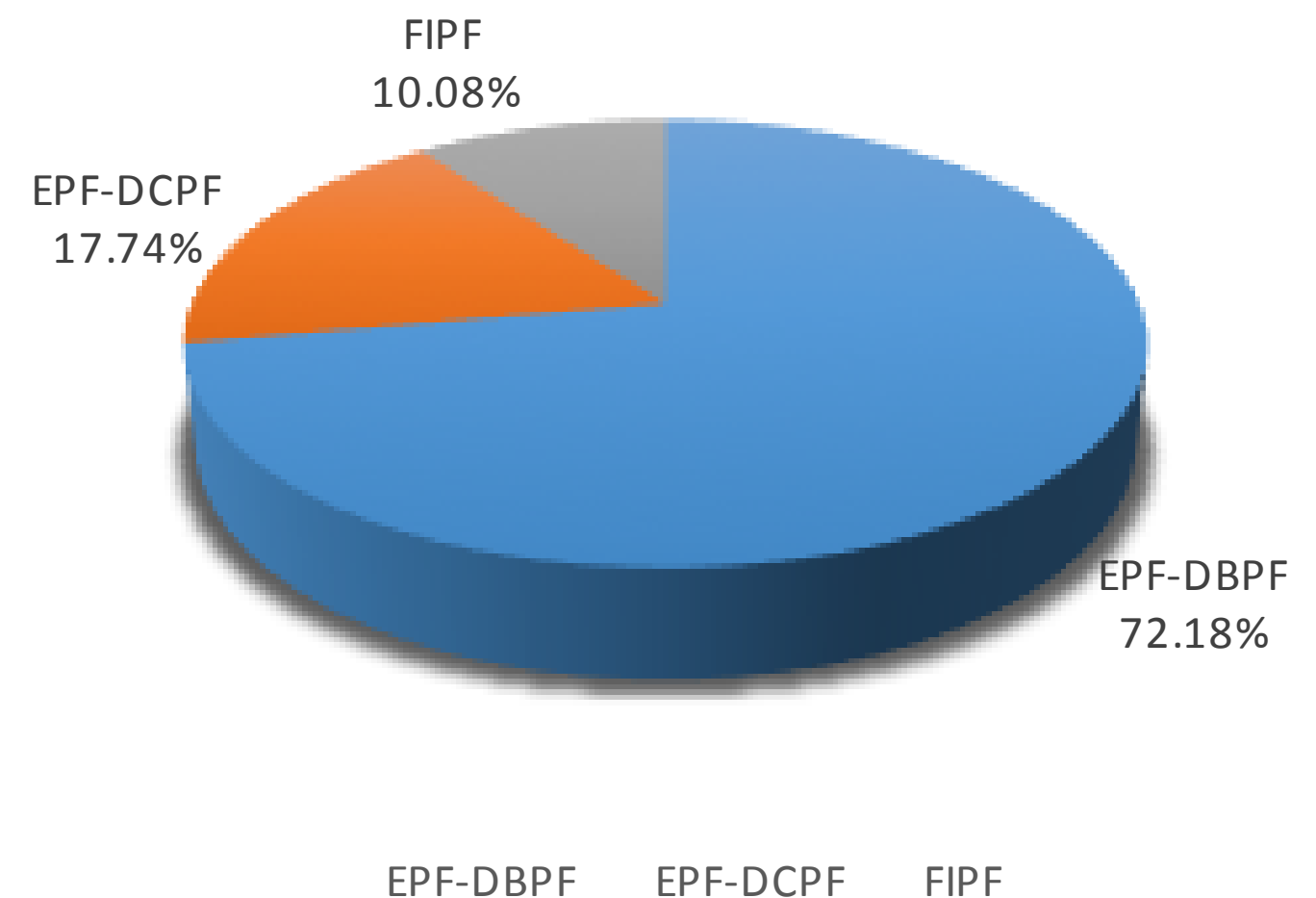
Note:

EPF DBPF = Employer Pension Fund - Defined Benefit Pension Fund

EPF DCPF = Employer Pension Fund - Defined Contribution Pension Fund

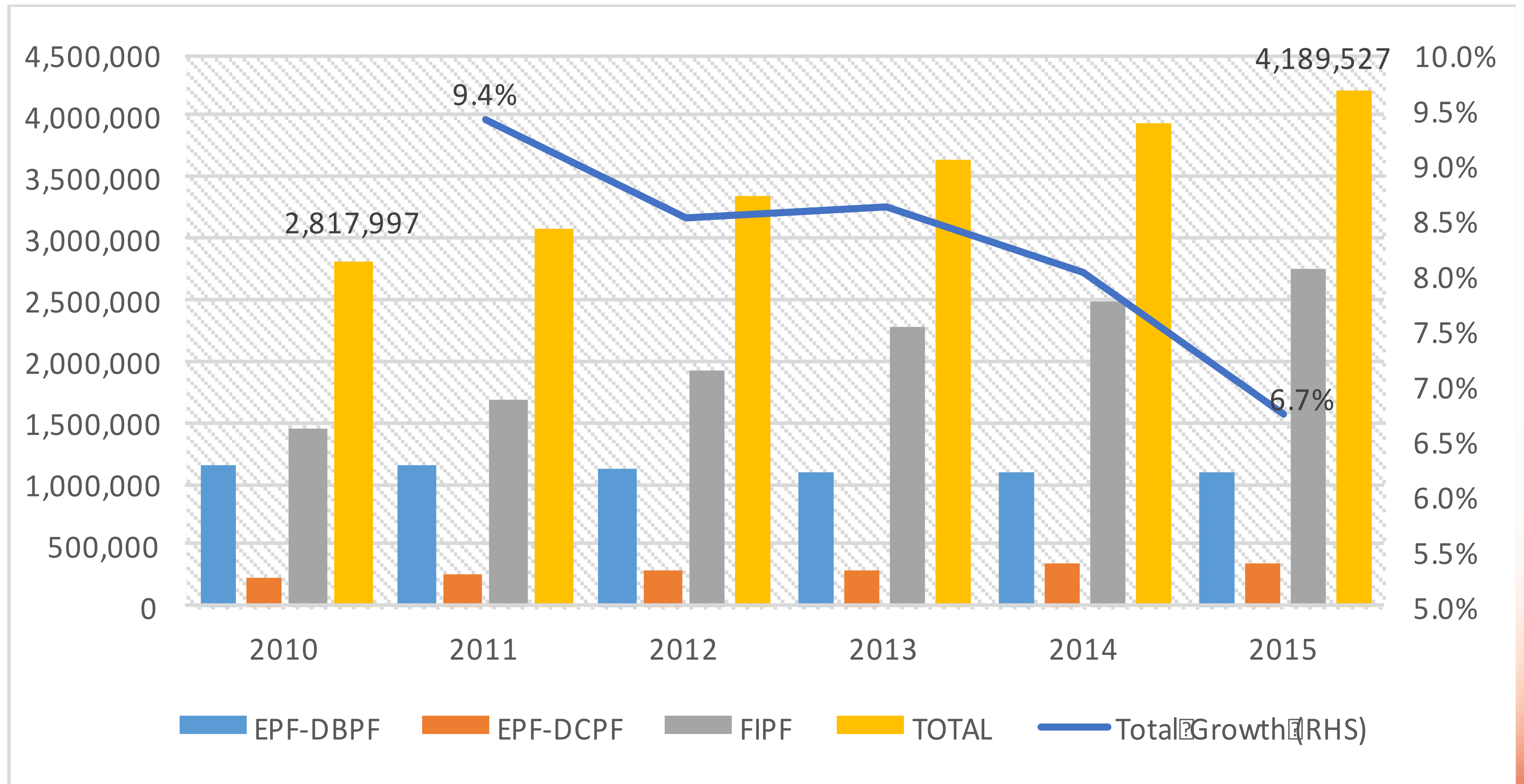
FIPF = Financial Institution Pension Fund

As of Feb 2017

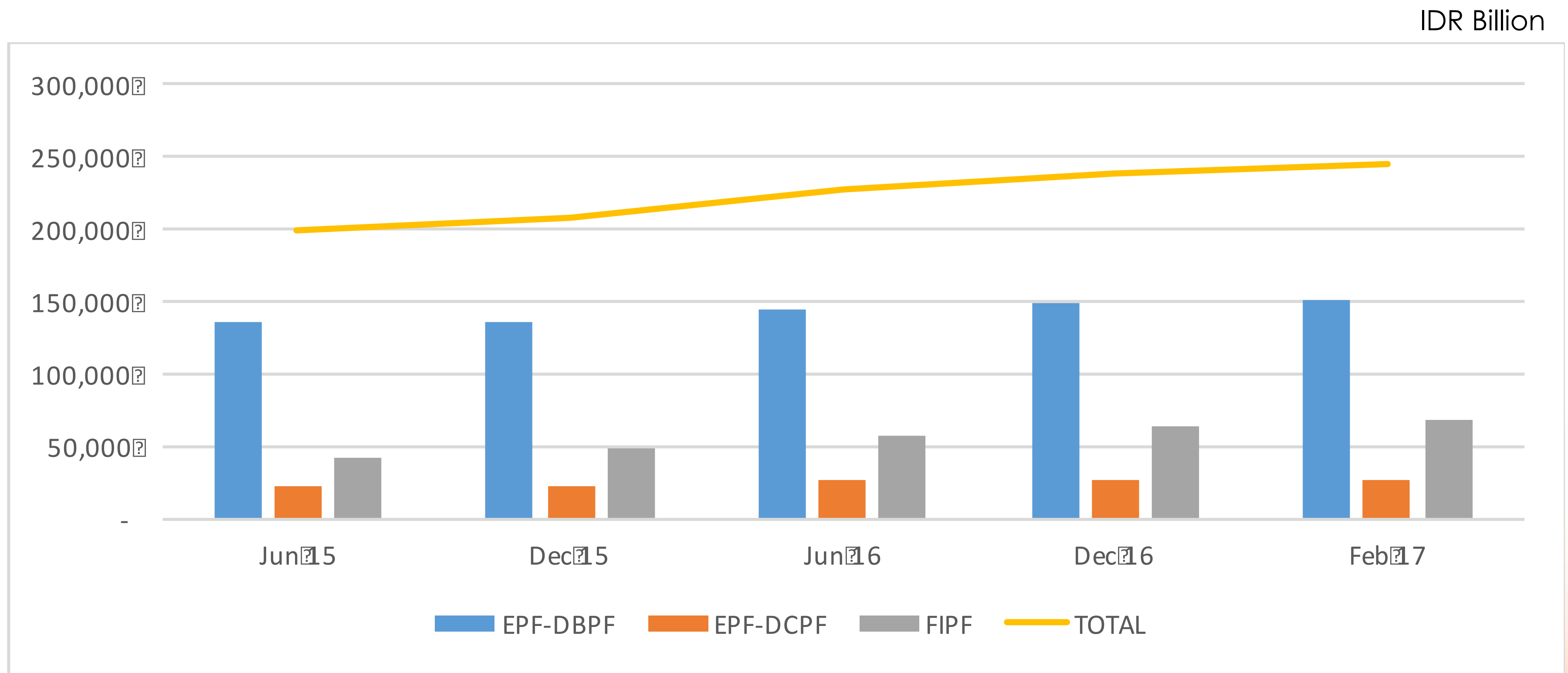


VOLUNTARY PARTICIPANTS

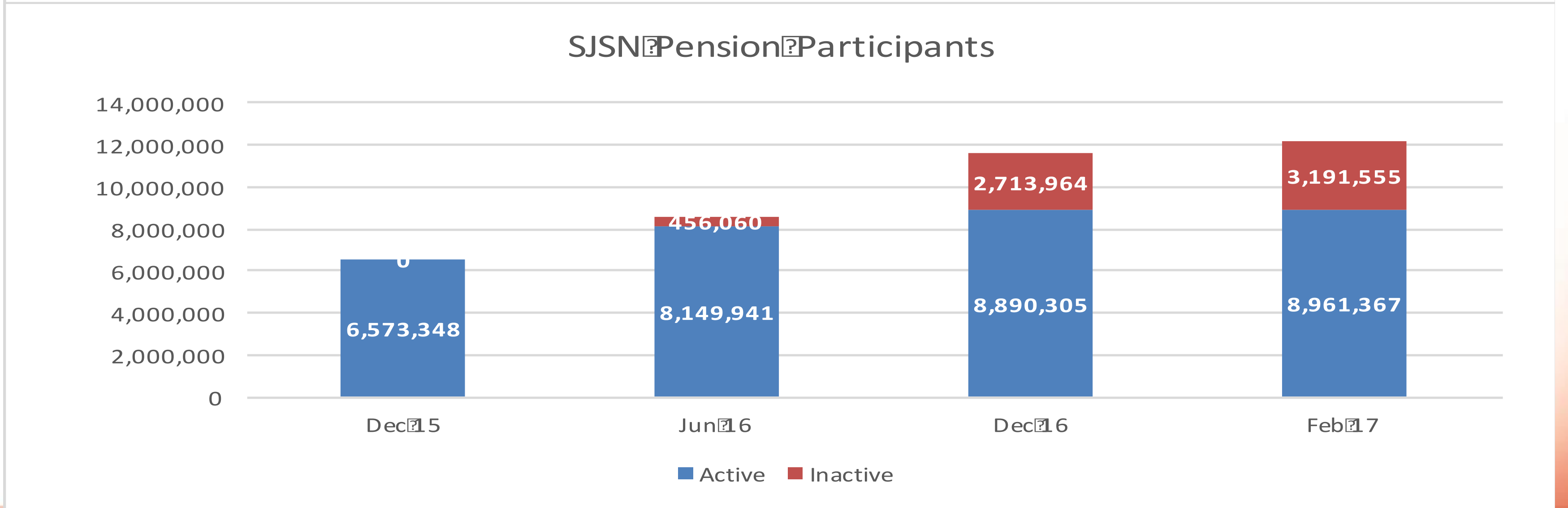
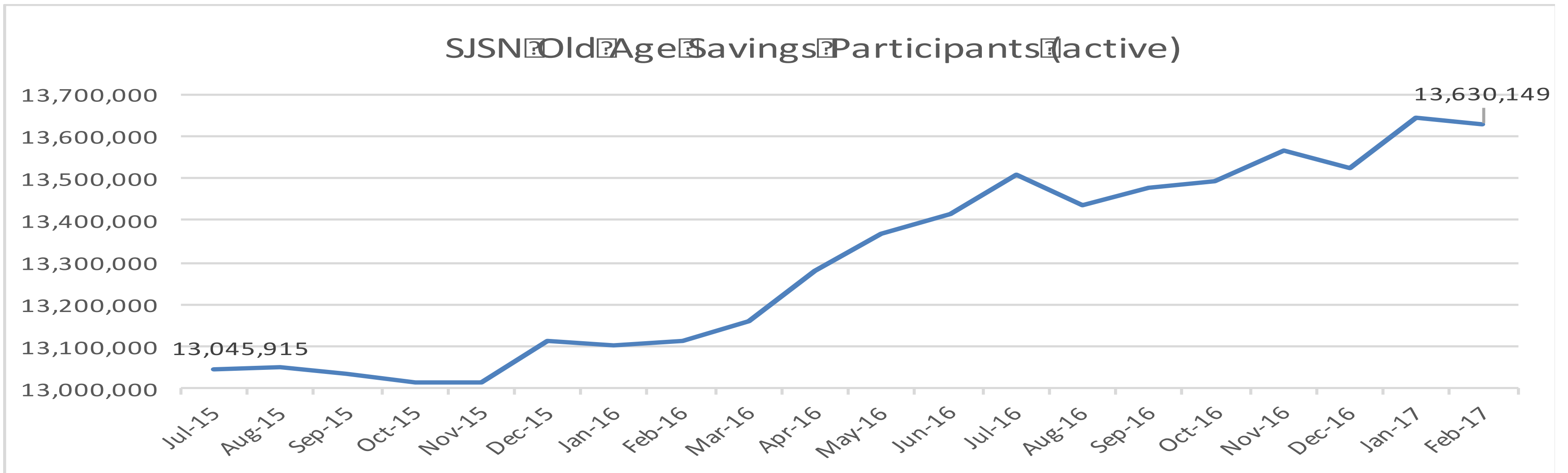
STILL GROWING, YET AT A DECREASING RATE



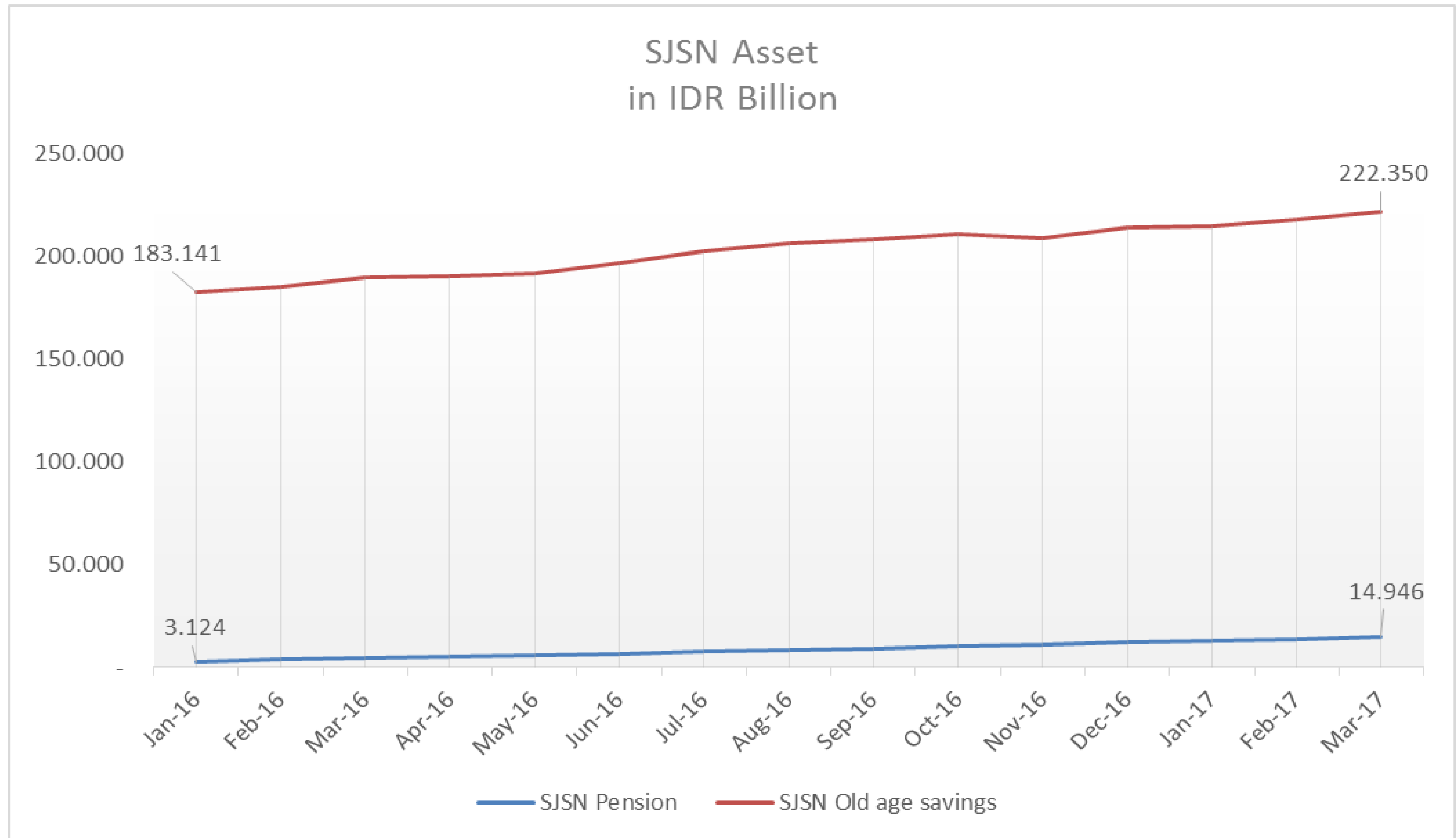
VOLUNTARY PENSION FUNDS ASSET



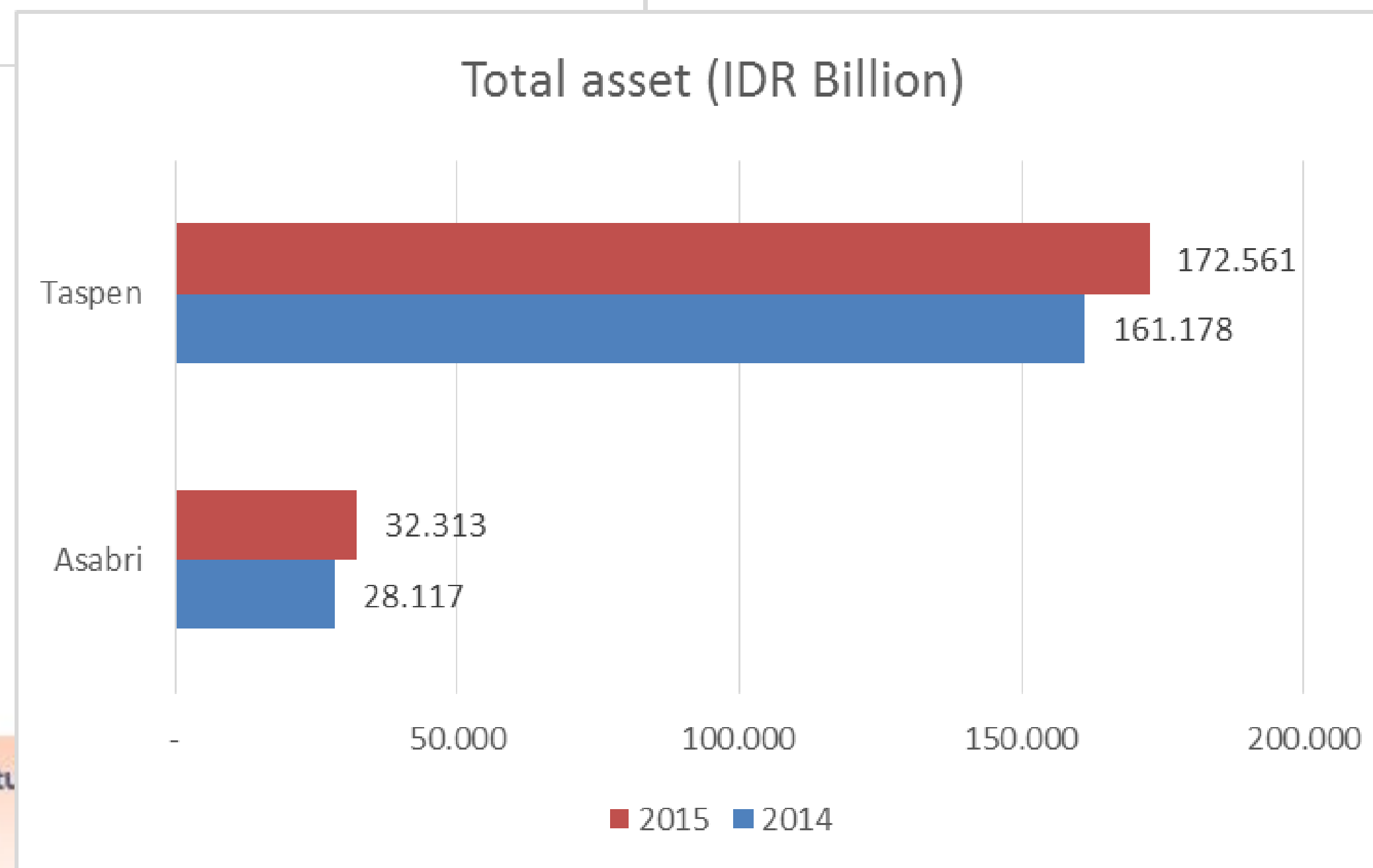
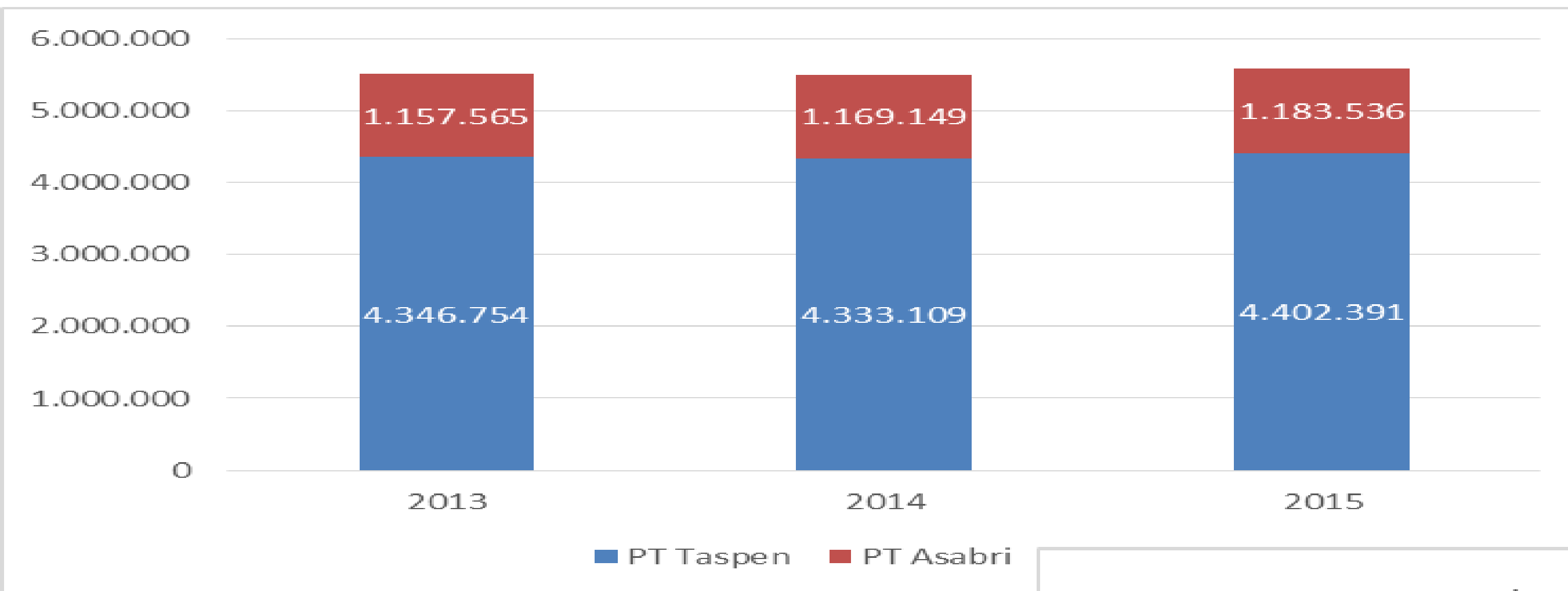
MANDATORY (I)



MANDATORY (2)



MANDATORY (2)



FUTURE DIRECTION



INDONESIA PENSION SCHEME

Civil Servants

Army forces
(Incl. Police officers)

Private tenured workers

Private non-tenured workers

Mandatory

Admin:
BPJS (Old age savings and/or Pension)

Arranged Voluntary

Employer/
Financial Institution
Pension Fund

Employer/
Financial Institution
Pension Fund

Employer/
Financial Institution
Pension Fund

Individual Voluntary

Financial Institution
Pension Fund

Financial Institution
Pension Fund

Financial Institution
Pension Fund

Financial Institution
Pension Fund



INTEGRATING PHK BENEFIT WITH SJSN

- Consist of:

- Severance
- Length of service award
- Others benefit

**Should be integrated
with SJSN Old-age
savings and Pension**



THANK YOU

