

Demographic Change : Old – Age Benefits Context in Social Security Scheme, Thailand



Social Security Office
19 September 2014

Old – Age Benefits in Social Security Scheme

Pension System in Thailand

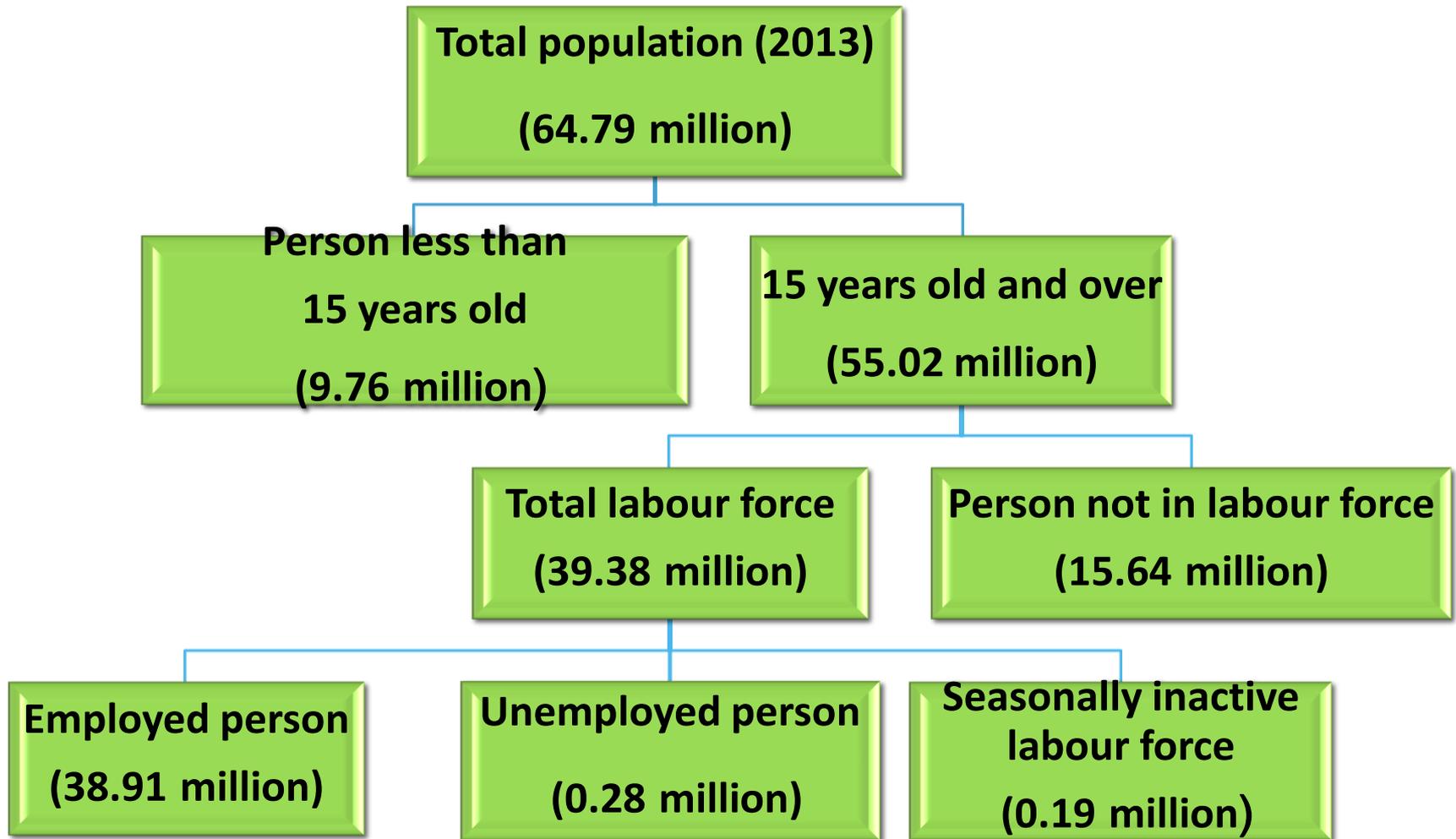
Overview of Social Security Scheme

Old – Age Benefits under Social Security Scheme

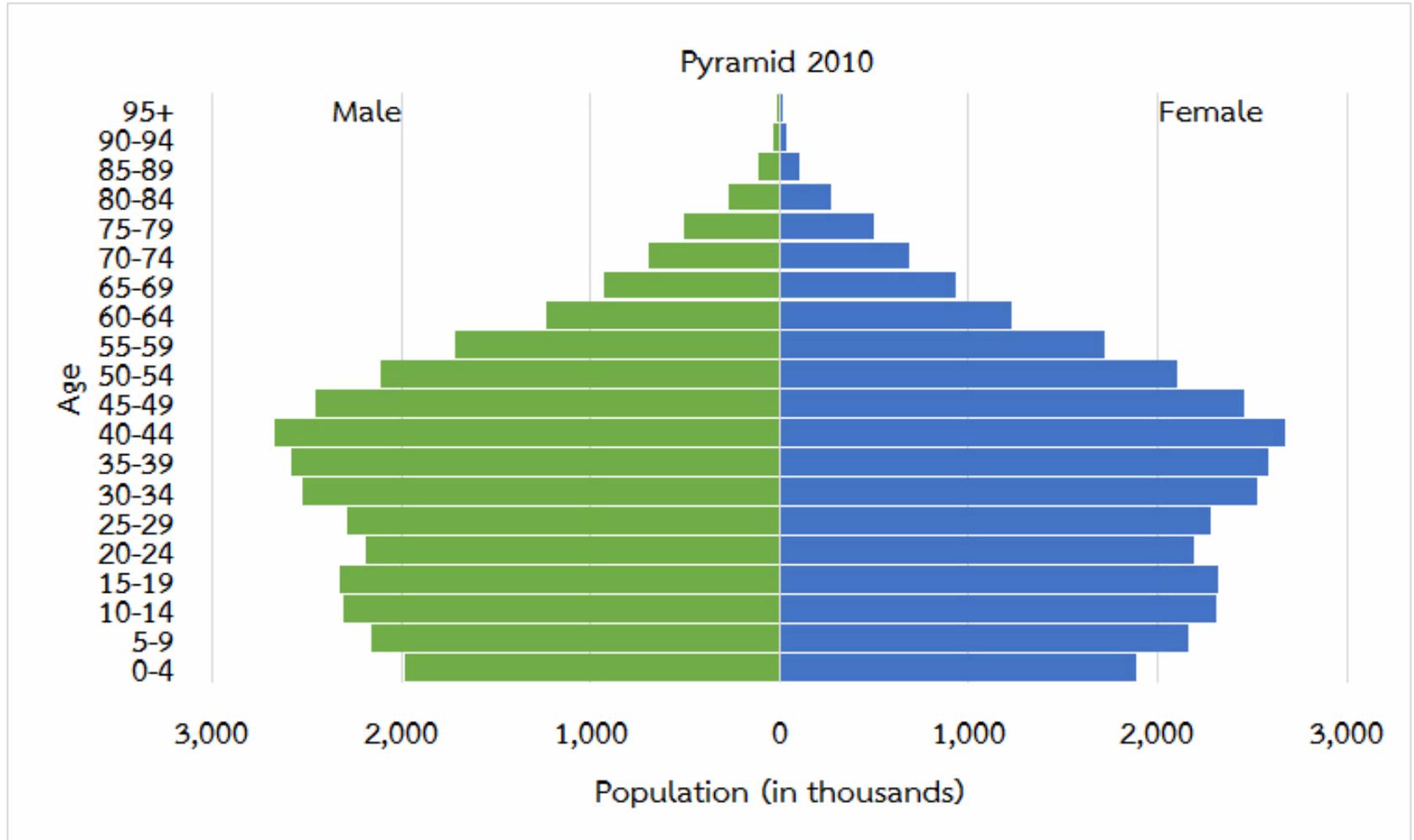
Challenges & Suggestions



Population Structure in Thailand



Demographic change in Thailand



Pension System in Thailand

Ministry of Social Development and Social Security

Old-age allowance

Pillar 1
(State provided & Compulsory)

Pillar 2
(Compulsory Saving)

Pillar 3
(Voluntary saving)

Social Security Fund

Government Pension Fund

Private School Teachers' Welfare Fund

Provident Fund

Retirement Mutual Funds

Social Security Fund (informal labour)

Private employee

Government officer

Teachers/officers of private school

Private/state enterprise employee

employees not covered by provident funds

Informal labour

SSO, Ministry of Labour

Government Pension Fund

Ministry of Education

The Securities and Exchange Commission (SEC)

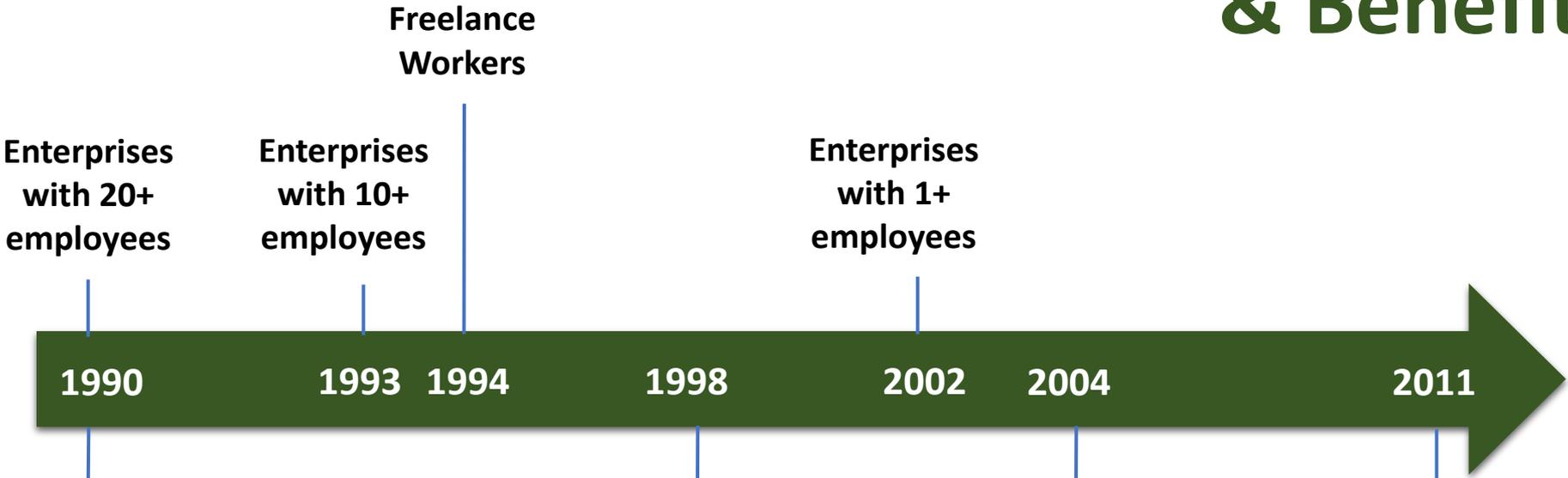
SSO, Ministry of Labour

Social Security Fund



Extension of Coverage & Benefit

Coverage



Sickness

Maternity

Invalidity

Death

Sickness

Maternity

Invalidity

Death

Child Allowance

Old-Age

Sickness

Maternity

Invalidity

Death

Child Allowance

Old-Age

Unemployment

Benefits Change (informal workers)

Benefits

Formal Worker



Social Security Benefits

Sickness

Maternity

Invalidity

Death

Child Allowance

Old-Age

Unemployment



**Tripartite
contributions**



Contribution Rates

Categories	Employer	Employee	Government
Sickness Maternity Invalidity Death	1.5	1.5	1.5
Child Allowance/ Old Age Benefits (Defined Contribution)	3	3	1
Unemployment	0.5	0.5	0.25
Total	5	5	2.75

Contribution calculation from wage (baht/month)
1,650 – 15,000 baht

Number of Insured Persons and Enterprises

12,832,639

Insured Persons

Compulsory	9,890,353
Voluntary	1,099,497
Informal	1,842,789

419,228

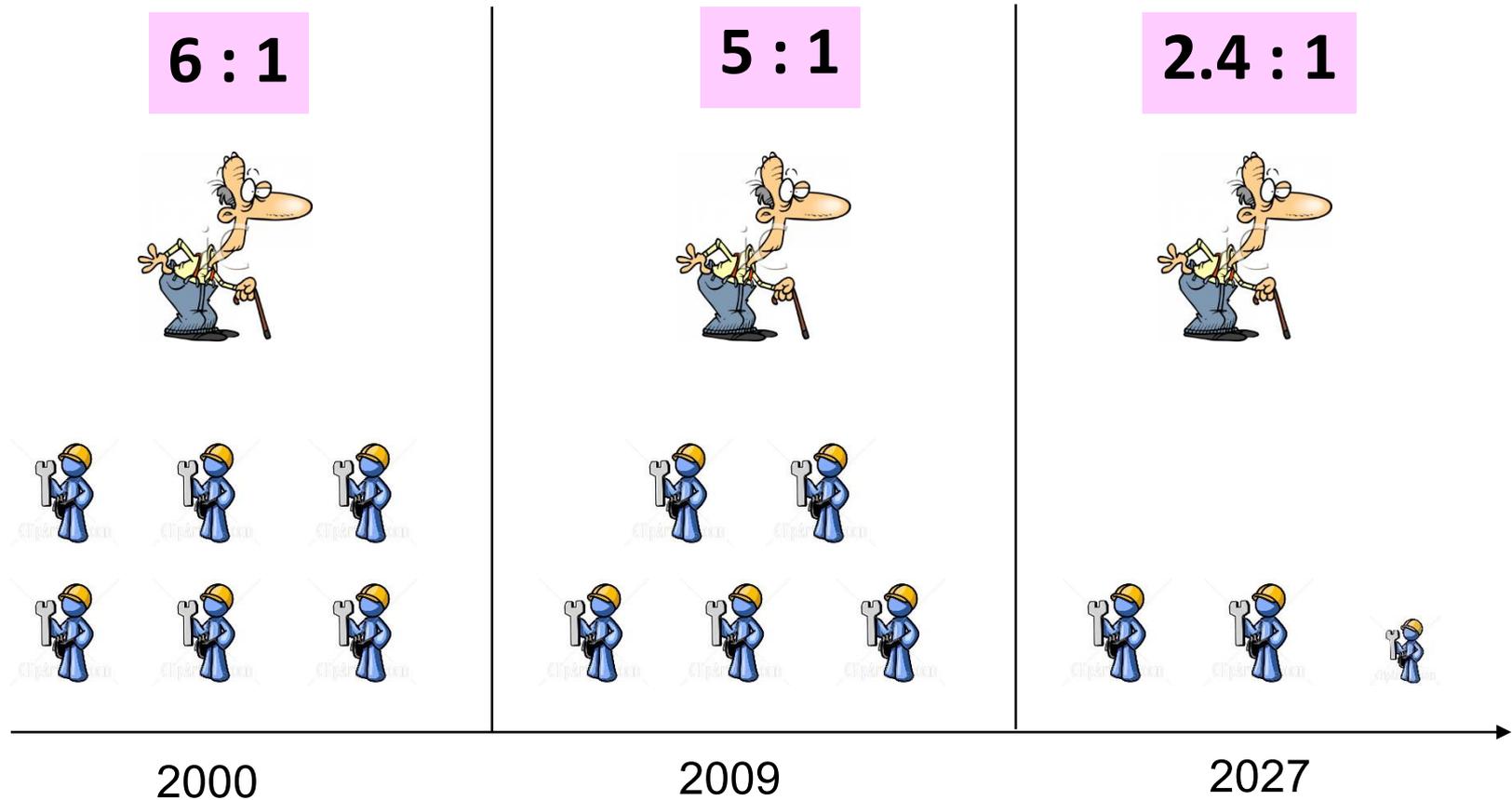
Enterprises



As of July, 2014

Situation of Old – Age Benefits under Social Security Scheme

Dependency Ratio



Old – Age Benefits

**Pension
Lump sum**



Old – Age Benefits

Pension

55 years of age

Pay contribution \geq 180 months

Pension = Last 60 months of average wage x 20%

(+ 1.5% increase in each year)



Old – Age Benefits

Lump sum

Pay contribution < 180 months

Contribute > 12 months

Lump sum = contribution from employee and
employer + marginal benefits

Contribute < 12 months

Lump sum = contribution from employee



Informal Worker



Old – Age Benefits for Informal Workers

QUALIFYING CONDITION	<ul style="list-style-type: none"> • 15 – 60 years of age • Not compulsory insured person Article 33 or voluntary insured person under Article 39 					
OPTIONS	Option 1		Option 2		Option 3	
CONTRIBUTIONS	Govt	Insured Person	Govt	Insured Person	Govt	Insured Person
	30	70	50	100	100	100
TOTAL	100		150		200	
BENEFITS						
- Sickness	✓		✓		-	
- Invalidity	✓		✓		-	
- Death	✓		✓		-	
- Old age (Lump sum)	-		✓		-	
- Old age (pension)	-		-		✓	

Challenges

Demographic change

Adequacy of the fund

Promoting the saving plan to
informal labour

Mobility of labour



Suggestions

Extending retirement age

Adjusting pension formula /wage ceiling /
contribution rate

Investing for higher return

Social Security Agreement





THANK YOU