



# 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

---

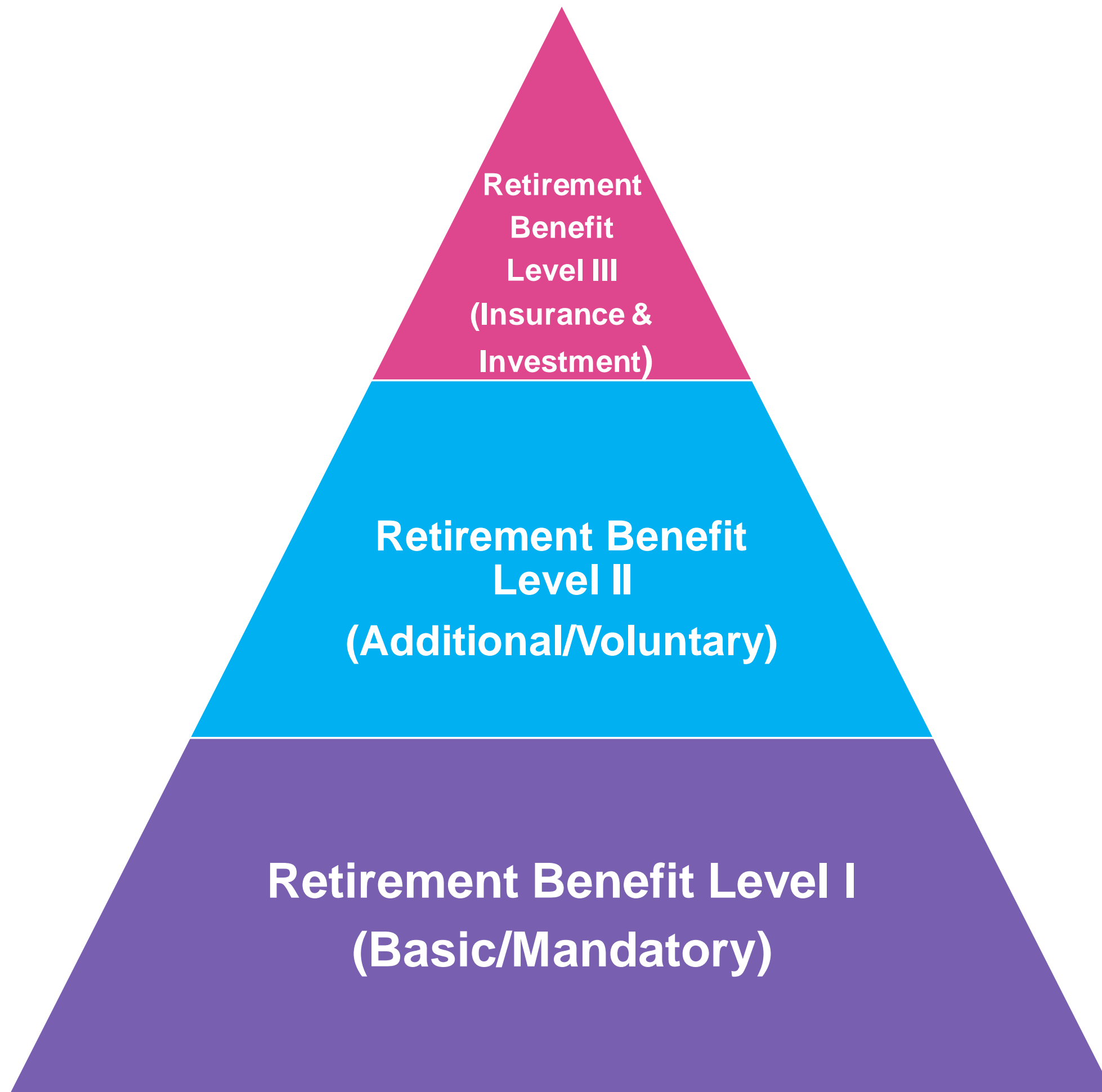
**Mudjiharno M. Sudjono**

Association Of Indonesia Employer Pension Fund

Jakarta, 25-26 April 2017



# PENSIONS SYSTEM IN INDONESIA



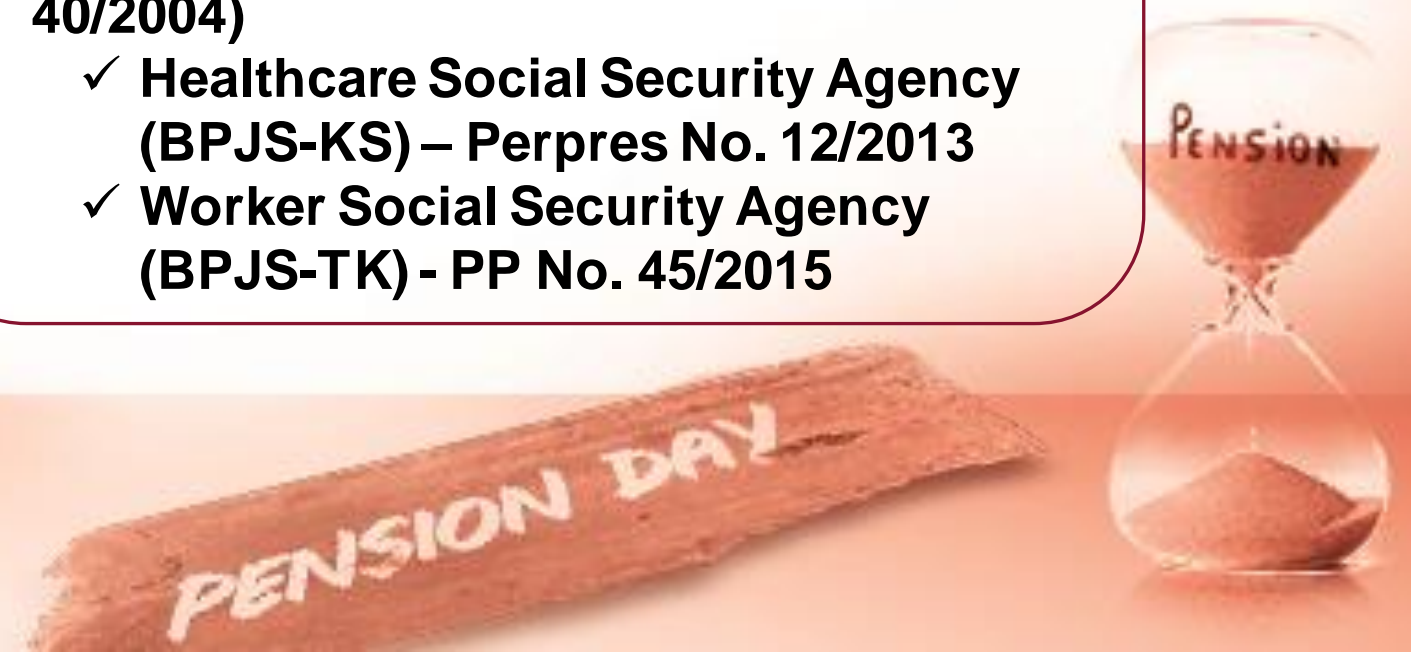
**Individual Program  
(Saving Funds, insurance and  
other investments)**

## **Pension Fund Law No. 11/1992**

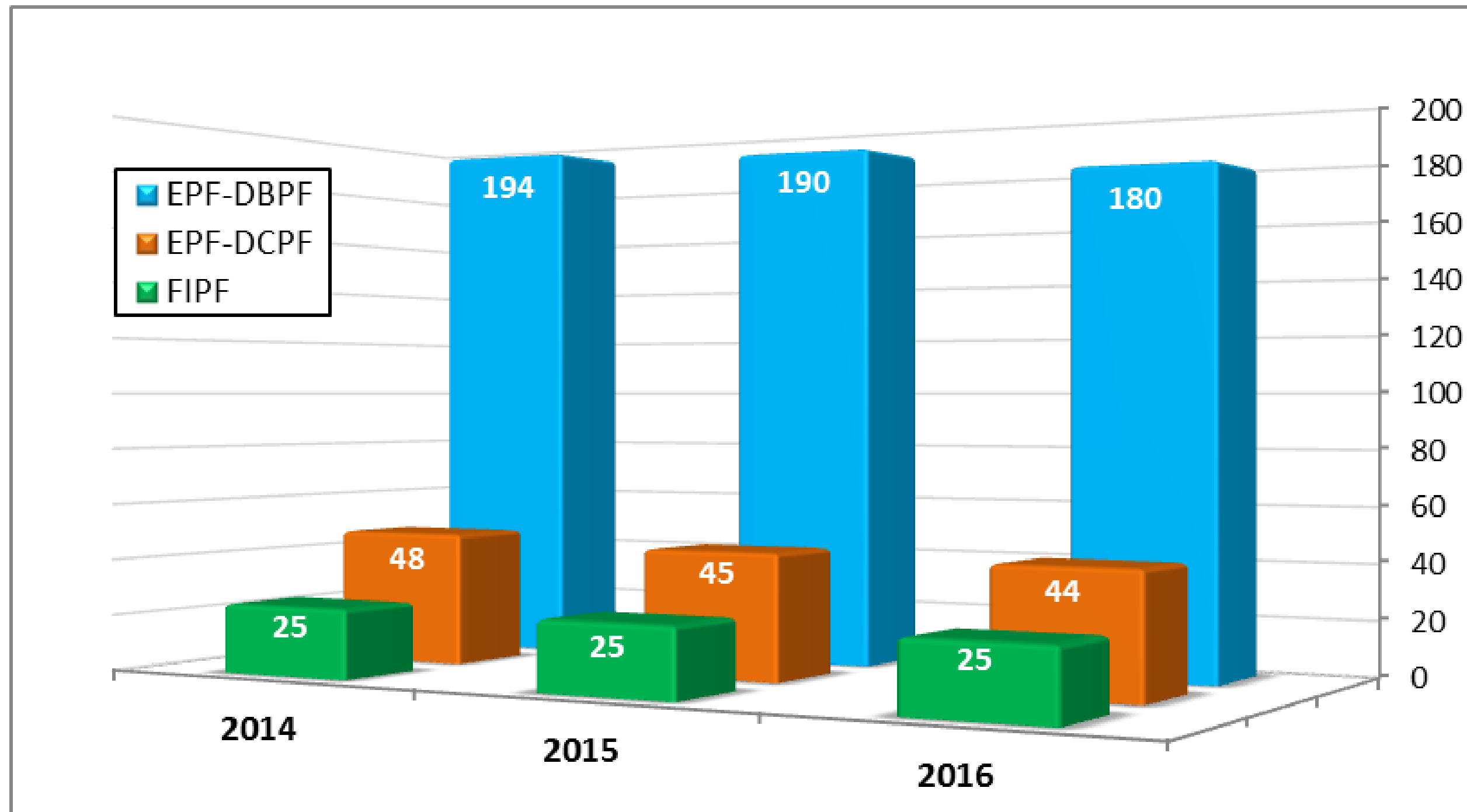
- **Employer Pension Fund (EPF)**  
→ DBPF & DCPF
- **Financial Institution Pension Fund (FIPF)**  
→ Banks and insurance companies

## **Public Pensions (Mandatory)**

- **Employment Social Security - Jamsostek (Law No.3/1992)**
- **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



Pension Fund Type	2014	2015	2016
EPF-DBPF	194	190	180
EPF-DCPF	48	45	44
FIPF	25	25	25
<b>Total</b>	<b>267</b>	<b>260</b>	<b>249</b>



## PARTICIPANT OF PENSION FUND IN INDONESIA 2013 - 2015

Pension Fund Type	2013	2014	2015
EPF-DBPF	1.081.021	1.103.840	1.088.755
EPF-DCPF	285.147	342.169	352.610
FIPF	2.267.477	2.479.435	2.748.162
<b>Total</b>	<b>3.633.645</b>	<b>3.925.444</b>	<b>4.189.527</b>



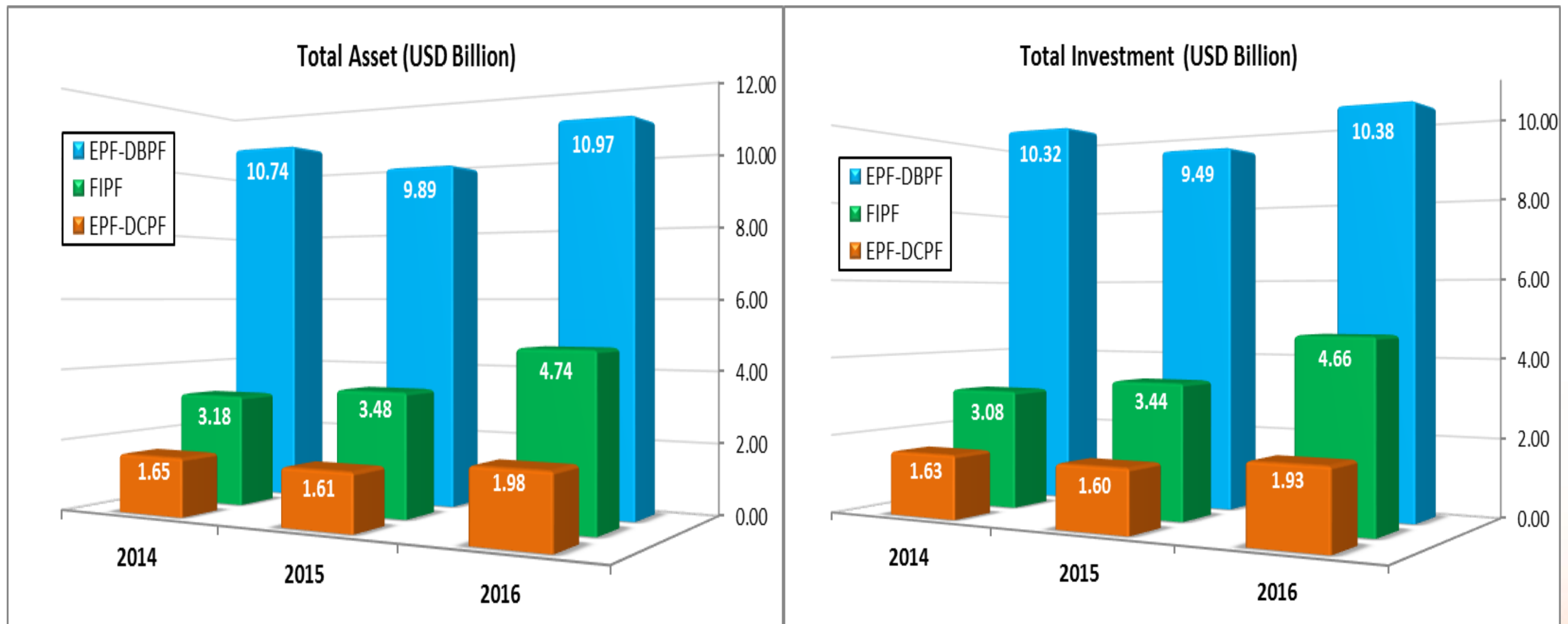
## ASSET AND INVESTMENT PENSION FUND IN INDONESIA 2014 - 2016

USD (Billion)

	Total Assets			Total Investments		
	2014	2015	2016	2014	2015	2016
<b>EPF - DBPF</b>	10,74	9,89	10,97	10,32	9,49	10,38
<b>EPF - DCPF</b>	1,65	1,61	1,98	1,63	1,60	1,93
<b>FIPF</b>	3,18	3,48	4,74	3,08	3,44	4,66
<b>Total</b>	15,57	14,98	17,69	15,03	14,53	16,98



# 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**

