Public Pension Schemes in Thailand:

Current Situations and Reforms

Worawet Suwanrada

Dean, College of Population Studies, Chulalongkorn University

Associate Professor, Faculty of Economics, Chulalongkorn University

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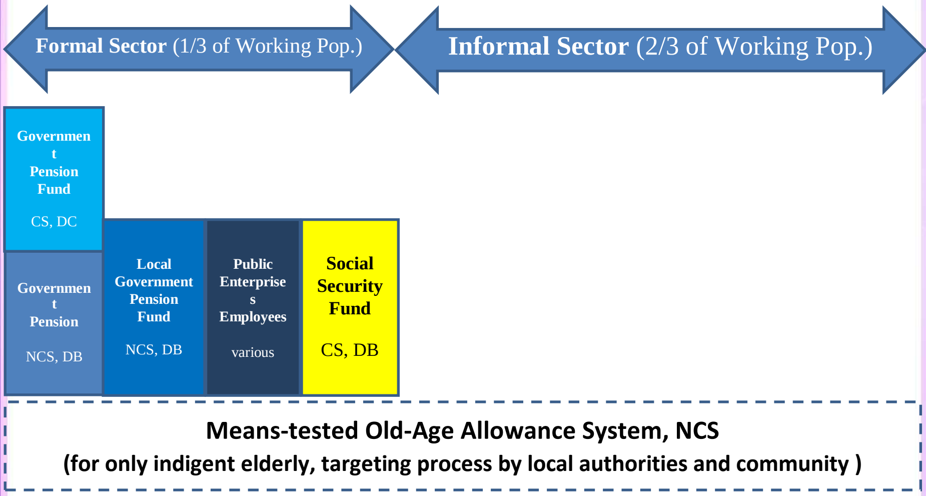
College of Population Studies Chulalongkorn University

Major Characteristics of Current Public Pension Schemes in Thailand

- Mixed system between occupational (or labor status)-based pension system (for formal sector's working population, says employees) and Old Age Allowance System
  - Universal coverage by Old Age Allowance System for the elderly who are not pensioners under occupational-based pension system.
- Mixed system
  - between non-contributory schemes and contributory schemes
  - Between DB and DC
- Fragmented system, managed by many governmental organization
- No governmental function to be responsible for entire picture of all public pension schemes.

Entire Picture of Public Pension Schemes in Thailand: Before 2009



CS=Contributory System, NCS=Non CS, DC=Defined Contribution, DB=Defined Benefits

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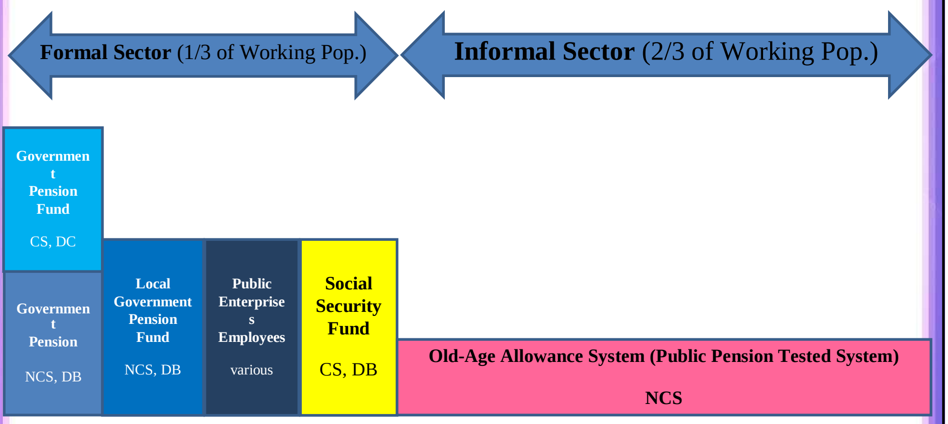
Expansion of coverage for current elderly and the informal sector: Universalization of Old Age Allowance in 2009

- Universal Coverage of Old Age Allowance System from 2009 (Registration-based Approach)
- Qualifications of Beneficiaries
  - Thai nationality
  - Registering residency in relevant local authorities
  - Being 60 years or older and registering and applying for old-age allowance to the local authorities
  - ***Must not be receiving a pension or equivalent benefits from national governmental organizations, public enterprises or local authorities (=public pension tested)***
  - **Note: before 2009: (i) abandoned (ii) without caregivers (iii) poor or (iv) cannot work, the elderly, with more characteristics above and cannot access to public services or live in remote area, are prioritized.**

Entire Picture of Public Pension Schemes in Thailand: After 2009



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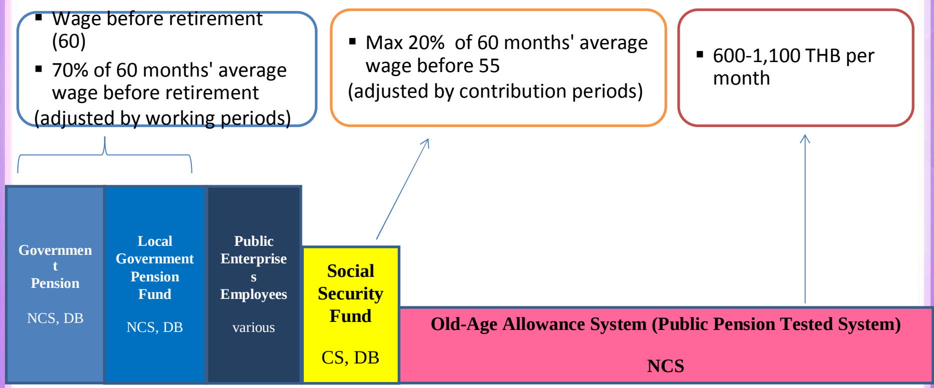
Coverage

Percent receiving any income from various sources and main source of current income among persons 60 and older, 1994, 2002, 2007 and 2011, %

Source of old-age income	Percent receiving any income from the following source				Main source of current income		
	1994	2002	2007	2011	1994	2007	2011
work	38.0	37.7	37.8	42.7	31.5	28.9	35.1
pension	4.1	4.3	5.4	7.5	4.0	4.4	6.0
old age allowance	0.5	3.0	24.4	81.4	0.0	2.8	11.4
interest, saving, rent	17.1	18.0	31.7	35.7	1.7	2.9	2.6
spouse	21.4	17.4	23.3	21.4	4.6	6.1	3.1
children	84.5	77.2	82.7	78.5	54.1	52.3	40.1
relatives	11.4	6.9	11.0	8.9	2.4	2.3	1.5
other	8.8	2.6	1.5	2.5	1.7	0.5	0.2
total	-	-	-	-	100.0	100.0	100.0

Source: Table 4.2 in Knodel, Prachuabmoh and Chayovan (2013)'s "The Changing Well-being of Thai Elderly: An update from the 2011 Survey of Older Persons in Thailand", College of Population Studies, Chulalongkorn University and HelpAge International.

Replacement Rate:
disparity among systems / low in case of non-government officials



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To increase benefits for old age allowance's beneficiaries: Establishment of National Saving Fund (1)

- In the beginning of 2011, Thai parliament passed the "National Saving Fund Act," which is the defined contribution-type pension system.
- The ultimate goal is to expand the coverage of contributory public pension schemes to more of the working class population in the informal sector, namely the persons who do not work as employed persons in formal working places (Target age group: currently be 15-59 years of age)
- The system is voluntary and defined as a contribution system.

To increase benefits for old age allowance's beneficiaries: Establishment of National Saving Fund (2)

- Contribution: The members of this fund must contribute a defined amount of payment to the fund monthly, namely 50 Baht (1.66 USD) or 100 Baht (3.33 USD).
- Co-contribution: The government will co-contribute in addition to the individual's monthly contribution.
- The level of co-contribution by the government is according to the age of the member.
  - If under 30 years of age, the government will co-contribute 50%,
  - 30-50 years of age, 80%,
  - 50 years and up, the government will co-contribute 100% of the member's contribution.

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To increase benefits for old age allowance's beneficiaries: Establishment of National Saving Fund (3)

- Every member has his or her own individual account.
- The National Saving Fund has an obligation to manage the members' individual accounts to attain high returns, which will be guaranteed at a certain rate