INDONESIA PENSION CONFERENCE
25 YEARS OF PENSION SAVINGS
“Way Forward for Next Quarter Century”

25-26 April 2017
Grand Hyatt Hotel, Jakarta
EMPLOYER PENSION FUND, PROSPECTS AND CHALLENGES

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Association Of Indonesia Employer Pension Fund

Jakarta, 25-26 April 2017
PENSIONS SYSTEM IN INDONESIA

Individual Program
(Saving Funds, insurance and other investments)

Pension Fund Law No. 11/1992
- Employer Pension Fund (EPF) → DBPF & DCPF
- Financial Institution Pension Fund (FIPF) → Banks and insurance companies

Public Pensions (Mandatory)
- National Social Security System (Law No. 40/2004)
  ✓ Healthcare Social Security Agency (BPJS-KS) – Perpres No. 12/2013
  ✓ Worker Social Security Agency (BPJS-TK) - PP No. 45/2015
## Number of Pension Funds 2014 - 2016

<table>
<thead>
<tr>
<th>Pension Fund Type</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>EPF-DBPF</td>
<td>194</td>
<td>190</td>
<td>180</td>
</tr>
<tr>
<td>EPF-DCPF</td>
<td>48</td>
<td>45</td>
<td>44</td>
</tr>
<tr>
<td>FIPF</td>
<td>25</td>
<td>25</td>
<td>25</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>267</strong></td>
<td><strong>260</strong></td>
<td><strong>249</strong></td>
</tr>
</tbody>
</table>
PARTICIPANT OF PENSION FUND IN INDONESIA
2013 - 2015

<table>
<thead>
<tr>
<th>Pension Fund Type</th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>EPF-DBPF</td>
<td>1.081.021</td>
<td>1.103.840</td>
<td>1.088.755</td>
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<tr>
<td>EPF-DCPF</td>
<td>285.147</td>
<td>342.169</td>
<td>352.610</td>
</tr>
<tr>
<td>FIPF</td>
<td>2.267.477</td>
<td>2.479.435</td>
<td>2.748.162</td>
</tr>
<tr>
<td>Total</td>
<td>3.633.645</td>
<td>3.925.444</td>
<td>4.189.527</td>
</tr>
</tbody>
</table>
### ASSET AND INVESTMENT PENSION FUND IN INDONESIA 2014 - 2016

USD (Billion)

<table>
<thead>
<tr>
<th></th>
<th>Total Assets</th>
<th></th>
<th>Total Investments</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>EPF - DBPF</td>
<td>10,74</td>
<td>9,89</td>
<td>10,97</td>
<td>10,32</td>
</tr>
<tr>
<td>EPF - DCPF</td>
<td>1,65</td>
<td>1,61</td>
<td>1,98</td>
<td>1,63</td>
</tr>
<tr>
<td>FIPF</td>
<td>3,18</td>
<td>3,48</td>
<td>4,74</td>
<td>3,08</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>15,57</td>
<td>14,98</td>
<td>17,69</td>
<td>15,03</td>
</tr>
</tbody>
</table>
TOTAL ASSET & TOTAL INVESTMENT
EMPLOYER PENSION FUNDS
2014 - 2016
EMPLOYER PENSION FUND PROSPECTS

• Sustained and inclusive Indonesian economic growth
  ✓ Strong business confidence,
  ✓ Rapidly growth of middle income needs future pension funds system,
• Help reducing country’s pension expense and increase social wealth;
• Increasing the corporate image of Employer/Sponsor by having pension fund program.
EMPLOYER PENSION FUND CHALLENGES

• Regulation
  ✓ BPJS-TK (mandatory)
  ✓ Employer tend to switch from EPF to FIPF
  ✓ Limited source of fund to be managed → revision of Pension Fund Law No. 11/1992

• Increase of life expectancy
  ✓ Increasing burden (contribution < benefit)
  ✓ Asset Liabilities mismatch (poor asset allocation)
EMPLOYER PENSION FUND CHALLENGES

• Lower interest rate era
  ✓ lower ROI  
  ✓ Slower growth of asset and investment

• Decreasing number of EPFs:
  ✓ employers mergers,  
  ✓ switch to FIPF,  
  ✓ Efficiency  
  ✓ financial difficulties;
CONCLUSION

To grow significantly in term of number, asset, investment, pension benefits, EPF needs:
• Strong support from and collaboration with stakeholders;
• Speed up revision of Pension Law No. 11/1992;
• Synchronizing of law and regulation;
• Additional source of fund to be managed
• Diversifying type of pension fund
Thank You