

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

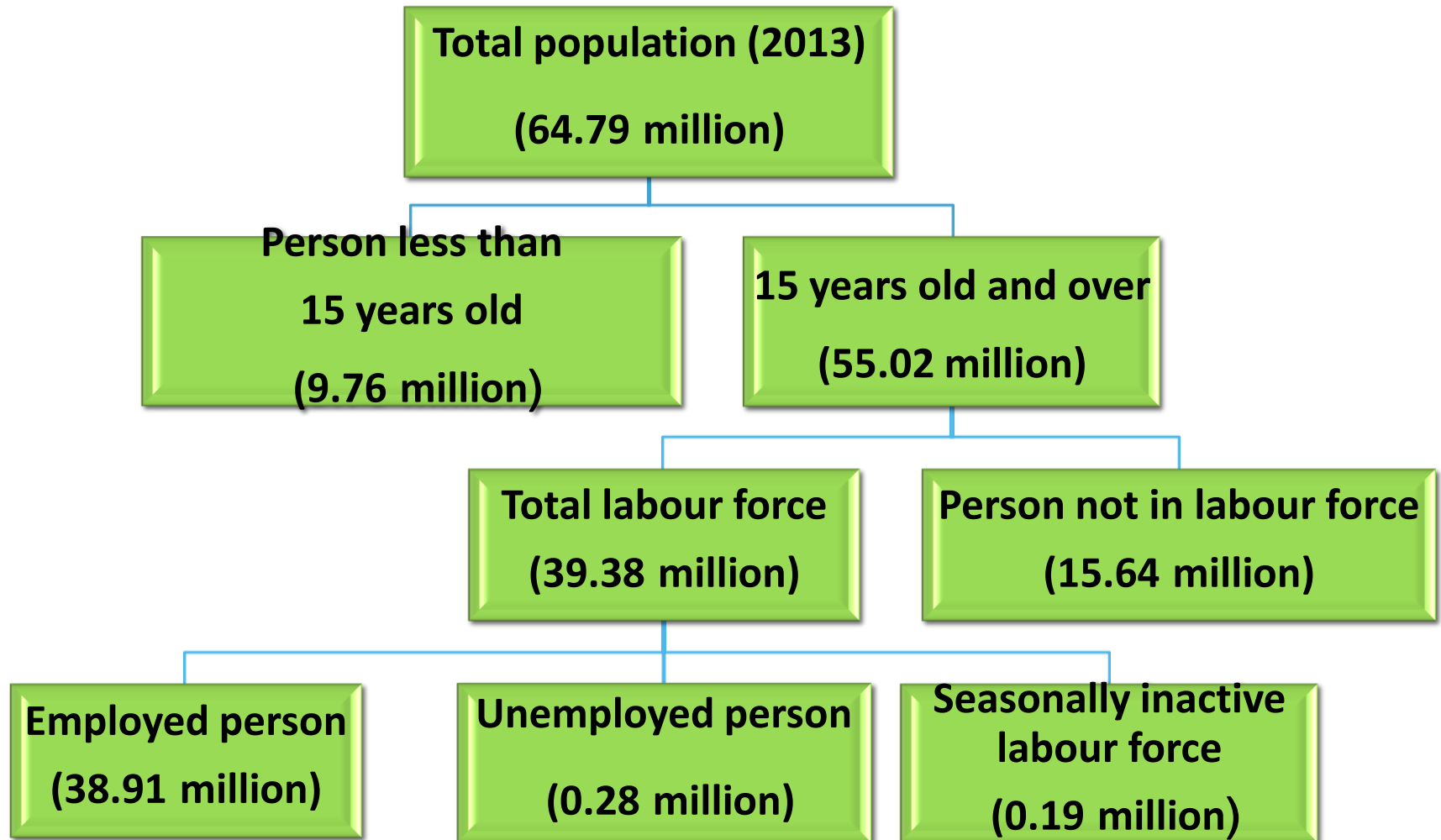
Overview of Social Security Scheme

Old – Age Benefits under Social Security Scheme

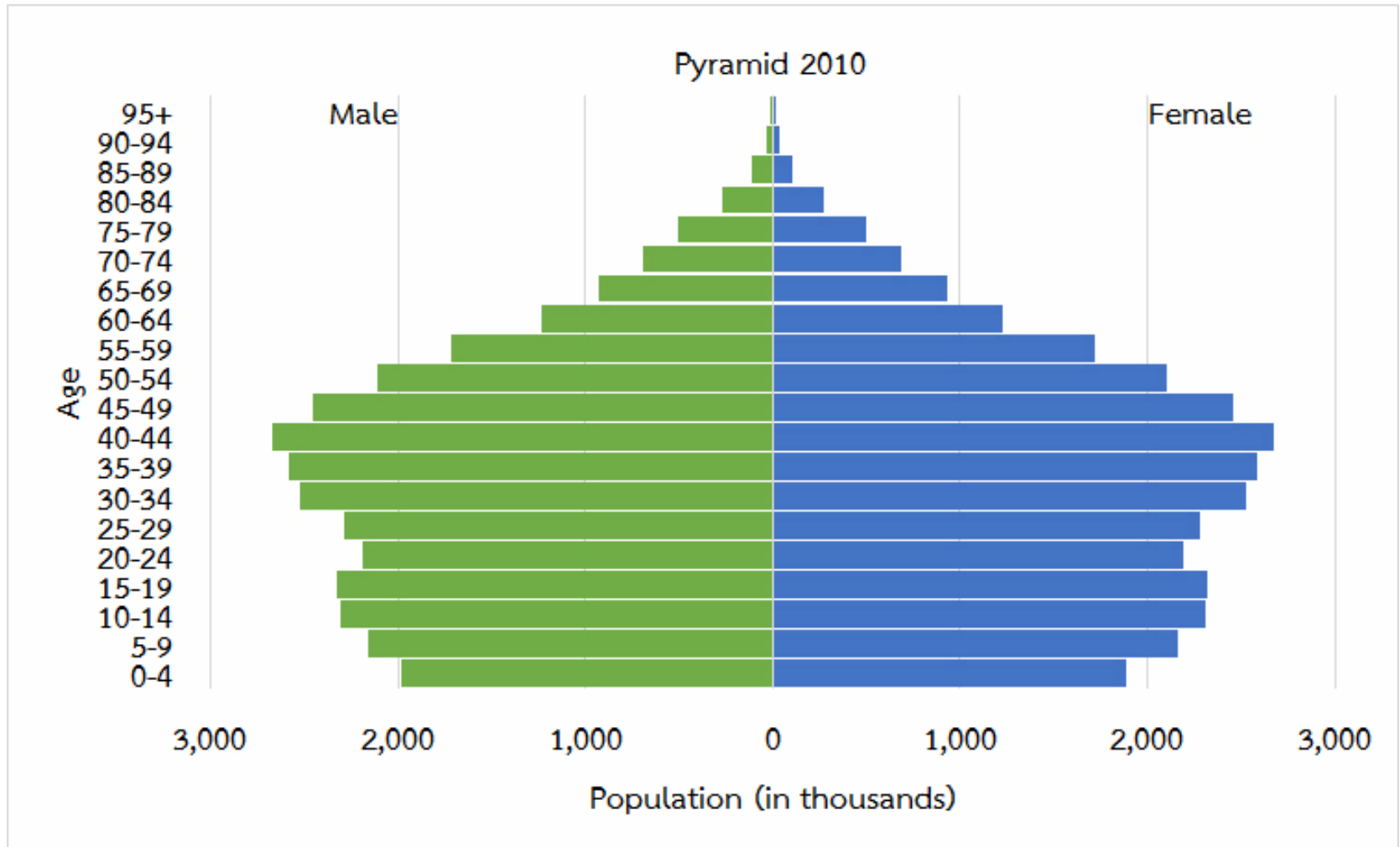
Challenges & Suggestions



Population Structure in Thailand



Demographic change in Thailand



Ministry of Social
Development and
Social Security

Old-age
allowance

Pension System in Thailand

Pillar 1

(State provided & Compulsory)

**Social
Security
Fund**

Private
employee

**SSO,
Ministry
of Labour**

Pillar 2

(Compulsory Saving)

Government
Pension
Fund

Government
officer

Government
Pension
Fund

Private School
Teachers'
Welfare Fund

Teachers/
officers of
private school

Ministry of
Education

Pillar 3

(Voluntary saving)

Provident
Fund

Private/stat
e enterprise
employee

The Securities and
Exchange Commission
(SEC)

Retirement
Mutual
Funds

employees
not covered
by provident
funds

**Social
Security
Fund
(informal
labour)**

Informal
labour

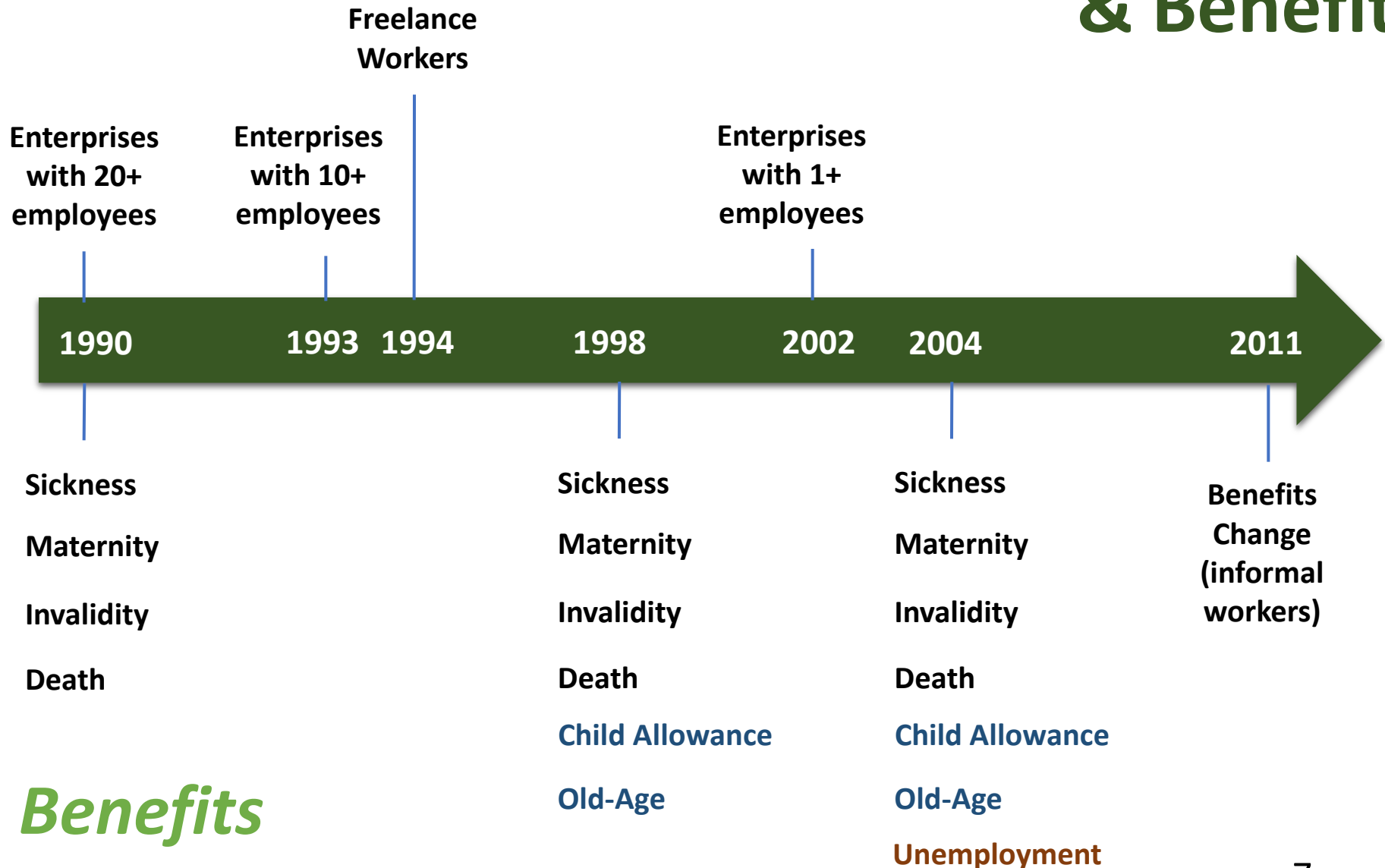
**SSO,
Ministry
of Labour**

Social Security Fund



Coverage

Extension of Coverage & Benefit



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

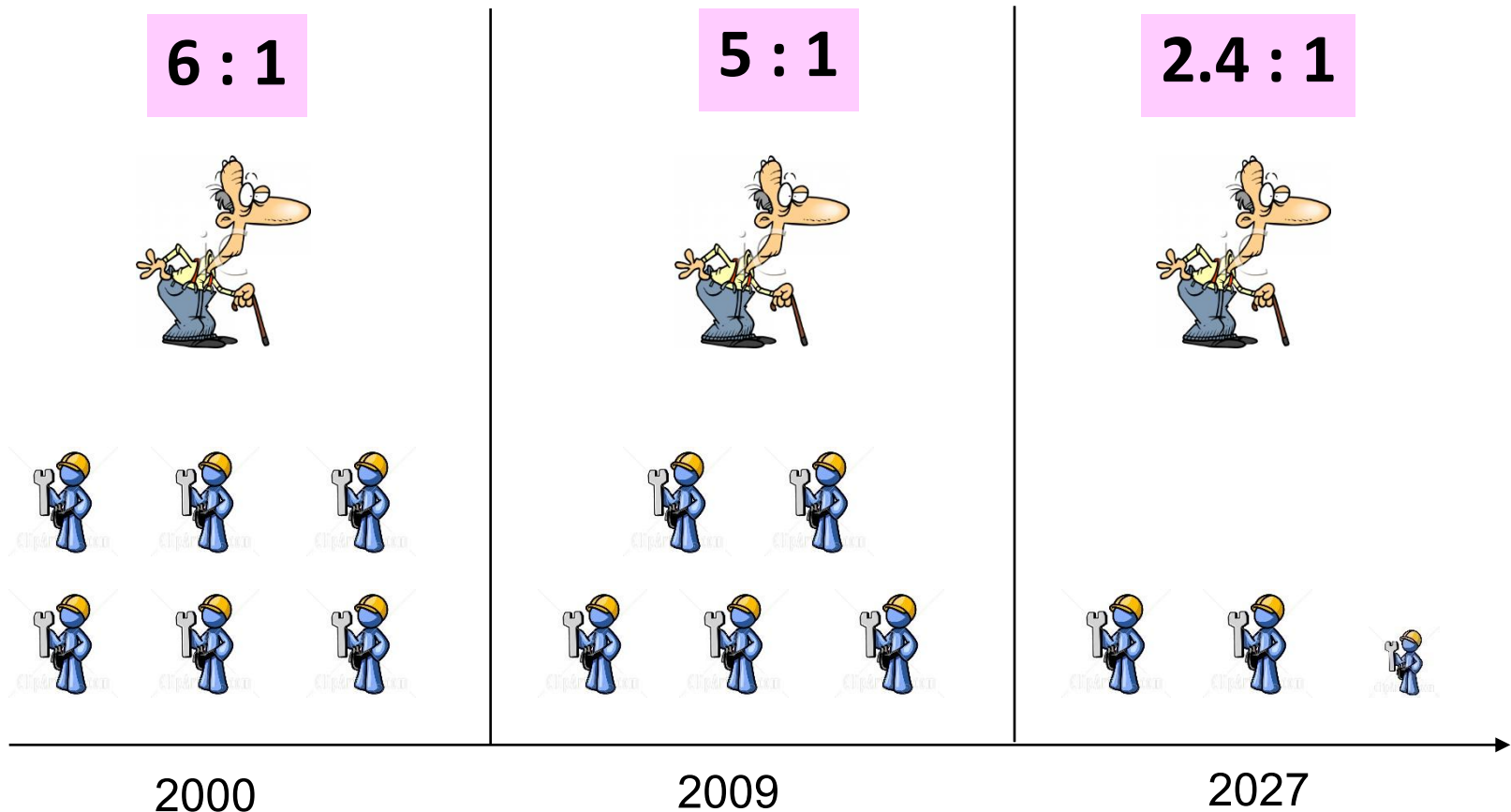
Enterprises



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