

Indonesia

Financial assessment of social security schemes and options for reform

July 2022

Plan

- Financial assessment of the JP scheme
- Reform options for the pension system
- Costing of maternity and sickness benefits

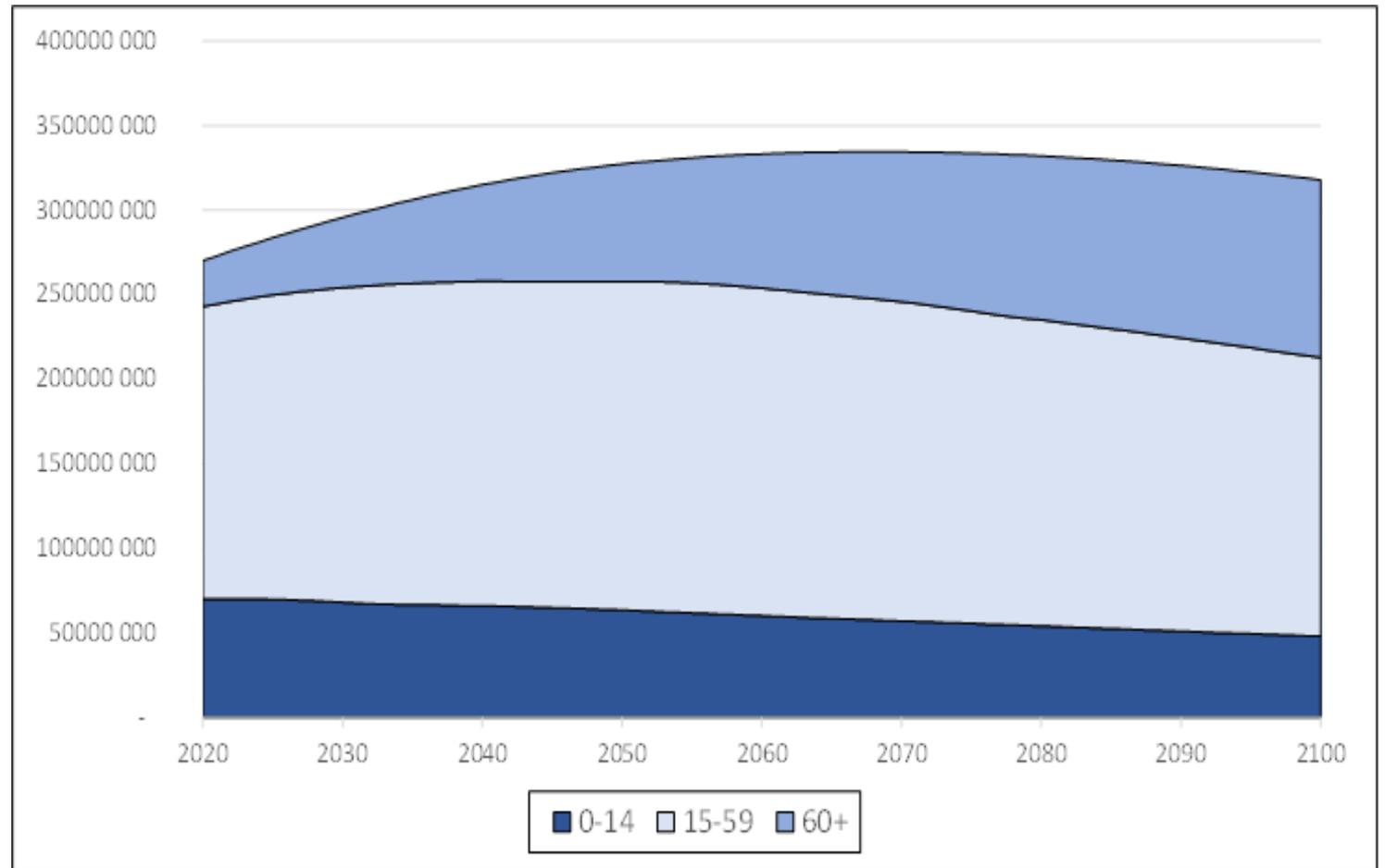
Financial assessment of the JP scheme

Ageing of the Indonesian population

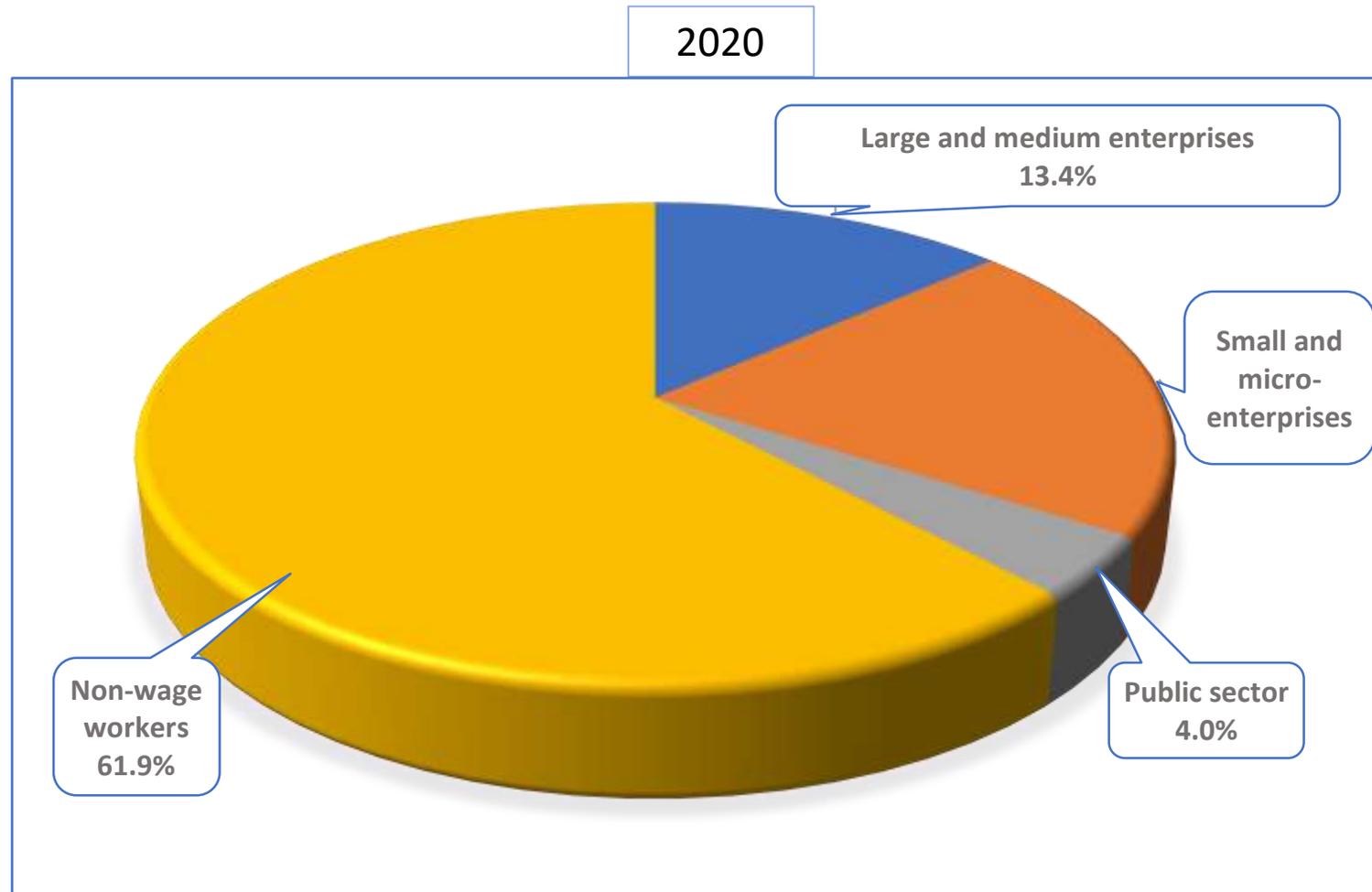
Total population of Indonesia will increase from 270.2 million in 2020 to 333.3 million in 2060, then slightly decreases.

Number of persons aged 60 and over will grow from 27.2 million in 2020 to more than 100 million in 2090

Ratio working-age population (15-59) to number of persons aged 60 and over will fall from 6.4 to 1.6 over the next 80 years



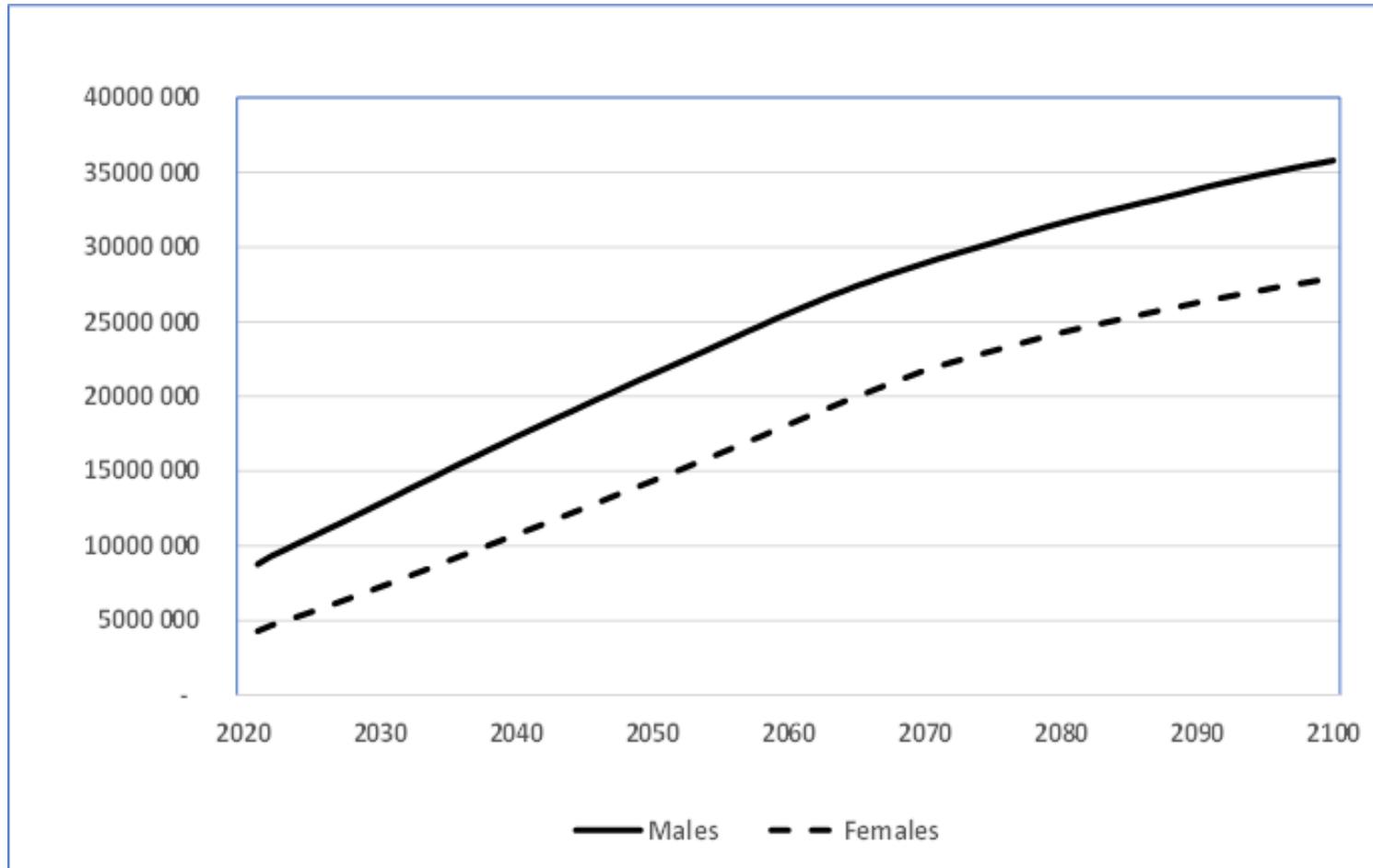
Workers by sector



Wage (formal) workers represent only 38.1% of total employment

JP members come from wage workers in large and medium enterprises (13.4% of total employment)

Projected number of JP contributors

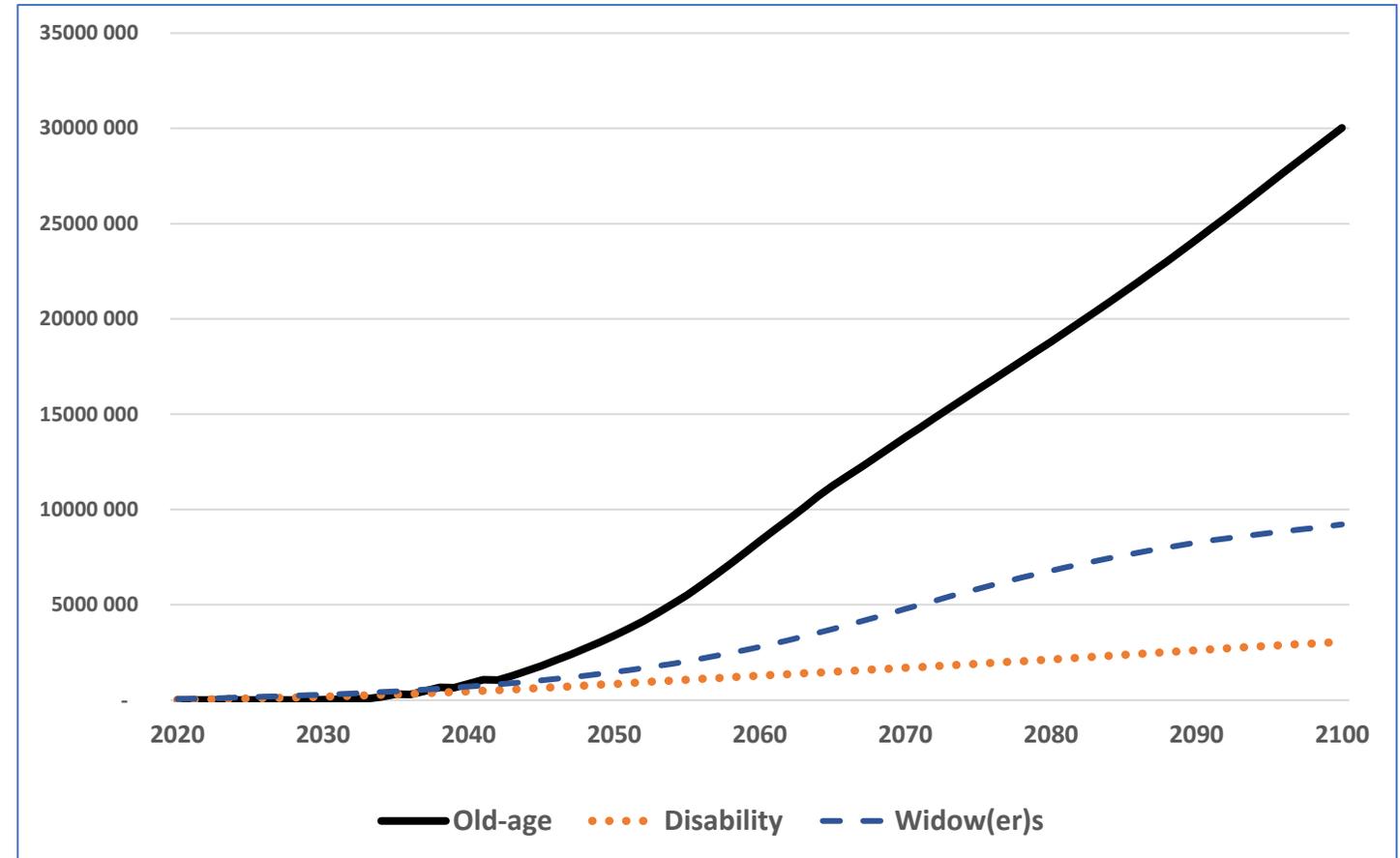


Project that proportion of wage workers will gradually increase over time, reaching 60% of total employment in 2070

Number of JP contributors will increase by a factor of 3.7 over the period 2021-2070, and at a slower pace thereafter due to the projected decrease, in long term, of the total employed population.

Projection of JP pensioners

- Old-age pensions will start to be paid in 2030 (need 15 years of contribution)
- Number of JP beneficiaries will steadily increase thereafter
- Ratio of contributors to pensioners:
 - 14.3 in 2040
 - 2.5 in 2070
 - 1.5 in 2100

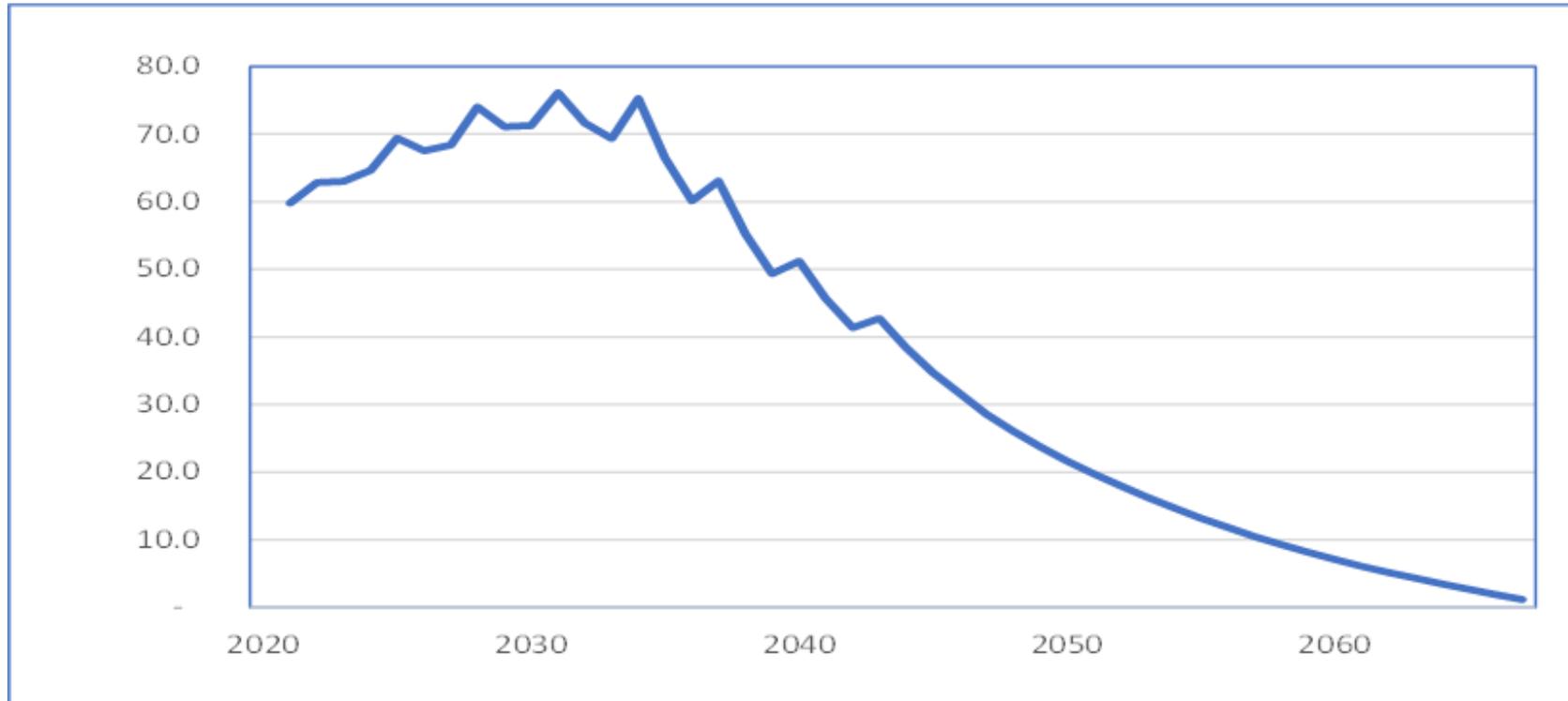


Key dates of the future evolution of JP reserves (with a constant contribution rate at 3%)

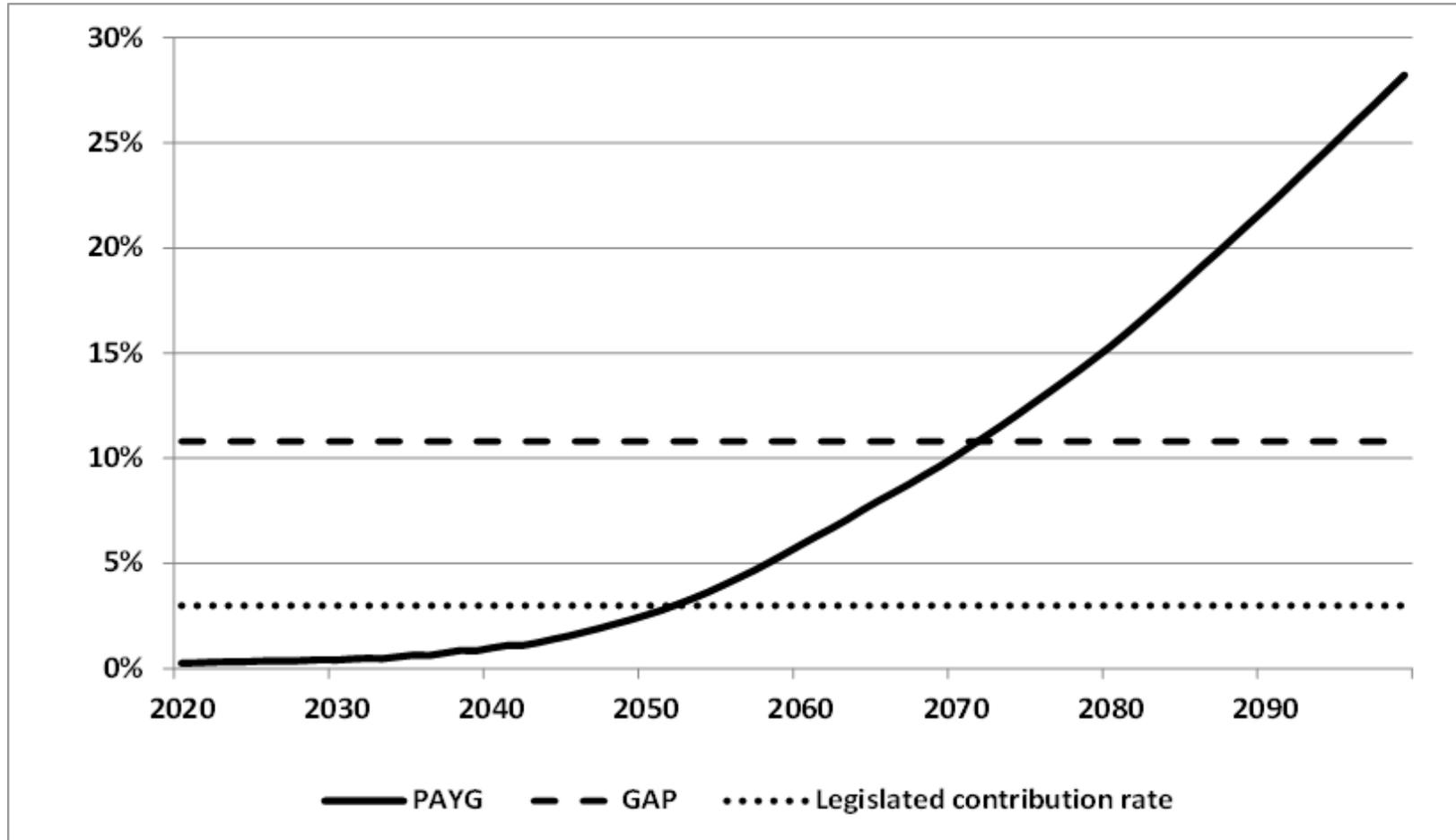
	Year
Scheme's expenditure first exceeds contributions (investment income must be used to support expenditures)	2053
Scheme's expenditure first exceeds contributions plus investment income (reserve starts to decrease)	2059
Reserve is exhausted	2069

Projected reserve ratio

(reserve fund divided by JP annual expenditures)



Projected cost rates



PAYG rate of the scheme steadily increasing over time. Equal to 28.2% in 2100.

General average premium (GAP): constant contribution rate to finance the scheme over 100 years

GAP estimated at 10.8%.

GAP significantly higher than the present contribution rate of 3.0%

Reform options

Parametric reform of JP

(suggested measures)

- **Qualifying period.** Eliminate the requirement to accumulate a minimum of 15 years of contribution for eligibility to the old age pension.
- **Pension accrual rate.** Increase the pension accrual rate from 1.00 to 1.33 per cent per year of contribution.
- **Minimum pension.** Increase the minimum pension to 40 per cent of the average national minimum wage (IDR 1,075,090 in 2021)
- **Indexation of schemes parameters.** Index the earnings' ceiling and the minimum pension in line with the general wage growth.
- **Maximum pension.** No need for a maximum pension. Indirectly determined through the earnings' ceiling.
- **Survivors' benefits.** Establish minimum survivors' benefits such that the replacement rate of survivors' benefits for a spouse with two children would be at least equal to 40 per cent after 15 years of service.
- **Financing policy.** Adopt a financing policy to establish a legal obligation to increase contribution rates in the future once specific cost indicators are revealed by successive actuarial valuations.

Parametric reform of JP (financial implications)

Scenario	PAYG rate		GAP (100 years)	Year of reserve exhaustion
	2050	2100		
Base scenario	2.3%	28.2%	10.8%	2069
Earnings' ceiling indexed with wage growth (instead of real GDP)	2.2%	10.1%	7.4%	2071
Eliminate minimum qualifying period	2.6%	10.1%	7.6%	2067
Increase minimum pension at 40% of minimum wage, indexed with wage growth	4.3%	16.4%	12.4%	2057
Increase pension accrual rate to from 1.00% to 1.33% per year	4.6%	19.0%	14.2%	2056
Minimum survivors' benefits	4.6%	19.1%	14.3%	2056
All measures combined, including the gradual increase of the contribution rate	4.6%	19.1%	14.3%	2119

GAP increases because:

- Increase of the accrual rate from 1.00% to 1.33%
- Increase of the minimum pension

PAYG decreases in long term because:

- Index earnings' ceiling in line with general wage growth (instead of real GDP)

Reserve duration is longer because:

- Contribution rate increases by 3% every 10 years (starting in 2024) to reach 15% in 2054

Structural pension reform – 3 options

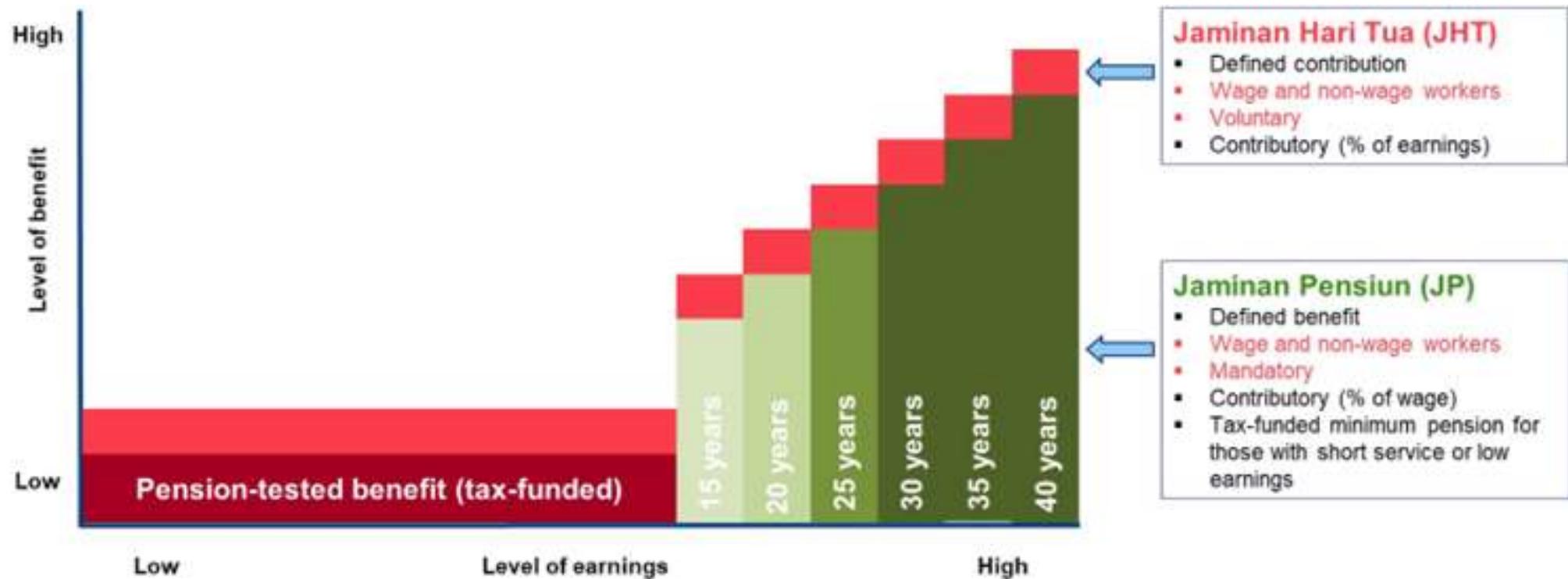
- Option 1 – Tax-funded pension tested benefit within JP for all workers (wage and non-wage)
- Option 2 – Universal Social Pension for all residents + JP for all wage workers
- Option 3 – National Pension for all residents + JP for all wage workers

Structural pension reform

(Option 1 – Pension-tested benefit)

- JP mandatory coverage expanded to all workers (both wage and non-wage workers). Non-wage workers would pay both workers and employers contribution.
- Workers who cannot reach a certain level of pension, due to short careers or low earnings, would receive a minimum pension from a pension-tested scheme (tax-funded within JP).
- The JP accrual rate would be increased to 1.33 per cent per year. The JP scheme would then guarantee the C102 minimum standard. The minimum pension-tested benefit would be equal to 40 per cent of the minimum wage.
- The JHT scheme would become voluntary for all.

Structural pension reform (Option 1 – Pension tested benefit)



Structural pension reform

(Option 1 – Pension-tested benefit)

Year	Number of beneficiaries	Annual expenditures on minimum benefit to be financed by the State	
		IDR million	% of GDP
2023	14 319 635	171 835 620	0.9%
2024	15 075 953	194 176 584	0.9%
2025	15 848 823	218 675 793	0.9%
2030	20 016 920	385 333 182	1.1%
2040	26 600 895	923 575 111	1.4%
2050	25 387 499	1 434 748 812	1.3%
2060	6 278 995	551 371 900	0.3%

Option 1: Contribution rates (before and after reform)

Year	Present system			Reformed system		
	JP	JHT	Total	JP	JHT	Total
2025	3.0%	5.7%	8.7%	6.0%	2.0%	8.0%
2030	5.0%	5.7%	10.7%	6.0%	2.0%	8.0%
2035	7.0%	5.7%	12.7%	9.0%	2.0%	11.0%
2040	8.0%	5.7%	13.7%	9.0%	2.0%	11.0%
2045	8.0%	5.7%	13.7%	12.0%	2.0%	14.0%
2050	8.0%	5.7%	13.7%	12.0%	2.0%	14.0%

Structural pension reform

(Option 2 – Social Pension)

- A flat-rate pension at the level of the national poverty line in rural areas (IDR 464,474 in 2021) would be paid to all persons above a certain age who have a minimum period of residence of 10 years in Indonesia.
- It would be paid to all persons above age 75 in 2023. The age of access to the pension would gradually decrease from 75 to 65 over a period of 10 years. Such a transition:
 - Reduces immediate cost
 - Provides protection against longevity risk: many retire with a lump sum which may be used up after 10-15 years (income from age 75 would complement current benefits)
 - Ideally, Social Pension from age 65 would have greater impact in reducing poverty amongst the elderly
- Entirely financed by the State.

Structural pension reform (Option 2 – Social Pension)



Expenditures on Social Pension

Pensionable age gradually decreasing from 75 to 65					Pensionable age at 65 from the start				
Year	Pensionable age	Number of beneficiaries	Annual expenditures (IDN)	Annual expenditures (% of GDP)	Year	Pensionable age	Number of beneficiaries	Annual expenditures (IDN)	Annual expenditures (% of GDP)
2023	75	5 959 848	35 253 788	0.18	2023	65	19 622 695	116 072 480	0.59
2024	74	7 135 051	43 452 519	0.20	2024	65	20 626 436	125 615 172	0.59
2025	73	8 542 813	53 564 611	0.23	2025	65	21 659 269	135 806 594	0.59
2026	72	10 228 474	66 033 102	0.26	2026	65	22 722 138	146 689 851	0.59
2027	71	12 256 790	81 470 694	0.30	2027	65	23 809 086	158 258 629	0.58
2028	70	14 642 528	100 210 806	0.34	2028	65	24 923 337	170 570 794	0.58
2029	69	17 324 161	122 074 375	0.39	2029	65	26 070 950	183 708 458	0.58
2030	68	20 275 652	147 102 797	0.43	2030	65	27 254 558	197 735 774	0.58
...
2040	65	40 116 707	414 014 744	0.59	2040	65	40 116 707	389 681 235	0.59
2050	65	52 308 269	712 283 291	0.61	2050	65	52 308 269	680 287 773	0.61
2060	65	59 665 205	1 084 858 596	0.58	2060	65	59 665 205	1 038 918 692	0.58
2070	65	68 644 175	1 666 322 275	0.58	2070	65	68 644 175	1 600 302 971	0.58

Option 2: Contribution rates (before and after reform)

Year	Present system			Reformed system		
	JP	JHT	Total	JP	JHT	Total
2025	3.0%	5.7%	8.7%	6.0%	2.0%	8.0%
2030	5.0%	5.7%	10.7%	6.0%	2.0%	8.0%
2035	7.0%	5.7%	12.7%	9.0%	2.0%	11.0%
2040	8.0%	5.7%	13.7%	9.0%	2.0%	11.0%
2045	8.0%	5.7%	13.7%	12.0%	2.0%	14.0%
2050	8.0%	5.7%	13.7%	12.0%	2.0%	14.0%

Structural pension reform

(Option 3 – National Pension)

- The National Pension would be gradually acquired through flat-amount contributions (IDR 300,000 per month, indexed annually in line with the general wage increase). The objective is to cover all residents on a mandatory basis. It would be possible for workers to pay NP contributions in the name of family members who are not in the labour force.
- Pension paid from age 65.
- For a person with 30 years of contribution, the NP would be equal to IDR 1,000,000 (40% of the average national minimum wage). This amount would be indexed annually in line with the general wage increase.
 - Half of benefits financed by member's contributions
 - Half of benefits subsidized by the State

Structural pension reform

(Option 3 – National Pension)

- A person may ask BPJS for a contribution exemption if cannot afford to pay the contribution for a certain period (criteria to be determined). In that case, BPJS will credit only the State's portion for that period.
 - It means that a person who has never contributed to the fund will still receive IDR 500,000 at age 65.
- Transitional measures would guarantee a minimum benefit until people have accumulated the 30 years of contribution required for full benefit. The State would finance this transitional benefit.

Structural pension reform (Option 3 – National Pension)



National Pension transitional credits

Year	Worker's credit (from contributions)	State's regular credit	Transitional credit	Total pension paid
2023	0	0	500,000	500,000
2024	16,666	16,667	483,333	516,667
2025	33,333	333,333	466,667	533,333
2026	50,000	50,000	450,000	550,000
2027	66,667	66,667	433,333	566,667
...
2053	500,000	500,000	0	1,000,000

Expenditures on National Pension

Year	Number of beneficiaries	Expenditures derived from regular credits (50% financed by the State)		Expenditures on transitional measures (100% financed by the State)	
		IDR million	% of GDP	IDR million	% of GDP
2023	19 622 695	0	0.00	117 736 169	0.60
2024	20 626 436	868 528	0.00	132 398 826	0.62
2025	21 659 269	2 830 424	0.01	148 007 804	0.64
2026	22 722 138	6 147 329	0.02	164 818 096	0.66
2027	23 809 086	11 109 279	0.04	182 675 922	0.67
2028	24 923 337	18 053 291	0.06	201 584 396	0.69
2029	26 070 950	27 373 515	0.09	221 557 593	0.70
2030	27 254 558	39 508 609	0.12	242 575 898	0.71
2040	40 116 707	432 342 363	0.65	480 248 850	0.73
2050	52 308 269	1 770 432 021	1.58	592 858 444	0.53
2060	59 665 205	4 419 910 688	2.48	409 708 876	0.23
2070	68 644 175	9 004 060 258	3.24	180 997 313	0.07

Option 3: Contribution rates (before and after reform)

Year	Present system			Reformed system			
	JP	JHT	Total	JP	JHT	NP *	Total
2025	3.0%	5.7%	8.7%	3.0%	2.0%	6.3%	11.3%
2030	5.0%	5.7%	10.7%	5.0%	2.0%	6.2%	13.2%
2035	7.0%	5.7%	12.7%	7.0%	2.0%	6.2%	15.2%
2040	8.0%	5.7%	13.7%	8.0%	2.0%	6.1%	16.1%
2045	8.0%	5.7%	13.7%	8.0%	2.0%	6.1%	16.1%
2050	8.0%	5.7%	13.7%	8.0%	2.0%	6.1%	16.1%

* For the worker earning the average wage.

Structural pension reform (new role for the JHT scheme)

- The JHT scheme is a defined-contribution scheme (provident fund)
 - Main weaknesses: people reaching retirement receive a lump sum as settlement of their JHT rights which they can squander rapidly, with medium and long-term impacts on their income during old age.
 - It is suggested to offer individuals, at retirement, to convert their accumulated savings into programmed withdrawals or into life annuities, under favourable conditions to encourage conversion instead of receiving a lump sum.
- In the context of future necessary increases of the JP contribution rate, the global contributions to JP and JHT could be reorganized
 - The JHT contribution rate could eventually be reduced in line with the planned increase of contributions under JP, or it could be possible to specify a minimum JHT contribution rate while allowing individual workers to choose their contribution rate level (between a minimum and a maximum).
 - Ultimately, the JHT scheme could become a voluntary tier to top-up pensions offered by the other pillars of the system (National Pension and JP scheme).

Maternity benefits

Design options for maternity benefits

- **Coverage**

- All formal (wage) workers in Indonesia, corresponding to workers covered under JKK/JKM and construction workers

- **Qualifying conditions**

- As necessary to preclude abuse (ILO Convention 102)
- Can be met by a large majority of women in the country (ILO Convention 183)
- Suggested: contributions for 12 months in the 18-month period preceding the maternity leave

Design options for maternity benefits

- Maternity allowance
 - Benefit rate
 - Convention 102: 45%
 - Convention 183: 67%
 - Reference earnings: average of 6-month preceding maternity leave
 - Minimum benefits: same percentage of minimum wage as basic benefit
 - Duration of payment
 - Convention 102: 12 weeks
 - Convention 183: 14 weeks
 - Current Labour law: 3 months
 - Draft legislation: 6 months

Design options for maternity benefits

- Maternity allowance (cont'd)
 - Miscarriage
 - Labour law: full salary for 1.5 month
 - Similar benefit should be provided
 - Minimum post-natal leave
 - Compulsory leave period of six weeks after the birth of the child, during which return to work may not be allowed
 - To avoid pressure on women to resume work to the detriment of their health and that of their child
 - Prolonged leave for medical reasons
 - Prolonged leave for multiple births

Design options for maternity benefits

- **Paternity allowance**

- A paternity allowance of 1 week is recommended. The benefit rate would 100% of the father's salary.
- The paternity allowance would be paid at a time chosen by the father during the maternity leave of the mother.

- **Parental allowance**

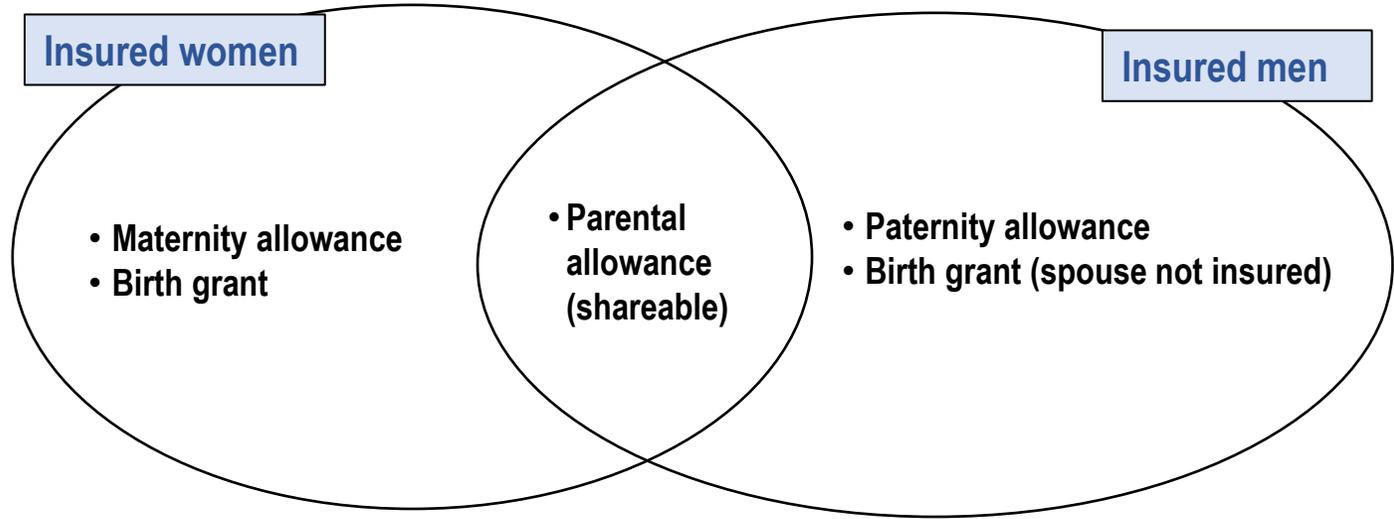
- Period of leave to care for the child beyond maternity and paternity leave
- Two types of entitlements between parents:
 - Shared entitlements: either the mother or the father has the right to take parental leave and the parents determine the allocation of leave themselves.
 - Individual rights' approach: the parental leave attributed to each parent cannot be transferred to the other parent, so that fathers who do not use their "quota" lose it.

Design options for maternity benefits

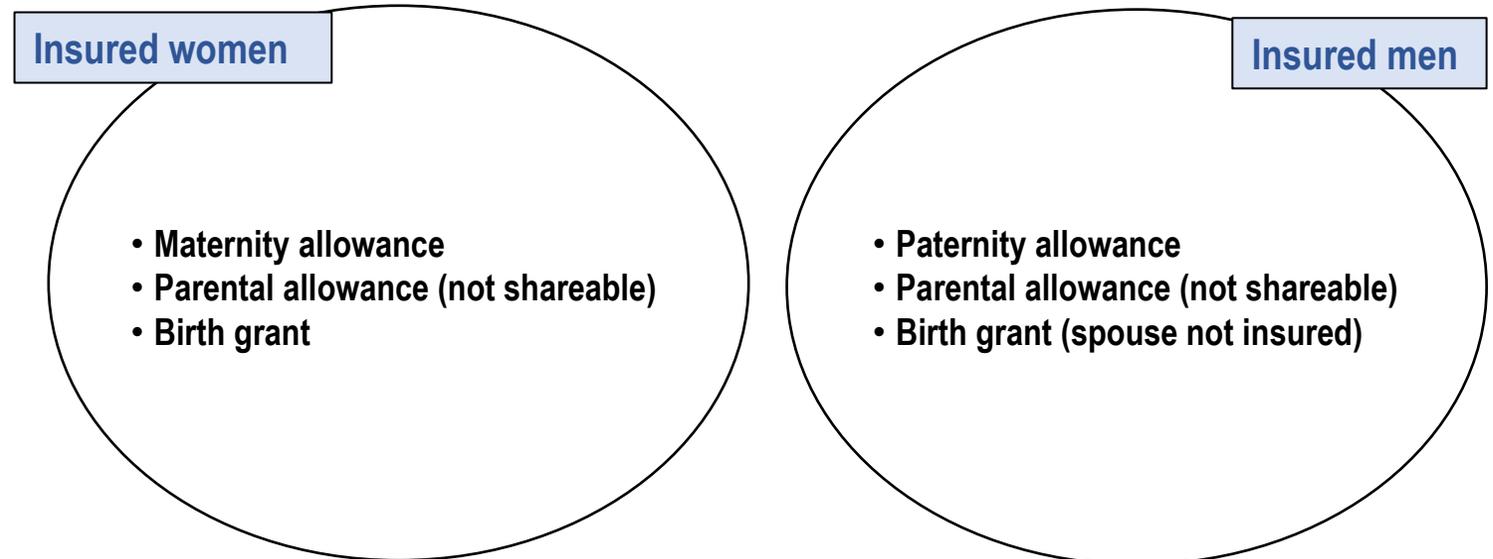
- **Birth grant**

- Paid for each birth to persons who satisfy the contribution requirement for maternity allowance
- Also paid to insured men if there is a birth in the family and the mother is not insured
- Payable for each birth in case of multiple births
- Possible to link the payment of the birth grant to a medical follow-up during pregnancy
- Suggested amount of the grant: 100% of the monthly minimum wage

Shared entitlements to parental allowance



Individual right to parental allowance



Maternity: suggested contribution rates for the different options

	Benefit provisions	Contribution rate (% of insured earnings)
Maternity allowance		
Option 1	100% for a maximum of 13 weeks	0.65
Option 2	100% for a maximum of 14 weeks	0.70
Option 3	67% for a maximum of 14 weeks	0.50
Option 4	45% for a maximum of 14 weeks	0.32
Option 5	67% for a maximum of 26 weeks	0.87
Option 6	100% for a maximum of 26 weeks	1.30
Paternity allowance		
	100% for a maximum of 1 weeks	0.05
	100% for a maximum of 6 weeks	0.25
Parental allowance		
	45% for a maximum of 4 weeks	0.15
Birth grant		
	100% of the monthly minimum wage	0.10

Sickness benefits

Design options for sickness benefits

- Coverage

- All formal (wage) workers in Indonesia, corresponding to workers covered under JKK/JKM and construction workers

- Qualifying conditions

- Suggested: contributions for 12 months in the 18-month period preceding sickness, or 12 months since last payment of sickness benefit (if received in last 18 months)

Design options for sickness benefits

- Amount of benefit
 - Benefit rate
 - Convention 102: 45%
 - Convention 130: 60%
 - Labour law: 100% for 4 months, 75% for subsequent 4 months, 50% thereafter
 - Reference earnings: average of last 6 months
 - Minimum benefit: 60% of minimum wage

Design options for sickness benefits

- Duration of payment
 - Waiting period: 3 days
 - Maximum duration:
 - Convention 102: 26 weeks
 - Convention 130: 52 weeks

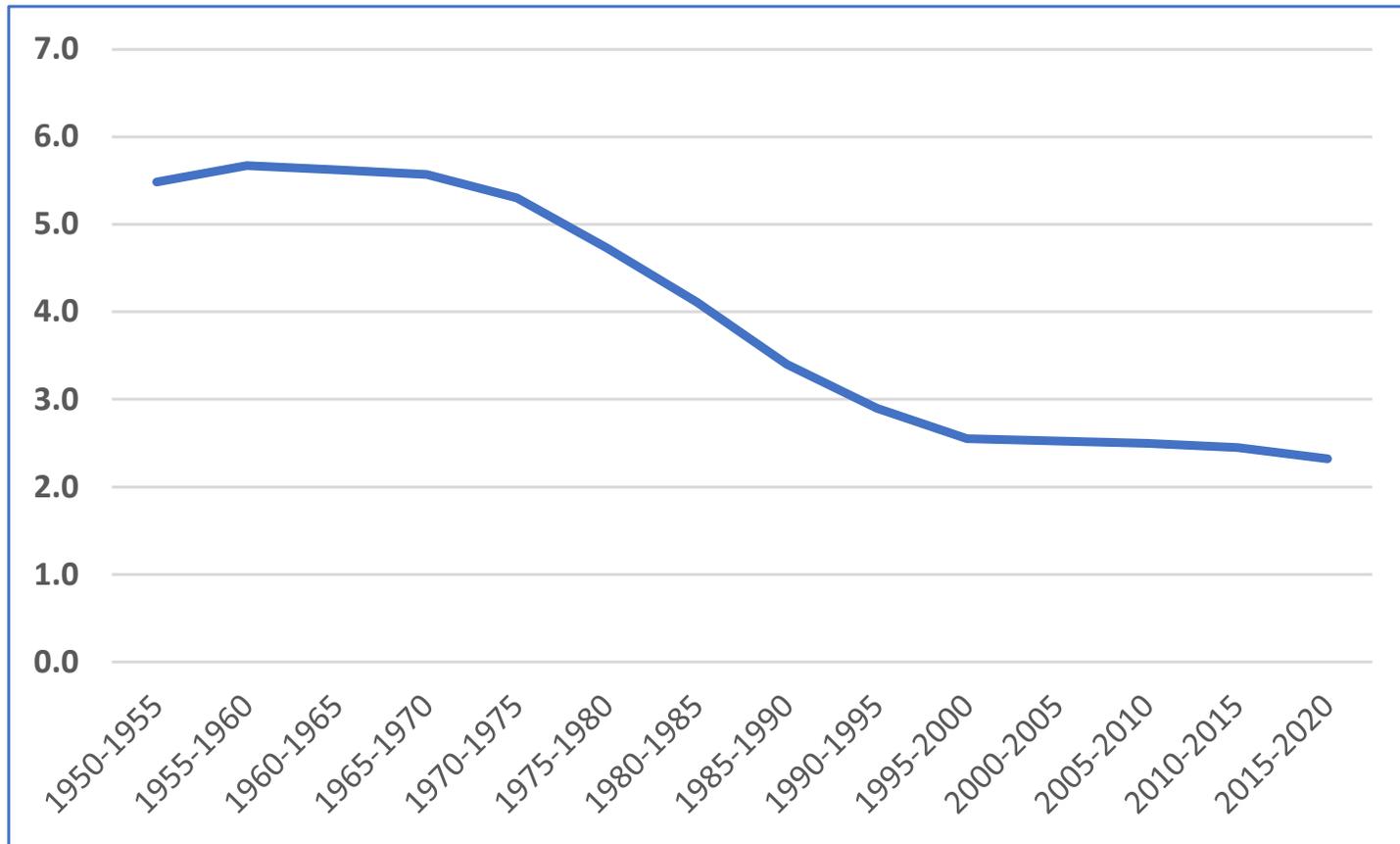
Sickness: suggested contribution rates for the different options

	Benefit percentage and duration of payment	Contribution rate (% of insured earnings)
Option 1	100% for first 4 months, 75% for subsequent 4 months, 50% for subsequent 4 months (maximum duration: 1 year)	0.65%
Option 2	60% for a maximum of 52 weeks	0.40%
Option 3	60% for a maximum of 26 weeks	0.40%
Option 4	45% for a maximum of 26 weeks	0.30%

Annexes

Demographic and economic assumptions

Evolution of total fertility rate since 1950



TFR decreased from 5.5 in 1950 to less than 2.5 since 2010

Key demographic assumptions

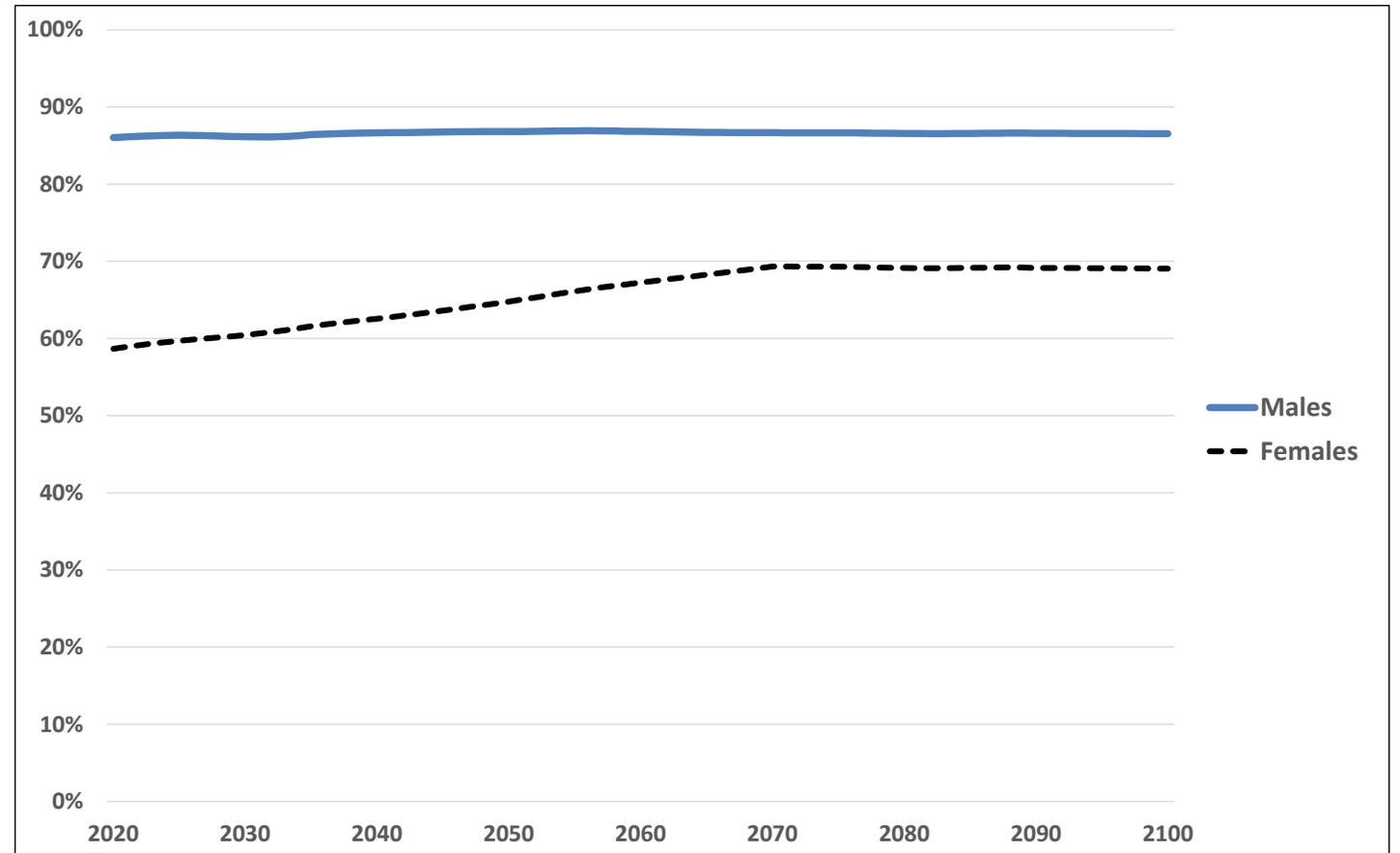
(based on UN World Population Prospects)

Year	Total fertility rate	Life expectancy at birth		Net migration (annual)
		Male	Female	
2020	2.27	69.5	74.1	(102 203)
2030	2.10	70.9	76.0	(97 236)
2040	1.98	72.4	77.4	(94 356)
2050	1.89	74.3	78.8	(93 943)
2060	1.84	75.8	80.3	(93 943)
2070	1.81	77.3	81.5	(93 943)
2080	1.80	79.0	82.6	(93 943)
2090	1.78	80.6	83.6	(93 943)
2100	1.78	81.8	84.3	(93 943)

Labour force projection

In 2020, total participation rates (15-69) are estimated at 86.0% for men and 58.7% for women.

Project that participation rates (PR) of men will stay constant over time. For women, project that total participation rate will gradually increase from 68% of male PR in 2020 to 80% of male PR in 2070, and stay constant thereafter



Economic assumptions

(based on IMF forecasts until 2026)

- **Labour productivity** growth at 3% per annum on average for years 2021 and 2022 and back to pre-pandemic levels from 2023 to 2026 (just above 4%). Thereafter, assume that productivity of labour will gradually decrease to 1.5% in 2050 and will stay constant thereafter
- **Inflation:** 3% constant
- **Nominal wage growth:** 4.9% in 2021, 5.5% in 2022, above 7% from 2023 to 2026. Gradually decreasing to 4.5% in 2050 and constant thereafter.
- **Rate of return of the fund:**
 - Recently, rate of return of BPJS funds approximately equal to the bank's deposit rate (3% higher than inflation)
 - For long-term, considering the intention of the BPJS Board to gradually diversify the investment portfolio, suppose that the rate of return of the fund will be more aligned with the economic growth.
 - Assumption: minimum of (1) the inflation rate plus 3 per cent and (2) the general wage growth.

Replacement rates (before and after reform)

Replacement rates (status quo)

Length of service	Employment status				
	Permanent contract in large or medium enterprise	Permanent contract in small enterprise	Permanent contract in micro enterprise	Fixed-term contract in large or medium enterprise	Self-employed voluntarily contributing to JHT
Salary at age 30 in 2023	9,000,000	5,500,000	3,600,000	6,300,000	4,600,000

Labour Law

15 years	6.6%	6.6%	6.6%	-	-
30 years	7.4%	7.4%	7.4%	-	-

JHT

15 years	4.6%	4.6%	-	4.6%	4.6%
30 years	9.2%	9.2%	-	9.2%	9.2%

JP

15 years	12.2%	-	-	12.2%	-
30 years	24.4%	-	-	24.4%	-

Total

15 years	23.4%	11.2%	6.6%	16.8%	4.6%
30 years	41.0%	16.6%	7.4%	33.6%	9.2%

Replacement rates (Reform option 1)

Length of service	Employment status				
	Permanent contract in large or medium enterprise	Permanent contract in small enterprise	Permanent contract in micro enterprise	Fixed-term contract in large or medium enterprise	Self-employed voluntarily contributing to JHT
Salary at age 30 in 2023	9,000,000	5,500,000	3,600,000	6,300,000	4,600,000

Labour Law

15 years	9.7%	9.7%	9.7%	-	-
30 years	11.0%	11.0%	11.0%	-	-

JHT (contribution rate reduced to 2%)

15 years	2.4%	2.4%	-	2.4%	2.4%
30 years	4.8%	4.8%	-	4.8%	4.8%

JP (1.33% accrual rate)

15 years	16.3%	16.3%	16.3%	16.3%	16.3%
30 years	32.5%	32.5%	32.5%	32.5%	32.5%

Total

15 years	28.3%	28.3%	26.0%	18.6%	18.6%
30 years	48.3%	48.3%	43.5%	37.3%	37.3%

Total (without Labour Law)

15 years	18.6%	18.6%	16.3%	18.6%	18.6%
30 years	37.3%	37.3%	32.5%	37.3%	37.3%

Replacement rates (Reform option 2)

Length of service	Employment status				
	Permanent contract in large or medium enterprise	Permanent contract in small enterprise	Permanent contract in micro enterprise	Fixed-term contract in large or medium enterprise	Self-employed voluntarily contributing to JHT
Salary at age 30 in 2023	9,000,000	5,500,000	3,600,000	6,300,000	4,600,000

Labour Law

15 years	9.7%	9.7%	9.7%	-	-
30 years	11.0%	11.0%	11.0%	-	-

JHT (contribution rate reduced to 2%)

15 years	2.4%	2.4%	-	2.4%	2.4%
30 years	4.8%	4.8%	-	4.8%	4.8%

JP (1.33% accrual rate)

15 years	16.3%	-	-	16.3%	-
30 years	32.5%	-	-	32.5%	-

Social Pension

15 years	4.6%	7.6%	11.6%	6.6%	9.1%
30 years	4.6%	7.6%	11.6%	6.6%	9.1%

Total

15 years	33.0%	19.7%	21.3%	25.3%	11.5%
30 years	52.9%	23.4%	22.6%	43.9%	13.8%

Total (without Labour Law)

15 years	23.3%	10.0%	11.6%	25.3%	11.5%
30 years	41.9%	12.4%	11.6%	43.9%	13.8%

Replacement rates (Reform option 3)

Length of service	Employment status				
	Permanent contract in large or medium enterprise	Permanent contract in small enterprise	Permanent contract in micro enterprise	Fixed-term contract in large or medium enterprise	Self-employed voluntarily contributing to JHT
Salary at age 30 in 2023	9,000,000	5,500,000	3,600,000	6,300,000	4,600,000

Labour Law

15 years	9.7%	9.7%	9.7%	-	-
30 years	11.0%	11.0%	11.0%	-	-

JHT (contribution rate reduced to 2%)

15 years	2.4%	2.4%	-	2.4%	2.4%
30 years	4.8%	4.8%	-	4.8%	4.8%

JP (1% accrual rate)

15 years	12.2%	-	-	12.2%	-
30 years	24.4%	-	-	24.4%	-

National Pension (IDN 1,000,000 after 30 years)

15 years	9.1%	14.8%	22.6%	12.9%	17.7%
30 years	18.1%	29.6%	45.3%	25.9%	35.4%

Total

15 years	33.3%	26.9%	32.4%	27.5%	20.1%
30 years	58.3%	45.4%	56.3%	55.0%	40.2%

Total (without Labour Law)

15 years	23.6%	17.2%	22.6%	27.5%	20.1%
30 years	47.3%	34.4%	45.3%	55.0%	40.2%

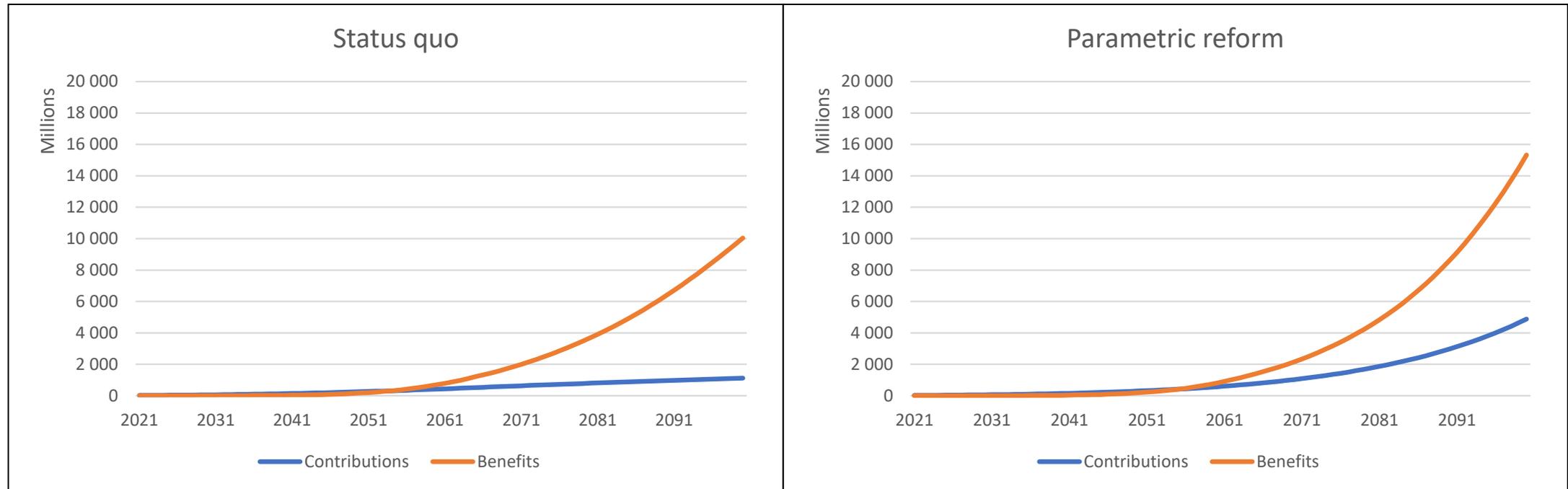
Other

Projected coverage rates under JP

Year	Coverage as % of total employment		Coverage as % of formal employment	
	Male	Female	Male	Female
2020	10.8%	7.8%	28.3%	20.5%
2030	14.7%	12.1%	34.6%	28.4%
2040	18.6%	16.3%	39.7%	34.9%
2050	22.5%	20.6%	43.9%	40.2%
2060	26.4%	24.9%	47.4%	44.8%
2070	30.3%	29.2%	50.5%	48.6%
2080	34.2%	33.4%	57.0%	55.7%
2090	38.1%	37.7%	63.5%	62.9%
2100	42.0%	42.0%	70.0%	70.0%

Effect of indexing earnings' ceiling in line with general wage growth (instead of real GDP)

- Contributions directly affected
- Benefits affected, but to a lesser extent, because of the career-average formula



Costing maternity benefits

Estimated number of beneficiaries

Maternity allowance

Female covered population x Fertility rate

Paternity allowance

Male covered population x Proportion married x Fertility rate

Parental allowance (males with insured spouse)

Male covered population x Proportion married x Female coverage rate x Fertility rate

Birth grant

(Insured mothers + Insured fathers with uninsured spouse) x Fertility rate

Estimated benefit amount

Maternity allowance

Insured mother's average weekly salary x Duration (in weeks) x Number of births (insured mothers)

Paternity allowance

Insured father's average weekly salary x Duration (in weeks) x Number of births (insured fathers)

Parental allowance *

Insured parent's average weekly salary x Duration (in weeks) x
Number of births (insured mother or insured father)

Birth grant

Monthly minimum wage x Number of eligible births

* Father's salary used for cost estimate