

# Overview: Challenges and pension reforms in Indonesia

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## Legal coverage of BPJS-TK programmes

Scheme		Wage worker			Non-wage worker
		Large/Medium	Small	Micro	
Old-age saving	JHT	Mandatory	Mandatory	Voluntary	
Pension	JP		Voluntary		Not eligible

## Old-age pension (JP)

Parameters	C102	JP
Coverage	50% of all employees	Employees of the formal sector working in <b>medium or large scale enterprises</b> .
Qualifying condition	15 years of contributions	15 years of contributions
Replacement rate	40% for 30 years of contributions	<b>30% for 30 years of contributions</b>
Duration	Lifetime	Lifetime
Payment	Periodical	Periodical

## Old-age pension (JHT)

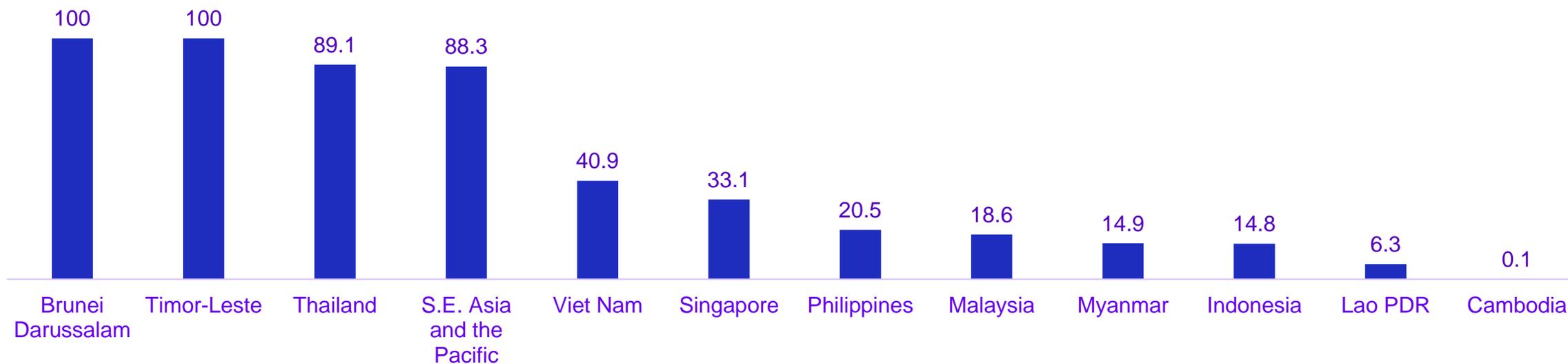
Parameters	C102	JHT
Coverage	50% of all employees	Employees of the formal sector working in <b>small, medium or large scale enterprises</b> ; and <b>voluntary for other workers</b> .
Qualifying condition	15 years of contributions	n/a (Paid at the age 56)
Replacement rate	40% for 30 years of contributions	<b>Up to the amount of saving</b>
Duration	Lifetime	<b>Up to the amount of saving</b>
Payment	Periodical	<b>Lump-sum</b>

## Active participants in old-age benefit schemes

Working age population, age 20-59* ( ) = Female		TASPEN	ASABRI	JHT	JP
Economically active	119 million (47 million)	21 million			
Employee	46 million (17 million)	4 million	1 million	15 million	12 million
<b>Non-wage worker or employer</b>	<b>65 million (27 million)</b>	-	-	<b>0.6 million</b>	-
Unemployed	7 million (3 million)	-	-	-	-
Economically inactive	36 million (30 million)	-	-	-	-
Student	3 million (1 million)	-	-	-	-
<b>House keeping</b>	<b>29 million (27 million)</b>	-	-	-	-
Others	4 million (1 million)	-	-	-	-

## Older persons receiving a pension in South-Eastern Asia

Persons above statutory retirement age receiving an old-age pension (including contributory and non-contributory) to persons above statutory retirement age (%)



## Older-age income security in ASEAN Member States

Old-age pension schemes anchored in national legislation providing periodic cash benefits  
10 countries

Contributory scheme  
only

3 countries (IDN, KHM,  
LAO)

Contributory scheme  
and non-contributory,  
means-tested scheme

4 countries (MYS, PHL,  
SGP, VNM)

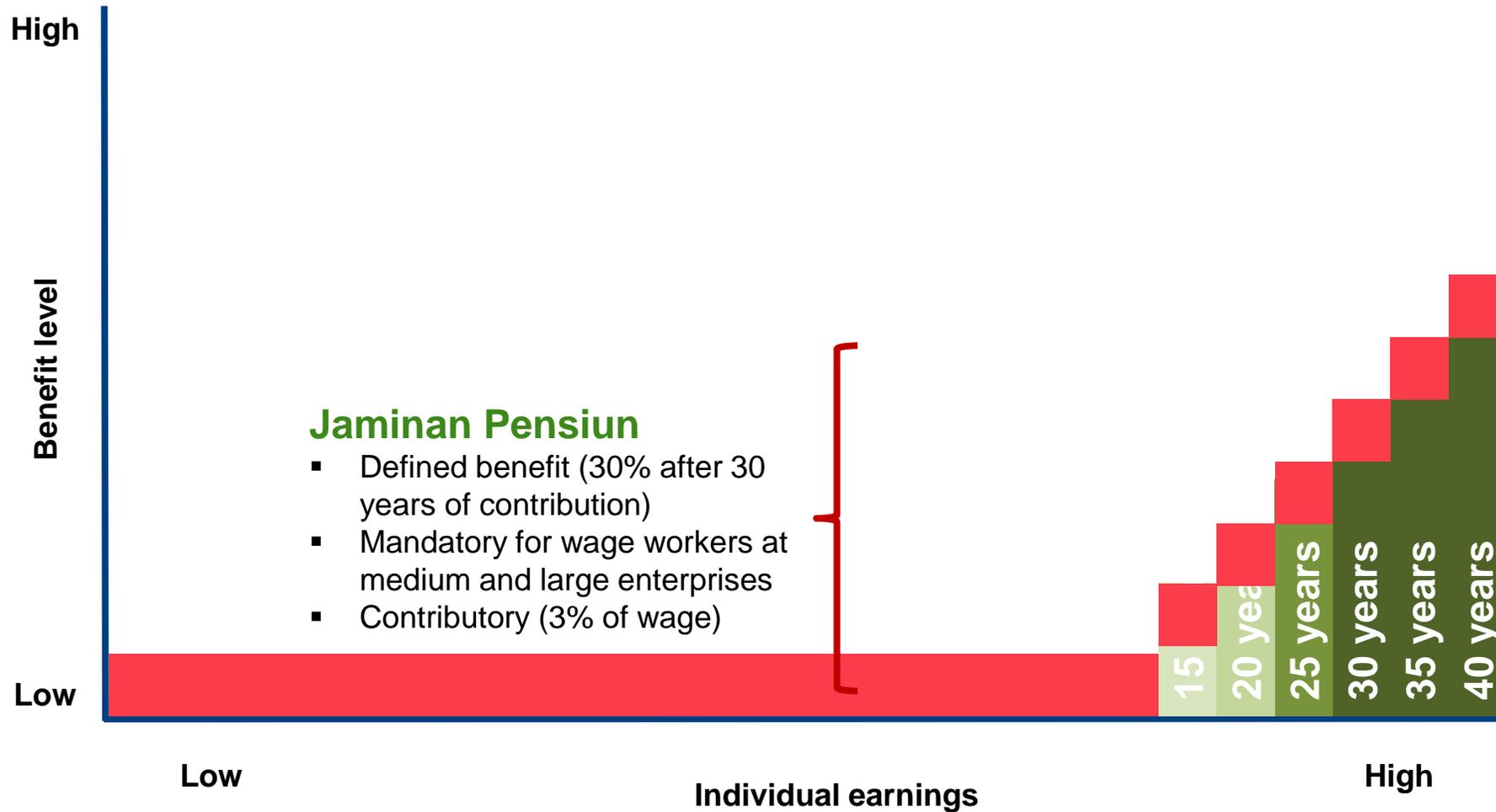
Contributory scheme  
and non-contributory,  
pension-tested scheme

1 country (THA)

Contributory scheme  
and non-contributory,  
universal scheme

2 countries (BRN,  
MMR)

## Current system



### Jaminan Hari Tua

- Defined contribution
- Mandatory for wage workers at small to large enterprises
- Voluntary for micro enterprise and non-wage workers
- Contributory (% of income)

## ▶ Case study: Mr. Ahmad

### A worker with a permanent contract and a long career in a large enterprise

- Starts contributing in 2023 at age 30.
- Contributes for 30 years and retires at age 60 in 2053.
- Average salary for the period of employment is IDR 9,000,000 per month.
- Old-age benefits will be IDR 3,691,000 per month (IDR 670,000 from employer, IDR 827,000 from JHT, and IDR 2,194,000 from JP).
- Replacement rate: 41%

## ▶ Case study: Ms. Aulia

### A worker with a permanent contract and a long career in a small enterprise

- Starts contributing in 2023 at age 30.
- Contributes for 30 years and retires at age 60 in 2053.
- Average salary for the period of employment is IDR 5,500,000 per month.
- Old-age benefits will be IDR 915,000 per month (IDR 410,000 from employer, and IDR 505,000 from JHT).
- Replacement rate: 17%

## ▶ Case study: Ms. Inaaya

### A worker with a permanent contract and a long career in a micro enterprise

- Starts contributing in 2023 at age 30.
- Contributes for 30 years and retires at age 60 in 2053.
- Average salary for the period of employment is IDR 3,600,000 per month.
- Old-age benefits will be IDR 268,000 per month from employer.
- Replacement rate: 7%

## ▶ Case study: Mr. Arif

### A worker with a fixed-term contract and a long career in a large enterprise

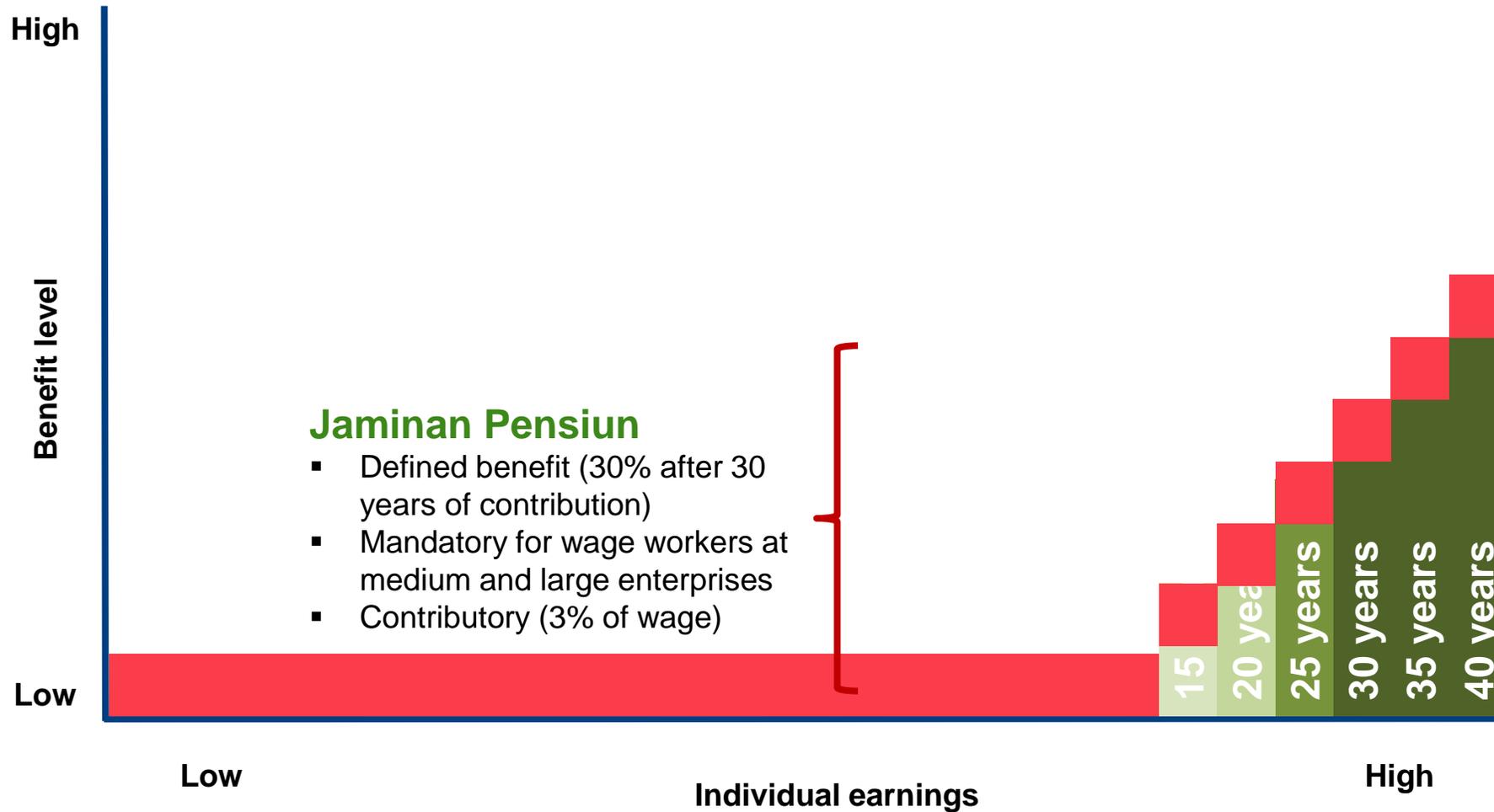
- Starts contributing in 2023 at age 30.
- Contributes for 30 years and retires at age 60 in 2053.
- Average salary for the period of employment is IDR 6,300,000 per month.
- Old-age benefits will be IDR 2,115,000 per month (IDR 579,000 from JHT, and IDR 1,536,000 from JP).
- Replacement rate: 34%

## ▶ Case study: Ms. Cindy

### A self-employed worker with a long career who voluntarily contributes to JHT

- Starts contributing in 2023 at age 30.
- Contributes for 30 years and retires at age 60 in 2053.
- Average salary for the period of employment is IDR 4,600,000 per month.
- Old-age benefits will be IDR 423,000 per month from JHT.
- Replacement rate: 9%

## Current system



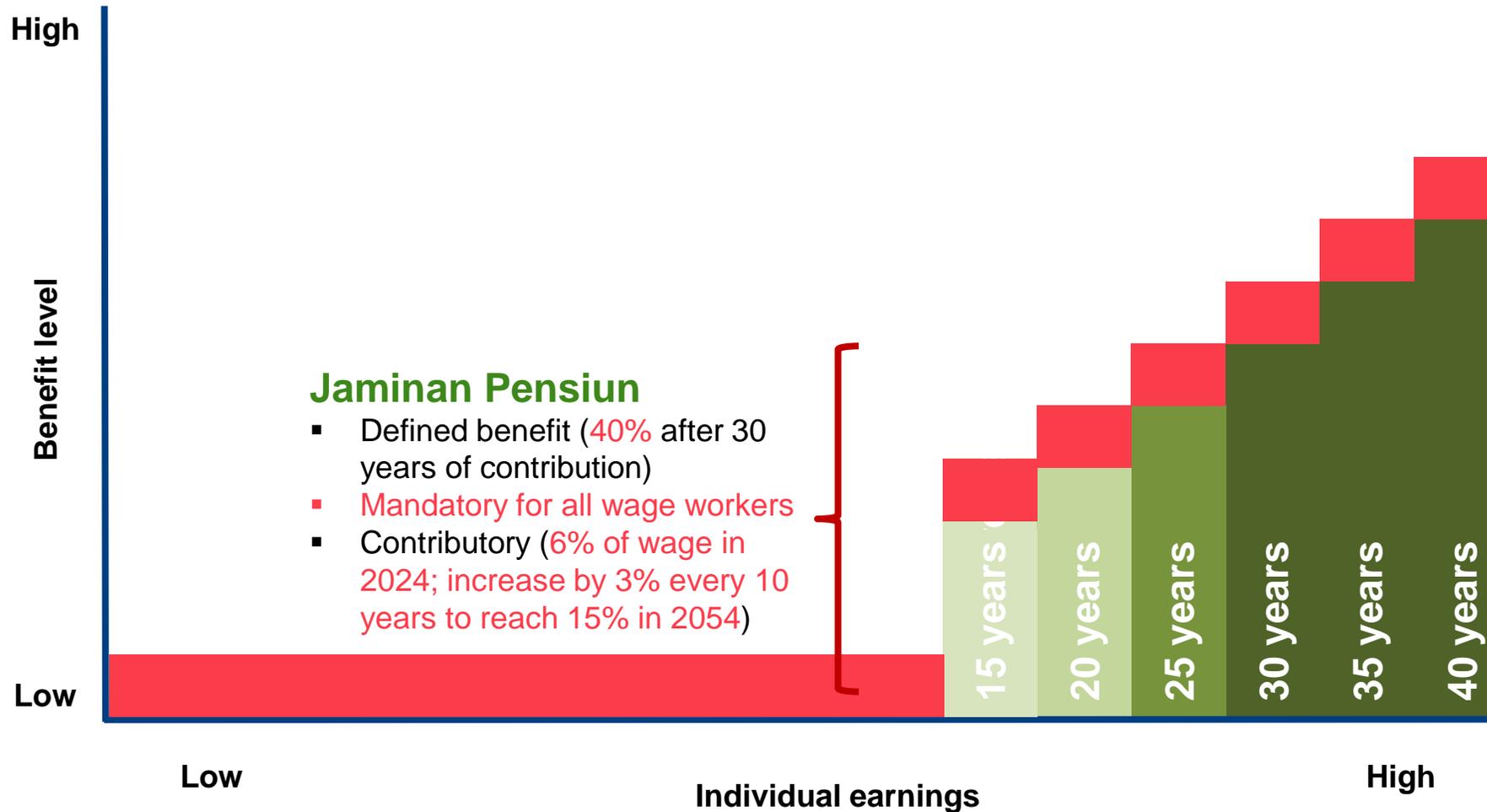
### Jaminan Pensiun

- Defined benefit (30% after 30 years of contribution)
- Mandatory for wage workers at medium and large enterprises
- Contributory (3% of wage)

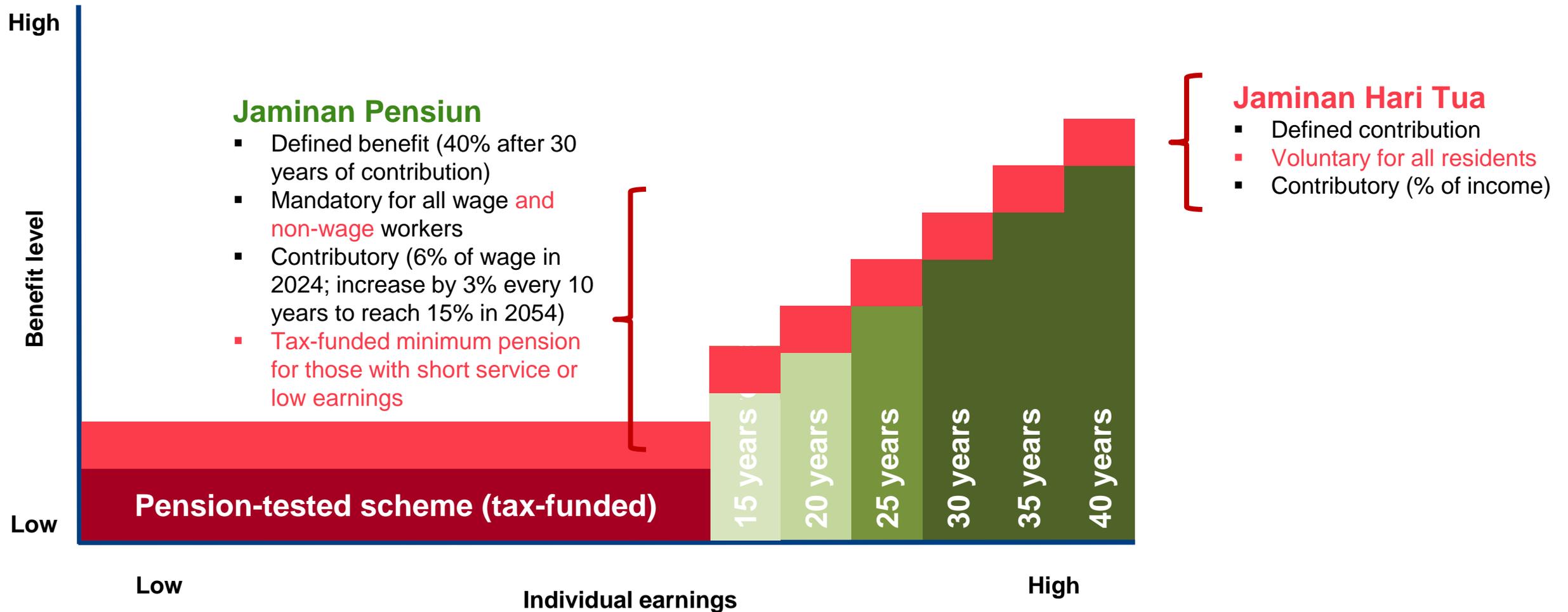
### Jaminan Hari Tua

- Defined contribution
- Mandatory for wage workers at small to large enterprises
- Voluntary for micro enterprise and non-wage workers
- Contributory (% of income)

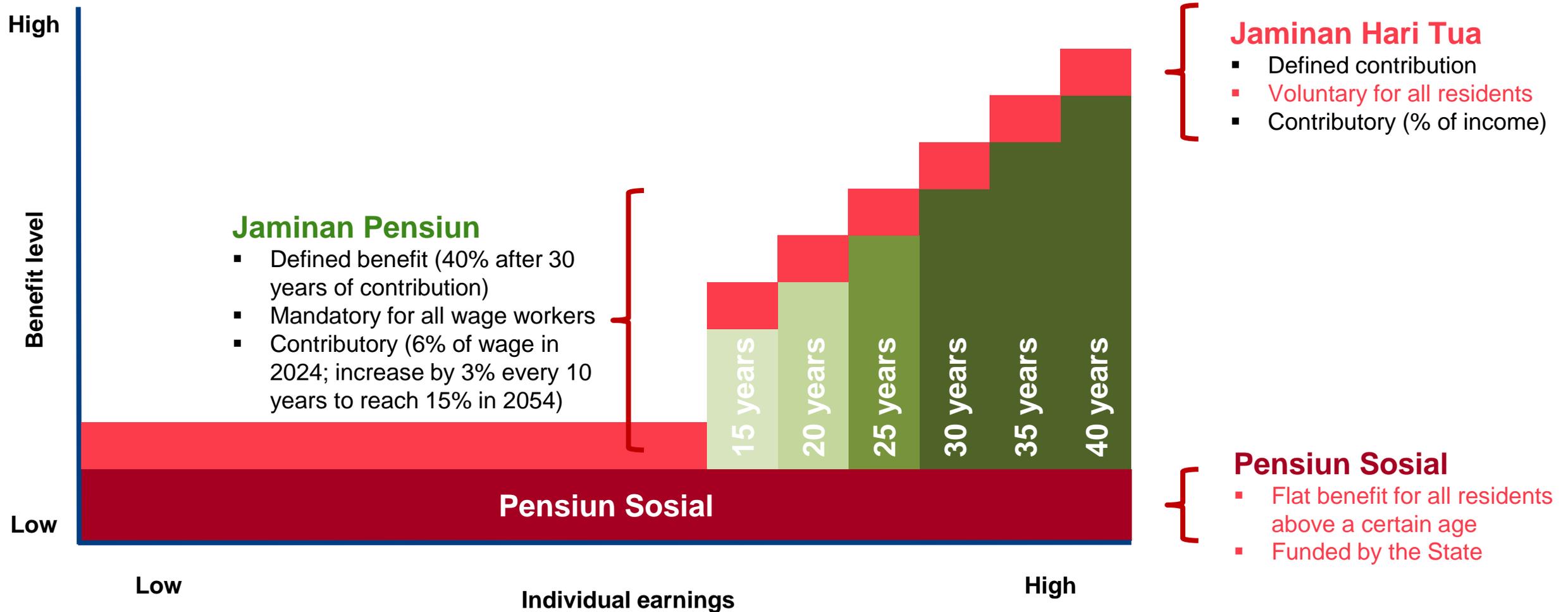
## Extension of Jaminan Pensiun only (Option 0)



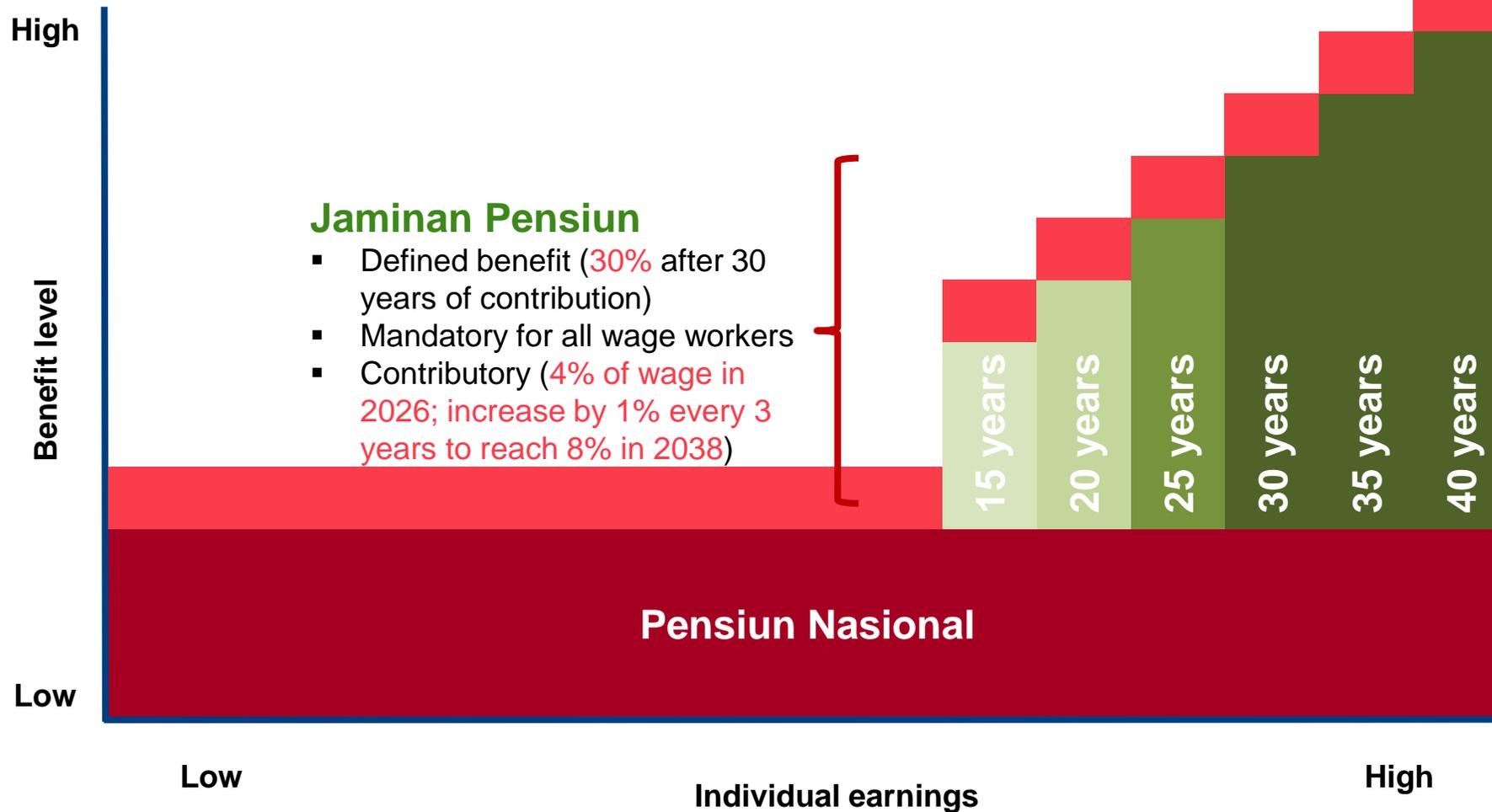
## ► Tax-funded scheme within Jaminan Pensiun (Option 1)



## Social Pension (Option 2)



## National Pension (Option 3)



### Jaminan Pensiun

- Defined benefit (30% after 30 years of contribution)
- Mandatory for all wage workers
- Contributory (4% of wage in 2026; increase by 1% every 3 years to reach 8% in 2038)

### Jaminan Hari Tua

- Defined contribution
- Voluntary for all residents
- Contributory (% of income)

### Pensiun Nasional

- Flat benefit
- Mandatory for all residents in working age
- Contributory (fixed amount) + non-contributory (benefit subsidy)



# Annex

## Summary – coverage and benefit

		Current	Option 0 Jaminam Pensiun	Option 1 Pensiun-tested	Option 2 Pensiun Sosial	Option 3 Pensiun Nasional
Coverage	Wage worker	Low	Full	Full	Full	Full
	Non-wage worker	Low	Low	Full	Full	Full
	Other resident	None	None	None	Full	Full
Benefit	Wage worker	Low	Medium	Medium	High	High
	Non-wage worker	Low	Low	Medium	Medium	Medium
	Other resident	n.a.	n.a.	n.a.	Low	Medium
BPJS membership		Low	Low	Medium	Low	High

## Summary – Finance (Option 1 – compulsory participation)

Year	Beneficiaries	Wage	Non- wage	Others	State
		JP	JP		(Minimum pension)
2025	15 848 823	6.0%	6.0%	n.a.	IDR 219 trillion
2030	20 016 920	6.0%	6.0%	n.a.	IDR 385 trillion
2035	...	9.0%	9.0%	n.a.	...
2040	26 600 895	9.0%	9.0%	n.a.	IDR 924 trillion
2045	...	12.0%	12.0%	n.a.	...
2050	25 387 499	12.0%	12.0%	n.a.	IDR 1,435 trillion

## Summary – Finance (Option 2 – compulsory participation)

Year	Beneficiaries	Wage	Non- wage	Others	State
		JP			(age 65 & above)
2025	21 659 269	6.0%	n.a.	n.a.	IDR 136 trillion
2030	27 254 558	6.0%	n.a.	n.a.	IDR 198 trillion
2035	...	9.0%	n.a.	n.a.	...
2040	40 116 707	9.0%	n.a.	n.a.	IDR 390 trillion
2045	...	12.0%	n.a.	n.a.	...
2050	52 308 269	12.0%	n.a.	n.a.	IDR 680 trillion

## Summary – Finance (Option 3 – compulsory participation)

Year	Beneficiaries	Wage	Non-Wage & Others	State
		JP+NP	NP	NP
2025	21 659 269	3.0% & IDR 300,000+	IDR 300,000+	IDR 148 trillion
2030	27 254 558	5.0% & IDR 300,000+	IDR 300,000+	IDR 243 trillion
2035	...	8.0% & IDR 300,000+	IDR 300,000+	...
2040	40 116 707	8.0% & IDR 300,000+	IDR 300,000+	IDR 480 trillion
2045	...	8.0% & IDR 300,000+	IDR 300,000+	...
2050	52 308 269	8.0% & IDR 300,000+	IDR 300,000+	IDR 593 trillion

**THANK YOU**

This presentation has been prepared by Ippei Tsuruga. Please contact Ippei Tsuruga ([tsuruga@ilo.org](mailto:tsuruga@ilo.org)) for more details.

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