A Brief on the Vietnamese Pension Schemes

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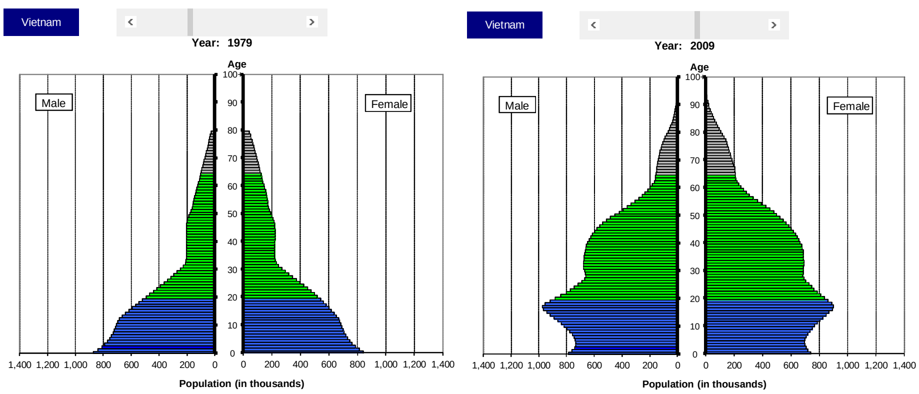
Sketch on demographic transition

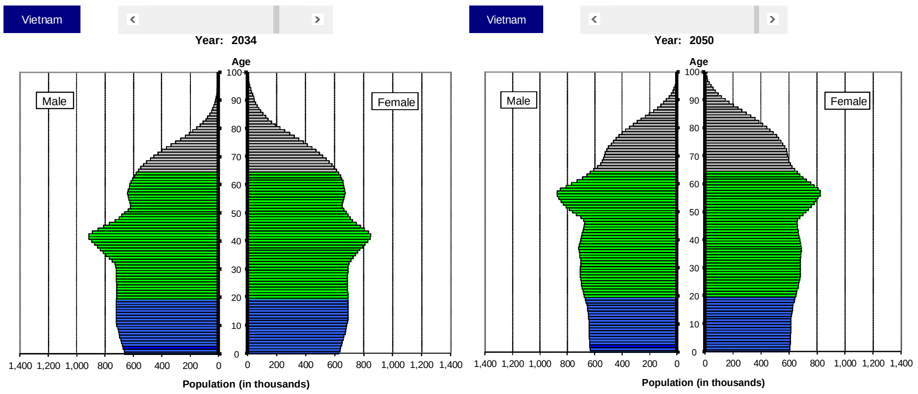
Moved from young to 'demographic dividend'



Source: United Nations (2010)

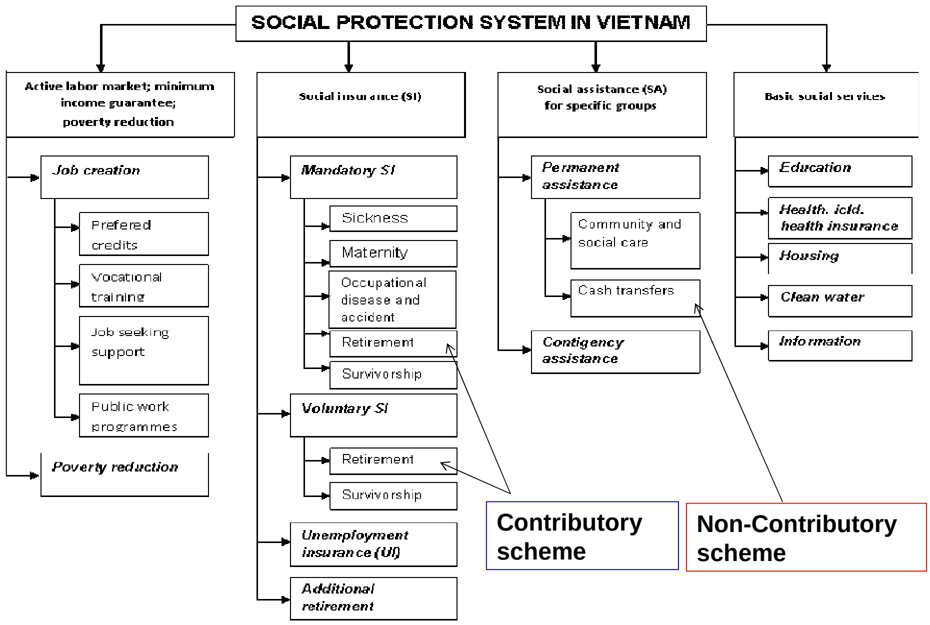
Sketch on demographic transition

... and to 'aged' and 'very aged' population



Source: United Nations (2010)

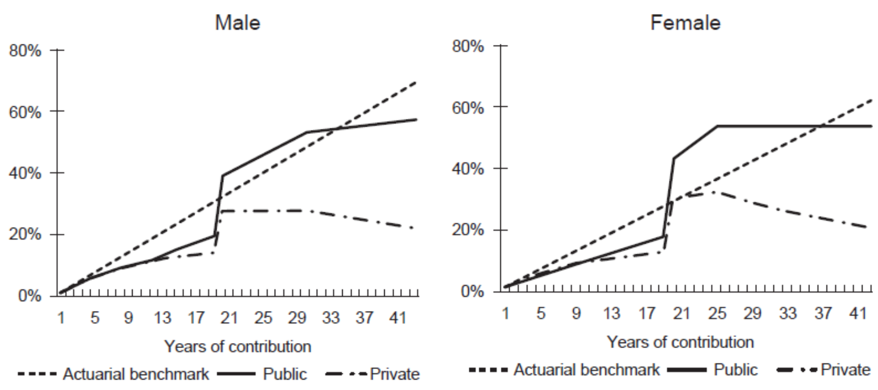
Structure of the Social Protection System



Contributory Pension Scheme

- Compulsory for public servants and SOE workers, as well as contract-based private sector workers. Currently, 10.9 million contributors
- Voluntary for other workers. Currently, 0.6 million contributors. This is really limited! WHY?
- Contribution rate is 22 percent of payroll, of which 14% from employers and 8% from employees
- Benefit formulas are different for males and females, for public and non-public sector workers
- Replacement rate is high, but absolute level is not adequate for living.

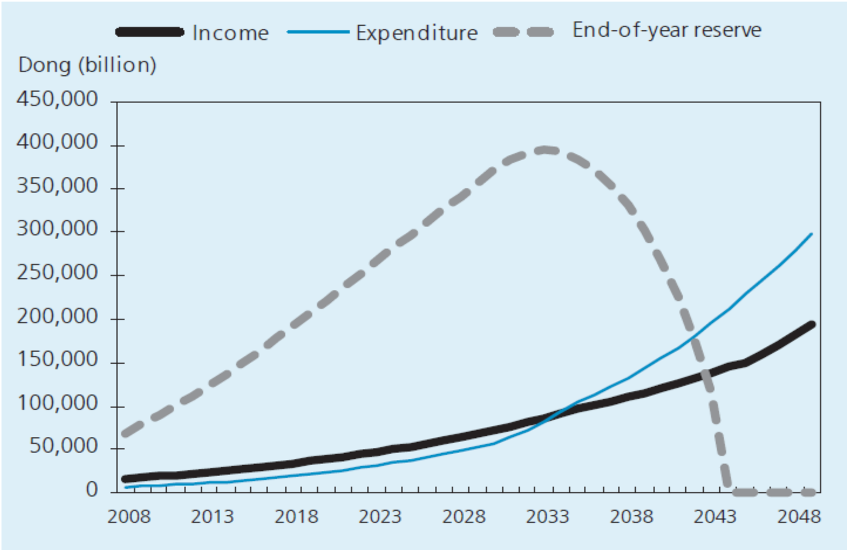
Contributory Pension Scheme



Though, 28-year contribution will be paid for only 10 years in retirement, while average expected receiving period is 19.5 years (for males is about 17 years, and females is about 22 years)

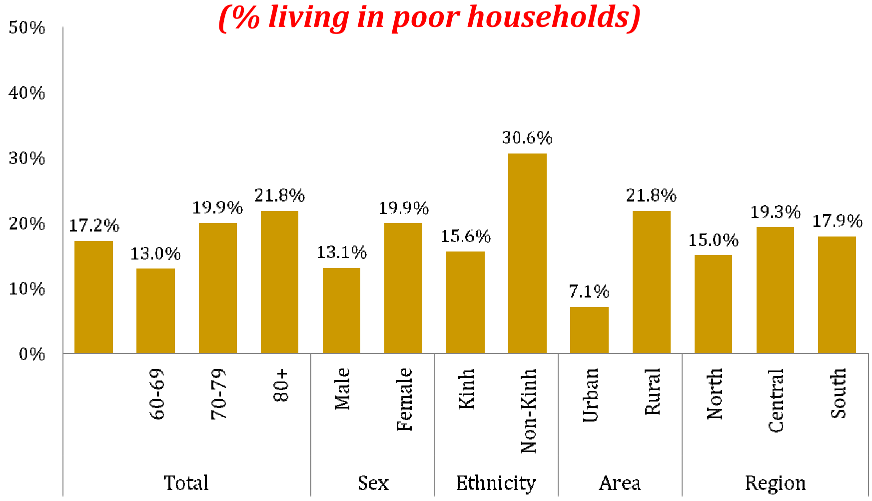
Contributory Pension Scheme

- Long-term financial balance



Non-contributory Pension Scheme

More vulnerable people are poorer
(% living in poor households)



Source: Vietnam Aging Survey (VNAS) 2011

Non-contributory Pension Scheme

Category	Beneficiaries	Multi-plier	Benefit level
1	Older people living in poor households, AND: 1/ living alone; or 2/ living with ill older spouse and do not have any children, grandchildren or relatives to support		
	- Under 80 years old	1,0	180
	- Under 80 years old, and are severely disable;	1,5	270
	- 80 years old and over	1,5	270
	- 80 years old and over, and are severely disable;	2,0	360
2	80 years old and over - but not as in 1 - who do not have retirement or other social allowance benefits	1,0	180

Non-contributory Pension Scheme

Milestones of the social pensions scheme

No.	Time	Age eligibility	Benefit per month
1	26 March 2000	90 and over	VND 45,000 (or about $3)
2	2004	90 and over	VND 65,000 (or about $4.2)
3	13 April 2007	85 and over	VND 120,000 (about $7.5)