

Asian Civil Service Pension Forum 2021

“The Present and Future of
Asian Civil Service Pension Schemes”

22(Mon) - 23(Tue) Nov. 2021



공무원연금공단
Government Employees Pension Service

Program

“ The Present and Future of Asian Civil Service Pension Schemes ”

Day 1 (22 Nov)

12:30-13:00 • Registration

13:00-13:10 • Welcome Address

- Hwang Seo Chong (CEO, GEPS, Korea)

13:10-14:20 • Keynote Speech

| New challenges for an aging population and social security policy responses

- Cho Young Tae (Professor, Seoul National University)

| The Present and Future of Asian Civil Service Pension Schemes

- Mukul G. Asher (Professor, National University of Singapore)

14:20-15:00 • Group Photo & Break Time

15:00-16:00 • Session 1

| Case sharing of Asian Civil Service Pension Reforms

- Song In bo (Director, GEPS, Korea)

- Pisut Sampatanukul (Director, GPF, Thailand)

16:00-17:30 • Session 2

| Service Innovation in the Covid-19 pandemic

- A.N.S.Kosasih (CEO, PT TASPEN, Indonesia)

- Muhamad Hafiz Abas (Director, KWAP, Malaysia)

- Nora M. Malubay (Executive Vice President, GSIS, Philippines)

Day 2 (23 Tue)

11:30-12:40 • Session 3

| Future Plans on the Asian Civil Service Pension Forum

Contents

- **Welcome Address**

- Hwang Seo Chong (CEO, GEPS, Korea)

Keynote Speech

- **New challenges for an aging population and social security policy responses** 3
 - Cho Young Tae (Professor, Seoul National University)
- **The Present and Future of Asian Civil Service Pension Schemes** 15
 - Mukul G. Asher (Professor, National University of Singapore)

Session 1

- **Government Employees Pension Reforms in the Republic of Korea : Achievements and Future Challenges in an Ageing Society** ... 37
 - Song In bo (Director, GEPS, Korea)
- **Thailand's Government Pension Reform** 49
 - Pisut Sampatanukul (Director, GPF, Thailand)

Session 2

- **TASPEN Service Innovation** 61
 - A.N.S.Kosasih (CEO, PT TASPEN, Indonesia)
- **KWAP Committed to Servicing Pensioners during the Covid-19 Pandemic** 69
 - Muhamad Hafiz Abas (Director, KWAP, Malaysia)
- **GSIS Covid Response and the Annual Pensioners Information Revalidation (APIR)** 79
 - Nora M. Malubay (Executive Vice President, GSIS, Philippines)



안녕하십니까?

오늘 온·오프라인으로 개최되는 아시아 공무원연금 포럼에 참석해 주신 내외
귀빈 여러분께 깊은 감사의 말씀을 드립니다.

특히, 바쁘신 가운데도 기조연설을 승낙해 주신 서울대학교 ‘조영태’ 교수님,
싱가포르대 ‘무쿨 아셔(Mukul G. Asher)’ 교수님, 그리고 자리를 빛내 주신

피티타스펜(PT TASPEN)의 ‘에이 앤 에스 코사시(A.N.S. Kosasih)’ 이사장님과 케이더블유에이피(KWAP)의
‘닉 암리잔 모하메드(Nik Amlizan Mohamed)’ 이사장님께 감사드립니다.

또한, 오늘 세션의 발표를 위해 수고해 주신 인도네시아, 말레이시아, 필리핀, 태국의 발표자분들께도
감사드립니다.

유네스코 세계자연유산에도 등재된 아름다운 이 곳 제주에서 행사를 개최함에도 불구하고, 코로나19로
인해 함께하지 못하고 온라인으로 참석하신 외빈께서는 아쉬운 마음을 전합니다.

조속히 팬데믹이 진정되어 모두 한자리에 마주하기를 희망합니다.

잘 아시다시피, 오늘날 많은 국가들은 저출산·고령화라는 공통된 도전과제에 직면해 있습니다.

세계은행(The World Bank)에서는 2019년 동아시아 국가 합계 출산율이 1.81이라고 발표하였는데, 이는
1965년 출산율 5.72와 비교해 볼 때 급격한 변화이며 앞으로도 지속적인 하락이 예상됩니다.

생산인구 감소와 더불어 고령인구 증가라는 인구학적 변화는 우리 사회 모든 영역에 영향을 미치고 있으며,
특히 공적연금제도의 지속가능성에 대한 심각한 도전이 되고 있습니다.

이와 같은 상황에 대처하기 위하여 이미 많은 국가들은 공적연금 지출규모를 축소하거나, 수입을 증대하는 등
미래세대의 부담을 줄이기 위한 다양한 노력을 기울이고 있습니다.

한국의 경우도 유사한 변화를 겪고 있으며, 이를 극복하기 위한 정책을 지속적으로 추진하고 있습니다. 특히 다른 나라보다 심각한 저출산·고령화 현상으로 앞으로 세계 최고 고령국가가 될 것이라는 전망도 나오고 있는 상황에서, 그간 4차례의 공무원연금 개혁을 단행하였습니다.

가장 최근에 이루어진 2015년 연금개혁은 공무원단체, 시민단체, 전문가 등 모든 이해관계자들과의 충분한 논의와 합의를 바탕으로 일궈낸 성과로서, 미래 공무원연금의 재정적인 지속가능성을 크게 높인 것으로 평가받고 있습니다.

그러나 우리는 아직 갈 길이 멀다고 생각합니다. 지금까지의 개혁을 바탕으로 재정의 안정성 뿐만 아니라 적절한 노후보장을 제공할 수 있는 공무원연금제도를 만들기 위해 노력할 계획입니다.

여기 참석하신 아시아 국가 역시 저출산·고령화로 인한 공무원연금제도 지속가능성의 위기라는 공통된 도전과제에 직면해 있거나 앞으로 마주하게 될 것입니다.

이러한 상황 하에서 「아시아 공무원연금의 현재와 미래」라는 주제로 개최되는 이번 포럼은 시기나 주제 면에서 매우 의미 있다고 하겠습니다.

이번 제1회 아시아 공무원연금 포럼은 아시아 국가들이 직면한 공무원연금제도의 다양한 도전에 대해 다각적인 대응방안을 공유하고, 다함께 그 해법과 전략을 발굴할 수 있는 좋은 기회라고 생각합니다.

이번 포럼이 새로운 관계형성의 시발점이 되어 지속적인 네트워크 구축으로 상호연결성(interconnectedness)이 강화된다면, 우리의 공통된 문제에 대한 해답을 보다 폭넓게 찾을 수 있을 것이라고 기대합니다.

끝으로 오늘 이 포럼에 함께 해 주신 모든 분들의 건강과 행복을 기원합니다.

감사합니다.

2021. 11. 22.

공무원연금공단 이사장 황 서 중



Asian Civil Service Pension Forum 2021

"The Present and Future of
Asian Civil Service Pension Schemes"

Keynote Speech



Keynote Speech

New challenges for an aging population and social security policy responses



Cho Young Tae

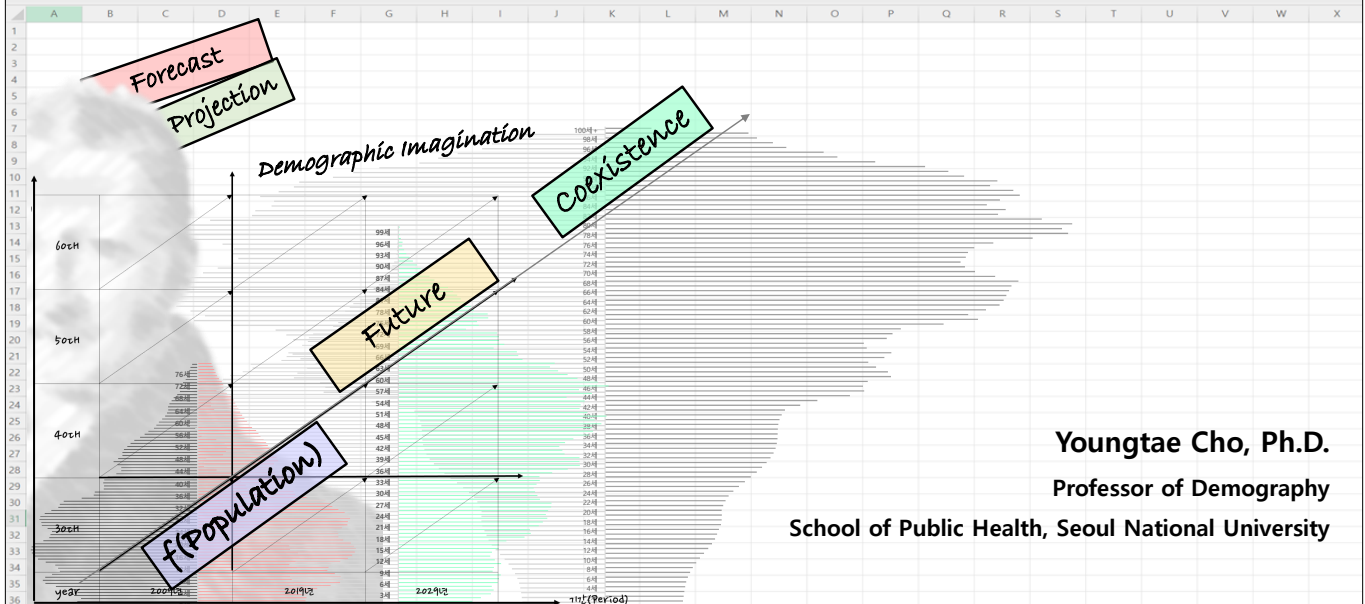
(Professor, Seoul National University)

- **Name** : Cho Young Tae
- **Position** : Professor
- **Organization** : Seoul National University

- Cho Young Tae is a professor of population studies at the Graduate School of Public Health, Seoul National University. He has served as the director of SNU Population Policy Research Center since 2019 as a policy advisor for the General Office for Population and Family Planning of the Vietnam Government since 2015. Currently, he studies the causes and long-term consequence of the lowest low fertility in Korea, the relationship between population conditions and economic growth in Vietnam, and the short- and long-term influence of population dynamics on market change. Professor Cho achieved his Ph.D., specialized in demography, from University of Texas-Austin.

$f(P)$

Population should be considered important: Lessons learned from Korea



Youngtae Cho, Ph.D.

Professor of Demography

School of Public Health, Seoul National University

 $f(1)$

Sustainability of public pension schemes depends on (in general)...

1. Service Plan: Contribution, Benefit, Prescription Period etc.
2. Management System: Funded-system, PAYG system, Mixed system
3. Fund Managing Ability
4. Tax Subsidy/Government Support Plan
5. Sizes of Contributor and Beneficiary

$f(2)$

Relative importance of each factor at the beginning stage

1. Service Plan: Contribution, Benefit, Prescription Period etc.
2. Management System: Funded-system, PAYG system, Mixed system
3. Fund Managing Ability
4. Tax Subsidy/Government Support Plan
5. Sizes of Contributor and Beneficiary

 $f(2)$

Relative importance of each factor at the beginning stage

1. Service Plan: Contribution, Benefit, Prescription Period etc.
2. Management System: Funded-system, PAYG system, Mixed system
3. Fund Managing Ability

4. Tax Subsidy/Government Support Plan

Literature during the 1980s, an early stage of public pension scheme in Korea,
focused mostly on these three factors.

5. Sizes of Contributor and Beneficiary

$f(3)$

Why little attention was paid to '4' and '5'?

4. Tax Subsidy/Government Support Plan

5. Sizes of Contributor and Beneficiary

- ✓ The size of contributor has never been smaller than that of beneficiary.
- ✓ Government support has never been necessary.

 $f(3)$

Why little attention was paid to '4' and '5'?

4. Tax Subsidy/Government Support Plan

5. Sizes of Contributor and Beneficiary

- ✓ The size of contributor has never been smaller than that of beneficiary.
- ✓ Government support has never been necessary.

All of these are due to 'young' or 'very young' population structure.

+

Life duration as a contributor is longer than life duration as a beneficiary.

$f(4)$

Recent growth of the attention on the population

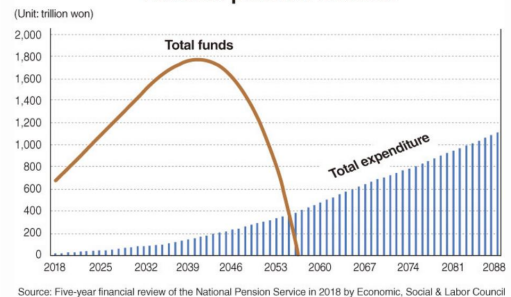
The Korea Herald

[Life, unprepared] Pension reality check looms as reformists face public backlash

2021-08-02 17:26

But the scheme is now being met with daunting challenges, as the imbalance between contributions and benefits persists despite having undergone two pension reforms, in 1998 and 2007.

National pension forecast

 $f(4)$

Recent growth of the attention on the population

The Korea Times

Gov't debt-to-GDP ratio to up to 92% by 2060

2020-09-02 : 17:00

The ministry data showed 22 million subscribers far outnumbering the 525,000 recipients in 2020. But the number of subscribers will sink to 17.85 million in 2040, whereas the recipients will spike to 13.07 million.

The number of recipients will soar further to 16.28 million in 2050 and 17.2 million in 2060. That of subscribers will dip to 14.88 million in 2050 and 12.09 million in 2060.

$f(4)$

Recent growth of the attention on the population



정치 > 국회 · 정당

공무원연금 적자 작년 2.5조→2025년 6.2조..."개혁 시급"

[국감브리핑] GDP 대비 적자규모 0.1%서 2060년 0.6%
 박완수 의원 "고령화 겹쳐 국가보전금 ↑...대책 마련을"
 (서울=뉴스1) 김일정 기자 | 2021-10-08 10:04 송고

Deficit of Government Employees Pension Service(GEPS),
 USD2.1billion in 2020 → 5.3billion in 2025...
 Government support will increase due to rapid population aging

Growing life expectancy.. increased number of recipients..
 gradual decrease in the population size..
 financial burden to the next generation will soar...

박 의원은 "수명 연장에 따른 연금수급자 증가로 정부의 보전금은 늘어나는데 인구는 지속적으로 줄어 결국 미래 세대의 부담은 기하급수적으로 커질 수밖에 없다"며 "지출 감소나 기금운용 효율화 같은 임시방편으로는 한계가 있는 만큼 보다 근본적인 공무원연금 고갈 대책 마련이 시급하다"고 말했다.

 $f(4)$

Recent growth in the attention on the population

- Recently, population dynamics have been one of the major focuses regarding the sustainability of public pension schemes overall including the Government Employees Pension Services.
- As the lowest low fertility persists and population aging progresses further, society overall begins to realize the reality of the adverse impact of recent population change.
- Now the population dynamic is considered as the most important and fundamental risk of the sustainability of public pension scheme in Korea.

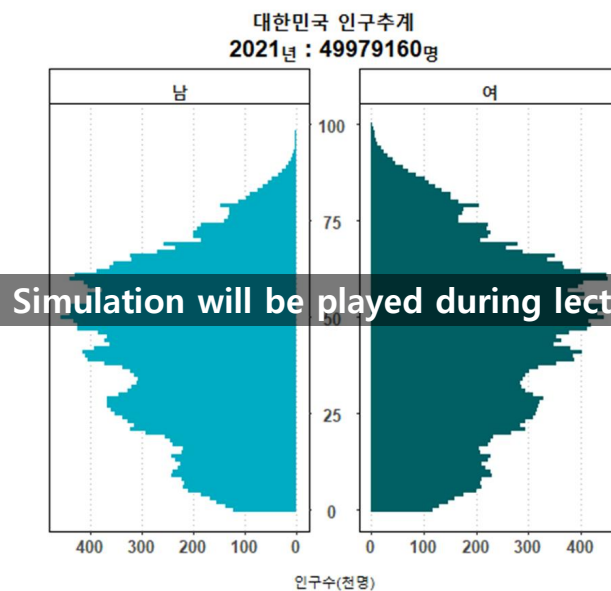
$f(4)$

Recent growth in the attention on the population

- Recently, population dynamics have been one of the major focuses regarding the sustainability of public pension schemes overall including the Government Employees Pension Services.
- As **Then how will the population of Korea change in the future?** overall begins to realize the reality of the adverse impact of recent population change.
- Now the population dynamic is considered as the most important and fundamental risk of the sustainability of public pension scheme in Korea.

 $f(5)$ Population Projection of Korea

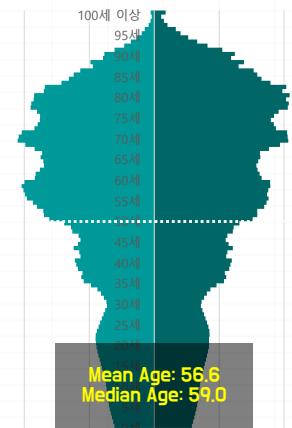
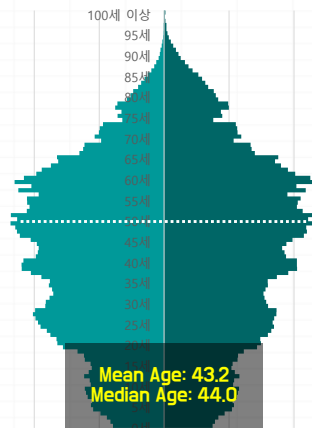
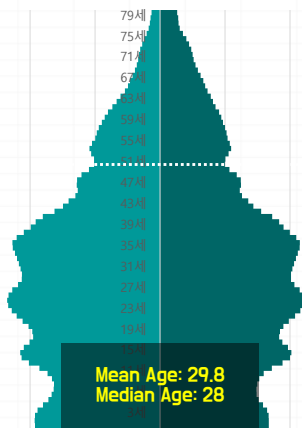
Conducted by the SNU Population Policy Research Lab, reflecting the most recent demographic changes and plausible assumptions.
Korean Nationals only.



Simulation will be played during lecture.

$f(6)$

How Dynamic Korea's Population Structure?

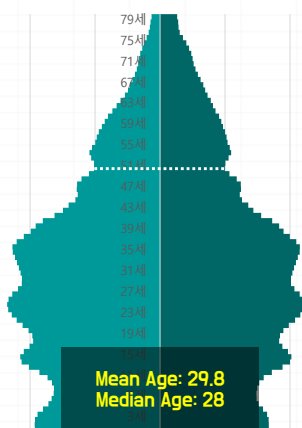


Same society? Different society?

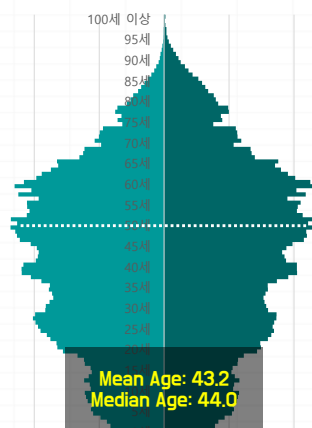
 $f(6)$

How Dynamic Korea's Population Structure?

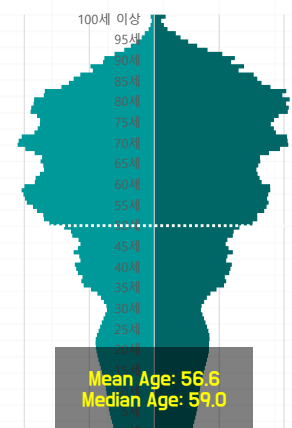
They are ALL Korea!



1991



2021



2051

$f(7)$

Can we reverse the expected population dynamics in the future?

	A	B	C	D	E	F	G	H	I	J	K	L	M	N	O	P	Q	R	S	T	U	V	W	X
1																								
2																								
3																								
4																								
5																								
6																								
7																								
8																								
9																								
10																								
11																								
12																								
13																								
14																								
15																								
16																								
17																								
18																								
19																								
20																								
21																								
22																								
23																								
24																								
25																								
26																								
27																								
28																								
29																								
30																								
31																								
32																								
33																								
34																								
35																								
36																								

$f(7)$

Can we reverse the expected population dynamics in the future?

	A	B	C	D	E	F	G	H	I	J	K	L	M	N	O	P	Q	R	S	T	U	V	W	X
1																								
2																								
3																								
4																								
5																								
6																								
7																								
8																								
9																								
10																								
11																								
12																								
13																								
14																								
15																								
16																								
17																								
18																								
19																								
20																								
21																								
22																								
23																								
24																								
25																								
26																								
27																								
28																								
29																								
30																								
31																								
32																								
33																								
34																								
35																								
36																								

- Unfortunately... it is IMPOSSIBLE

We should now consider the population dynamics 'a priori.'

$f(7)$

Can we reverse the expected population dynamics in the future?

- Unfortunately... it is IMPOSSIBLE

We should now consider the population dynamics 'a priori.'

1. Service Plan: Contribution, Benefit, Prescription Period etc.
2. Management System: Funded-system, PAYG system, Mixed system
3. Fund Managing Ability

→ These factors became more important than ever before!

 $f(8)$

Lessons learned from Korea's experience

- Population should be considered 'very important' when the population structure is still young.
- The pension scheme (all kinds) should watch closely how and to what extent fertility rate decreases and life expectancy increases from its early stage.
- GEPS is not independent from the overall population dynamics of the country.

f(8)

Lessons learned from Korea's experience

- Population should be considered 'very important' **when the population structure is still young.**
- The pension scheme (all kinds) should watch closely how and to what extent fertility rate decreases and life expectancy **increases from its early stage.**
- GEPS is not independent from the overall population dynamics of the country.

Early Stage Setting-up

Conservative approach on the future population dynamics is necessary!

Later Stage Reform

Managements of service plans and funds need to be conservatively reformed!

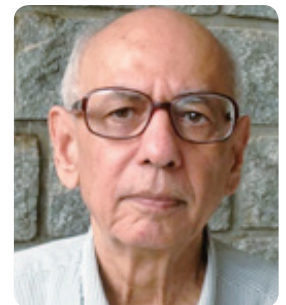
**The
Determined
Future**

**Never underestimate the power
of population dynamics!**



Keynote Speech

The Present and Future of Asian Civil Service Pension Schemes



Mukul G. Asher

(Professor, National University of Singapore)

- **Name** : Mukul G. Asher
- **Position** : Professor
- **Organization** : National University of Singapore

- Mukul G. Asher is a professor in the Lee Kuan Yew School of Public Policy at the National University of Singapore. He received his PhD in Economics from Washington State University in 1972. His undergraduate education was at Bombay (Mumbai) University.

He has been a consultant on tax reforms and social security issues to the Government of Gujarat, World Bank, International Monetary Fund, Asian Development Bank, Organization for Economic Cooperation and Development (OECD), and World Health Organization (WHO).

He has authored or edited several books, and has published numerous articles in national and international journals. He serves as advisor on the editorial board of several journals, including International Social Security Review (ISSR), and IIM-Bangalore Management Review, and Journal of Financial Regulation and Compliance. He is a Consulting Editor for E-Social Sciences (Ess), an electronic Journal published from Mumbai.

The Present and Future of Civil Service Pension Schemes

By *Mukul Asher*

To be presented at the Asian Civil Service Pension Forum 2021,
Organized by the Government Employees Pension Service, Republic of Korea.

<<<

Contents

>>>

CHAPTER 1	Introduction
CHAPTER 2	Guiding Principles of Civil Service Pension Reform
CHAPTER 3	Rationale for Civil Service Pension Reform in Asia
CHAPTER 4	Organization of the Civil Service Pension Schemes
CHAPTER 5	Select Assessments of Asian Civil Service Pension Arrangements
CHAPTER 6	Desirable Civil Service Pension Initiatives

Introduction 1

It is an honor to be invited by the organizers of the Asian Civil Service Pension Forum (ACSPF) 2021 to share my thoughts on the Present and Future of Asian Civil Service Pension Schemes. Globally, including in Asia, civil service pension reform has not received the deserved research and policy focus.

The Government Employees Pension Service (GEPS) of Korea therefore deserves commendation and gratitude for creating the ACSPF. I do hope the organization continues to grow in its membership, scope, and become even more influential in pension policies in Asia. This public policy issue of creating robust and fair civil service pension systems is very timely and will continue to be relevant in the future.

Introduction 2

Civil service pension issues cover a narrower range as they do not encompass broader public sector workers, in state enterprises, in military, and in some of the workers at state and local levels.

The tendency to engage contract workers at all levels for a fixed period, without pension benefits provided to regular civil service employees, is an issue which the policymakers will need to address. This practice could also impact wage levels in the public and private sectors, a research area meriting consideration.

Introduction 3

Treatment of pension benefits of workers of the state-owned enterprises is a major challenge in divesting or privatizing these enterprises. Broader public sector also includes military pensions, which because of the special nature of military profession (e.g. early enough retirement age to have a second career) are subject to separate arrangements.

This presentation however is confined to the civil service pensions at all levels of government, with focus on Asia. In some Asian countries, state and local civil servants were provided pension benefits at a later stage than the Federal government civil servants.

Guiding Principles of Civil Service Pension Reform 1

NASRA (National Association of State Retirement Administrators (NASRA) in the United States) has adopted the following guiding principles to retirement security and public plan sustainability.

<https://www.nasra.org/content.asp?contentid=45>

accessed on 23 October 2021

Of the NASARA guidelines, the following are relevant for Asian countries, with adaptation for the local context:

- Policy driven decision making based on objective and pertinent information
- Long-term time horizon for sustainability
- Incorporate economic effects of public plan financing mix, benefit adequacy, benefit distributions, and funding
- Mandatory participation, shared financing, pooled investment and longevity risks

Guiding Principles of Civil Service Pension Reform 2

Moreover, in Asia, equitableness of civil service pension arrangements of the Federal or national government on the one hand, and state and local government civil servants on the other, merits serious consideration.

Rationalization of plethora of special pension arrangements for some public sector organizations also merits revisiting (Whitehouse, 2011).

Rationale for Civil Service Pension Reform 1

In his preface, Takayama (2011) stressed the following reasons for addressing the research gap between civil service (and military) pensions and the national pension systems.

The Takayama (2011) Volume had chapters on civil service and military pensions in seven Asian countries (Korea, Indonesia, India, China, Malaysia, Singapore, and Japan), Australia, United Kingdom, and state and local civil service pensions in the United States. The Volume also had a chapter containing a survey of pension arrangements for public sector workers globally.

- I. The rationale for separate pension arrangements for the civil service (and military) needs to be reexamined in light of the 2008 Global Financial Crisis.
- II. There is uneven pension benefits between civil (and military) personnel on the one hand and the rest of the workers, whether in the formal or the informal sector, on the other, with disproportionate share of national pension expenditure accounted by the former.

This raises the issue of equitableness among various occupation groups.

Rationale for Civil Service Pension Reform 2

- III. The issue of transparency and accountability of civil (and military) pensions arrangements has significant scope for improvement.
- IV. For those civil service pension schemes with accumulated funds, is there a scope for generating better investment returns?. For unfunded civil service pension schemes, is there a need to revisit the funding options?

The above was written in the aftermath of the 2008 Global Financial Crisis (GFC). Since early 2020, globally as well as in Asia, the countries are preoccupied with managing the economic, fiscal, and social implications of the Covid-19 Pandemic.

The Covid-19 pandemic, and probability of future pandemics occurring, along with the rise of the digital economy, changing demographic and labor market dynamics, disruptive technology, and other factors, has enhanced the urgency of civil service pension reforms, including in Asia.

Rationale for Civil Service Pension Reform 3

The RaboBank (2020) Report on The Global Economy 2030 quotes the Clingendael Institute in the Netherlands as follows:

"A global multilateral rules-based order, supported by a pro-active and interventionist US, is gradually being replaced by a more fragmented world, in which geopolitics and geo-economics are becoming the dominant factors and universal rules, norms, and values are increasingly questioned."

The above suggests a complex global political economy.

Moreover, there are indications that wage and price inflation is exhibiting unexpected positive trend. This in turn has implications for monetary and fiscal policies of major economies, affecting investment environment. Those civil service pension systems with large exposure to global markets will face added complexity in generating returns. Greater competency in fiscal management and generating positive perceptions of fiscal sustainability have therefore acquired much greater importance than was the case before.

Rationale for Civil Service Pension Reform 4

Another major development has been growing share of the financial sector in the overall global economy, as well as in individual countries.

This is referred to as financialization of the global economy. This has been aided by unorthodox monetary policies, relying on quantitative easing, pursued by major central banks.

The emergence of disruptive technologies in the financial sector (Fin Tech) have also contributed to the financialization.

Organization of the Civil Service Pension Schemes 1

Rusconi and Pick (2020) report that of the 35 countries in the OECD (Organization for Cooperation and Development), only four had entirely separate schemes for civil servants. 17 countries have completely integrated schemes for public and private-sector workers. 10 countries implement a top-up scheme for civil servants in addition to their membership of private-sector schemes and four countries run schemes with the same parameters as for private-sector schemes but with a separate administration.

In Asia, however, nearly all civil service pension schemes are separate from the other occupation groups (Dorfman, 2019). Historically, pensions for civil servants were started much earlier than for the other occupation groups.

As an example, GSIS (Government Service Insurance System) in the Philippines was set up in 1936 for government workers. SSS (Social Security System) for private sector workers was started in 1954. These are two separate organizations with their own boards and differing contribution rates and pension payout arrangements.

Organization of the Civil Service Pension Schemes 2

The pensions were an attractive option as they deferred actual expenditure on pensions till later (most government accounting systems use cash method not accrual method which would recognize pension obligations in the year they accrued). Moreover, when civil service pensions were first introduced in the late 1940s and mid-1950s, the average life expectancy of a civil servants after retirement was low.

But this has dramatically changed with rising life expectancy in Asia, with civil servants in many cases receiving pensions for more years than their years of service, as retirement or pension eligibility ages have not kept pace with rising life expectancy. For civil service pensions, what matters is the demographic profile of the civil servants as a group, not that of the whole population. Indications are that civil servants as a group have longer life expectancy than men.

As share of women in civil service rises over the years, and as women outlive men by between 3 and 7 years on the average, this aspect will also have implications for sustainability of civil service options. Pensions were also regarded as an effective instrument to retain talent in the civil service.

Organization of the Civil Service Pension Schemes 3

The challenges in integrating separate civil service pension systems with the national system should not be underestimated, even if there is a political decision to do so.

This is illustrated by Indonesia's experience in integrating civil service pension organization P. T. Taspen (and ASABRI for military personnel) with BPJS Labor under the SJSN Law which mandated social insurance based arrangements for both health care (BPJS Health Care) and for pensions. (Bambang et.al.,2016)

Select Assessments of Asian Civil Service Pension Arrangements 1

There have been substantial policy, regulatory, investment management, and operational/ administrative reforms of civil service pension systems in Asia.

Nevertheless, there is continuing need to enhance the robustness, sustainability, and service quality of these systems.

▪ Malaysia

- Darmaraj and Narayanan (2019) make the following observations about Malaysia's civil service pension system. The civil service pension scheme (CSPS) in Malaysia is a defined benefit (DB), non-contributory system directly funded from the budget. But Malaysia's budget is based on the cash method of accounting. So pension liabilities are not recorded when occur.
- An aging population, rising life expectancy, and ballooning pension payments underscore the need for reform.
- An annual pension deficit model was used to estimate the pension deficit over a period of 75 years under eight scenarios that compare the current scheme with changes in the pension deficit when three policy variables—retirement age, contribution rate, and replacement rate—are manipulated.

Select Assessments of Asian Civil Service Pension Arrangements 2

▪ Malaysia

- They assess that the current scheme will not be financially sustainable. By increasing the retirement age, introducing employee contributions, and reducing the replacement rate, it is possible to delay the emergence of deficits and lengthen the period of sustainability of the scheme. Even these will be difficult given the political economy dynamics of Malaysia; and low level of public trust in pension and provident fund authorities. Much more extensive makeover than just the parametric reforms is necessary for Malaysia's civil service pensions to be fully sustainable.
- My suggestion: Consider introducing a sinking fund to which contributions are made (if feasible through unconventional sources such as monetizing national assets) to reduce the reliance on annual revenue budget to finance pension liabilities.
- The sinking fund should be transparent and managed professionally.
- Parametric reforms modelled by Darmaraj and Narayanan (2019) can be gradually introduced as political consensus and public trust evolves.

Select Assessments of Asian Civil Service Pension Arrangements 3

■ Thailand

- Civil servants in Thailand receive budget-financed DB (Defined Benefit) pension, plus a DC (Defined Contribution) accumulation fund known as GPF (Government Provident Fund), set up in 1997.
- It had 1.18 million government officials as members in September 2021.
- As of October 28 2021, GPF had net value of member's assets as Baht 430 Billion (USD 13.1 Billion), and if reserves are included, total assets were 1118 Billion Baht (USD 33.9 billion).
- The GPF invests globally, and its investment performance has been regarded as quite satisfactory. (see next two slides)

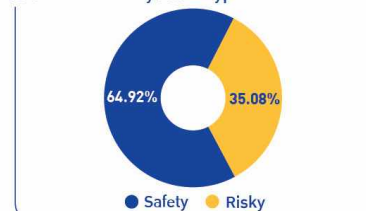
Select Assessments of Asian Civil Service Pension Arrangements 4

Default Plan: Asset Allocation as of 30 June 2021

Asset allocation by Asset Type

	Exposure (%)	Legal limit (%)
Safety	64.92	>60
Risky	35.08	<40
Total	100.00	

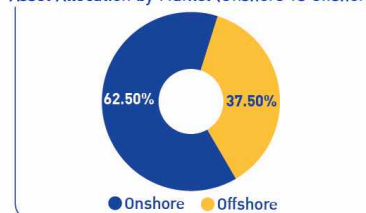
Asset allocation by Asset Type



Asset Allocation by Market (Onshore vs Offshore)

	Exposure (%)	Legal limit (%)
Onshore	62.50	>60
Offshore	37.50	<40
Total	100.00	

Asset Allocation by Market (Onshore vs Offshore)



Select Assessments of Asian Civil Service Pension Arrangements 5

GPF's Investment Plan Returns (As of 30 September 2021)

% Annualized Return

	Year to Date Return		1 Year Return		5 Years Return (p.a.)		Since Inception (p.a.)
	Before fee	After fee	Before fee	After fee	Before fee	After fee	After fee
Member Fund Inception Date 27 Mar 1997	4.97	4.81	8.89	8.68	4.76	4.55	6.21
Core/Default Plan Inception Date 27 Mar 1997	4.80	4.64	8.63	8.41	4.71	4.49	6.20
Equity-Weighted Balanced Plan Inception Date 25 Aug 2010	6.94	6.78	12.27	12.04	5.94	5.67	6.10
Fixed Income Plan Inception Date 25 Aug 2010	-0.01	-0.05	1.18	1.08	2.26	2.15	2.86
Money Market Plan Inception Date 27 Sep 2010	0.57	0.52	0.86	0.78	1.44	1.35	1.89
Thai Equity Plan Inception Date 8 Jan 2019	11.84	11.67	28.28	27.96	Start : 8 Jan 2019		0.18
Thai REIT Plan Inception Date 31 Jul 2020	2.04	1.95	-3.49	-3.62	Start : 31 Jul 2020		-5.64
Reserved Fund Inception Date 22 Feb 2001	2.08	2.06	2.81	2.78	3.03	2.99	4.09
Total	3.25	3.17	5.24	5.13	3.76	3.65	5.86

Select Assessments of Asian Civil Service Pension Arrangements 6

■ Thailand

- The analysis suggests that Thailand needs to fund civil service pensions; and manage its liabilities through appropriate parametric reforms.
- It also needs to ensure continuing transparency and accountability of GPF, and to have governance structures and functioning which sustains public trust in it.

Select Assessments of Asian Civil Service Pension Arrangements 7

■ The Philippines

- GSIS (Government Service Insurance System) in the Philippines was set up in 1936 for government workers. SSS (social Security System) for private sector workers was started in 1954. These are two separate organizations.
- GSIS is a unique social security organization in that besides administering pensions for the government employees, it also runs an insurance company, which has been profitable.
- GSIS (Government Service Insurance System) in the Philippines was set up in 1936 for government workers. SSS (social Security System) for private sector workers was started in 1954. These are two separate organizations.
- GSIS is a unique social security organization in that besides administering pensions for the government employees, it also runs an insurance company, which has been profitable.

Select Assessments of Asian Civil Service Pension Arrangements 8

■ The Philippines

- Its contribution rate (21 percent with no wage ceiling, 9 percent by the employee and 12 percent by the employer) is by international standards on the higher side, GSIS reports that its actuarial life was pegged at 23 years or until 2041 based on 2018 assessment.

<https://www.gsis.gov.ph/downloads/transparency/2019-GSIS-Annual-Report.pdf?csrt=14386868271722790035>

Accessed on 3 June 2021

- This suggests need for design reforms, improved governance, lower administration and investment management costs, and obtaining better returns from investment (actual return in 2019 was 8.2 percent of the assets) to prolong the year when benefits exceed contributions plus investment returns.
- Given robust Digital economy expertise of the Philippines, achieving lower administrative costs to contribution ratio should be feasible. It is suggested that this ratio be systematically tracked.

Select Assessments of Asian Civil Service Pension Arrangements 9

■ India

- The case of civil service pension reform in India exhibits that in a country with the Union Government and 28 states, each of whom has its own civil service pension arrangements, it is feasible to introduce Defined Contribution pension arrangements, with a common recordkeeping agency, and a pension regulator for those civil servants recruited after a certain date. The reform was driven by the studies exhibiting that the then existing system was fiscally and economically unsustainable.
- This implies a long transition phase in which those who were employed before the changeover date, continue to receive Defined Benefit, inflation adjusted pensions till they and their families continue to be eligible. This minimized the political opposition to the reform.
- Nearly all 28 states have introduced this reform, called the National pension System (NPS), since the Union government introduced it in 2004. This has created scale to minimize administrative costs.
- The NPS, by reducing lock-in period (of around 20 years) to qualify for civil service pensions, can be expected to have positive impact on labor mobility. Recent practice of lateral recruitment to the civil service could also help labor mobility. This is a promising area of research.
- The contribution rate was 10 percent each for employees and government as employer when NPS began. But in 2019, employer share was raised to 14 percent. This is on the high side. The future fiscal costs of the NPS also needs to be systematically tracked.

Select Assessments of Asian Civil Service Pension Arrangements 10

■ India

- Auctioning of the rights to manage NPS funds among several funds has helped to minimize investment management costs.
- The pension regulator, Pension Fund Regulatory and Management Authority (PFRDA) is tasked with regulation of pension funds and ensuring India's strength in digital technology are well utilized.
- All the funds (3.3 percent of GDP as of 30 September 2021) are invested domestically in India's stock and bond markets. For equity, only indexed funds are permitted.
- De -facto, the ultimate contingent liabilities of the NPS are however on the Union and State governments. These need to be managed.

Desirable Civil Service Pension Initiatives 1

(1) Analyze Pension and Health Care Arrangements Together:

- The Covid-19 pandemic has raised awareness of the key importance of public health care infrastructure and health management in economic management and for national resilience.
- Moreover, as civil servant's life expectancy increases, incidence of age related diseases such as Parkinson's disease and dementia, can also be expected to increase. Adequate health care service accessibility and affordability therefore become crucial for retirement income security of civil servants.
- What civil servant retirees desire are bundle of services needed in old age, not monetary sums.
- Research from this perspective could suggest context specific reform measures to improve retirement income security.

Desirable Civil Service Pension Initiatives 2

(2) Measures to Better Control Administrative and Investment Management Costs:

- Research on these aspects should define cost not just on the cash expenditure basis, but on an economic cost basis which values all the economic resources used in these activities.
- Digital economy, and Fin Tech developments provide opportunities to reduce these costs.
- Any cost saved would improve ultimate payout disproportionately.
- So there is merit in systematically tracking them.

Desirable Civil Service Pension Initiatives 3

(3) As many civil service pension schemes, at least partly, are funded from current revenues, modelling the future fiscal liabilities of these pension promises, called contingent liabilities, and sharing findings with the stakeholders, is essential :

- These liabilities should be in public domain, and be part of public financial management dialogue.
- There is merit in setting up sinking fund, with sound governance and competent management, to help meet these liabilities.
- Parametric and more fundamental reforms of civil service pensions be undertaken when needed.

(4) Develop Explicit strategy to tap the potential of the digital economy and of Fin Tech in civil service pension management.

Concluding Remarks 1

- The Government Employees Pension Service (GEPS) of Korea therefore deserves commendation and gratitude for creating the ACSPPF. I do hope the organization continues to grow in its membership, scope, and become even more influential in pension policies in Asia.
- The issue of civil service pension arrangements has acquired greater urgency not just because of the Covid-19 Pandemic induced economies and social changes, but also due to changing global and domestic political economy dynamics.
- Managing public finances, and perceptions of fiscal sustainability have acquired greater urgency.

Concluding Remarks 2

- Political economy demands for civil service pension arrangements to be more professional, transparent, and accountable are likely to become stronger.
- Such demands for examining equitableness of retirement income security arrangements of different occupation groups are also likely to arise.
- Actuarial projections of the civil service pension schemes, independently and regularly undertaken, and then put in public domain have become essential to manage contingent liabilities on the state arising from these schemes.
- Investments of civil service pension funds to global markets strengthens the case for managing the investment function much more competently giving higher priority to fiduciary responsibilities.

Concluding Remarks 3

- There is also a case for considering pension and health care services together in view of increasing life expectancy and age-related diseases.
- The need for skills in managing the political economy dynamics in their country by civil service pension organizations is also likely to become more evident.

References 1

- Bambang P. S. Brodjonegoro, Suhasil Nazara, and Fauzia Zen (2016). "Policy Challenges in Indonesian Social Security" in Asher, Mukul G. And Fauziah Zen (eds). Age related Pension Expenditure and Fiscal space, pp137-151
- Darmaraj, Sheila Rose and Suresh Narayanan, 2019. The Long Term Financial sustainability of the Civil Service Pension Scheme in Malaysia. Asian Economic Papers, 18(1), pp 155-178.
- Dorfman, Marc C. (2019). Civil Servant Pensions: Challenges and Reform Options", Washington, D. C.: The World Bank.
<https://thedocs.worldbank.org/en/doc/678181574288526712-0160022019/original/SPJCC19PCCD4S1DorfmanCivilServantPensions.pdf>
Accessed on 23 October 2021
- Park, Sang-Chul , Naohiro Ogawa, Chul Ju Kim, Pitchaya Sirivunnab, and Thai-Ha Le, 2021. "Introduction", In Demographic Transition and Its Impacts in Asia and Europe, Tokyo, Asian Development Institute, pp. 1-8.

References 2

- Rabobank (2020). The World in 2030.
https://economics.rabobank.com/globalassets/documents/2020/2020-aug-dec/sp20201009_every_mevisen_world_in_2030.pdf
Accessed on 1 November 2021
- Rusconi, Robert and Alexander Pick. (2020), Civil service pension reform in developing countries: Experiences and lessons, OECD Development Policy Papers November 2020 – No. 33
- Takayama, Noriyuki (ed.). (2011). Reforming Pensions for Civil and Military Pensions. Tokyo: Maruzen Publishing.
- Whitehouse, Edward. 2011. "Pension Scheme for public Sector workers: An International perspective", in Takayama, Noriyuki (ed.). (2011). Reforming Pensions for Civil and Military Pensions. Tokyo: Maruzen Publishing, pp. 1-28.

THANK YOU

To be presented at the Asian Civil Service Pension Forum 2021,
Organized by the Government Employees Pension Service, Republic of Korea.



Asian Civil Service Pension Forum 2021

“The Present and Future of
Asian Civil Service Pension Schemes”

Session 1

Case sharing of Asian Civil Service Pension Reforms

Session 1

Session 1

Government Employees Pension Reforms in the Republic of Korea : Achievements and Future Challenges in an Ageing Society



Song In bo
(Director, GEPS, Korea)

- **Name** : Song In Bo
- **Position** : Director
- **Organization** : Government Employees Pension Service

- Song In Bo is the director of the Government Employees Pension Service, Republic of Korea.

He has 30 years of experience in Pension Operations Department, Pension Research Institute, and Management Planning Department of the GEPS. Prior to appointed as a director of the Pension Research Institute, he was the Head of Gyeongin Branch Office.

He graduated with a Master's Degree in Social Policy from Sogang University, Korea, and obtained his Master and Doctor's Degree in Social Policy from University of Sheffield, U.K.

1st Asian Civil Service Pension Forum,
to be held in ICC Jeju
22-23 Nov 2021, Korea

Government Employees Pension Reforms in the Republic of Korea : Achievements and Future Challenges in an Ageing Society



Government Employees Pension Service

Contents

I . Introduction

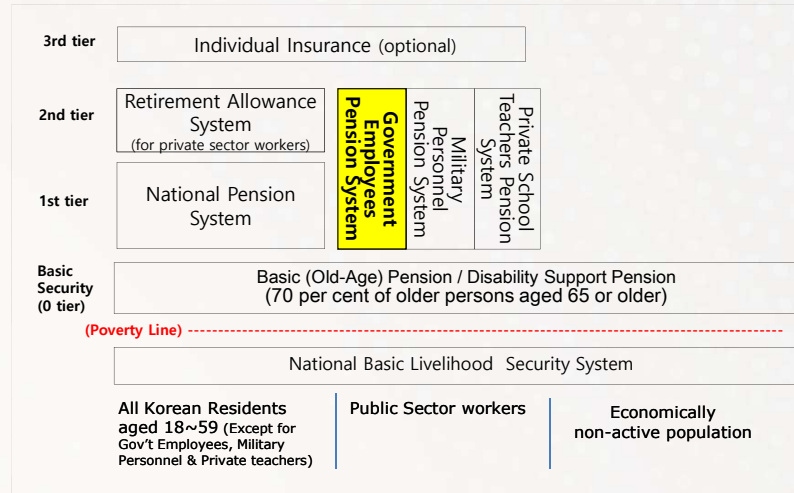
II. History of Government Employees
Pension Reforms in Korea

III. Achievements & Future Challenges

I . Introduction

- 3 -

1. Old-age Income Security Systems in Korea



I . Introduction

- 4 -

2. Outline of Korean Public Pension Systems

Additional Retirement benefit	<ul style="list-style-type: none"> • Retirement Allowance System - Mandatory(since 1961) for firms with 5 or more workers - Minimum 1 month salary per service year (=8.3%) 	-	<ul style="list-style-type: none"> ▪ 3 Occupational pension systems (1960 for Government Employees, 1963 for Military Personnel, 1975 for Private school teachers)
Pension System	<ul style="list-style-type: none"> ▪ National Pension System(1988): partial funding DB system; mandatory - Pension benefit = Contribution-based, differentiated by income-class(redistributed portion + earnings-related portion), starting at age 60 - Contribution Rate = 9.0%(4.5% = employer, 4.5% = employees)/ (9% for the Self-employed.) - TRR = 40%(for 40 yrs contribution, average wage) 		
Coverage	Employed workers	Self-employed	Civil Service/Military/ Teachers

II. History of GEP Reforms in Korea

- 5 -

1. Structure of Government Employees Pension(GEP) Benefits

- The benefits of the retirement pension are based on a Defined Benefit (DB) plan
- Pension expenditure is mainly financed by contributions of the employees (Government Employees 9.0%) and employer (gov't 9.0%) (PAYG Plan)
- Financial shortfall has been subsidized annually by the gov't budget since 2001

Financial Status of 2020 (in Billion USD)

Income (A)	Expenditure (B)	Subsidy from gov't budget (B-A)	Net Assets End of year
11.0	13.2	2.2	11.3

2. Reasons for Pension Reforms

- The GEPS began to face financial shortage from the mid-1990s, and the deficit was subsidized by the gov't general budget. The pension deficit continued to increase significantly.



- Moreover, the GEPS has been criticized for pension inequalities between the general public and civil servants

Pension MWR	GEPS (before 2015 reform)	NPS
	2.08 times	1.5times

Note: MWR is defined as the ratio of the sum of expected benefits to the sum of expected contributions, as of a present value.

- 6 -

II. History of GEP Reforms in Korea

- 7 -

3. Pension Reforms since 1990s

In order to tackle these challenges, the Korean Government has launched to reform the GEPS since the mid-1990s.

1) 1995 reform

- Raising contribution rates from 7.2 percent (gov't: 3.6%, employee: 3.6%) to 9.8 percent (gov't: 4.9%, employee: 4.9%)
- Introducing the normal retirement age of 60 for receiving pension benefits, but applying to new entrants only.
- Expanding the applicable range of retirement earnings-test to all pensioners who are working in the public sector

II. History of GEP Reforms in Korea

- 8 -

3. Pension Reforms since 1990s

2) 2000 reform

- Raising contribution rates ; 9.8 percent (gov't : 4.9%, employee: 4.9%) to 11 percent (gov't : 5.5%, employee: 5.5%)
- Applying the retirement age of 60 for pension benefits to the incumbent as well as the new entrants
- Modifying pension indexation ; salary base to CPI
- Changing the reference salary ; final to the last 3 year average
- Reinforcing the earnings-test for working pensioners

II. History of GEP Reforms in Korea

- 9 -

3. Pension Reforms since 1990s

3) 2009 reform

- Raising contribution rates ; 11 percent (gov't: 5.5%, employee: 5.5%) to 14 percent (gov't: 7%, employee: 7%)
- Reducing an accrual rate for pension; 2.1 percent to 1.9 percent of the pensionable earnings
- Changing the reference salary; final 3yr average to career average
- Adjusting pensionable salary; basic salary to taxable one
- Extending the normal retirement age; 60 to 65 (applicable to new entrants only)
- Reducing a survivor's pension rate; 70% to 60 (applicable to new entrants only)

II. History of GEP Reforms in Korea

- 10 -

3. Pension Reforms since 1990s

4) 2015 reform

- Raising contribution rates; 14 percent (gov't: 7%, employee: 7%) to 16^{<in 2016>} → 18^{<after 2020>} percent (gov't: 8~9%, employee: 8~9%)
- Reducing an accrual rate for pension; 2.1 to 1.9 percent (step by step)
- Reducing the eligibility for pension ; 20 to 10 years in service
- Extending the pensionable age; 60 to 65, including the current members, according to the their age
- Freezing pension indexation for the next 5 years
- Providing pension rights at divorce.

II. History of GEP Reforms in Korea

- 11 -

4. Overview of GEP Reforms

“Drastic transition over the past three decades”

	Before 1995 Reform	2009 Reform	After 2015 Reform
Contribution Rate (Employee)	3.6%	7.0%	8.0~9.0%
Accrual Rate for pension	2.1%	1.9%	1.7%
Reference Salary	Final	Final 3yr average Career average	Career average
Retirement Age	No limitation	60 (current member) 65 (new entrants)	61~65 (including incumbents)
Indexation	Salary base	CPI	CPI (temporarily freeze for next 5 years)
Survivors pension	Retirement Pension (RP) × 70%	RP × 60% (applicable for new entrants only)	RP × 60% (extended to new survivors)

The Pattern of the reforms would be boiled down to

“pay more, while get less and later”

III. Achievements and Future Challenges

- 12 -

1. Achievements & Assessments

- As a result of the consecutive and successful pension reforms since the mid-1990s,
- the current GEPS is expected to operate very stably from a long-term perspective.

III. Achievements and Future Challenges

- 13 -

1. Achievements & Assessments

Three objectives of pension reform policy :

Adequacy, Sustainability & Modernization

< 3 Objectives and 11 Goals of EC Pension Policy >

Adequacy	Financial Sustainability	Modernization
1. Preventing social exclusion	4. Raising employment levels	9. Adapt to more flexible employment and career patterns
2. Enabling people to maintain living standards	5. Extending working lives	10. Meeting the aspirations for greater equality between men and women
3. Promoting Solidarity	6. Making pension systems sustainable in a context of sound public finances	11. Demonstrating the ability of pension system to meet the challenges
	7. Adjusting benefits and contributions in a balanced way	
	8. Ensuring that private pension provision is adequate and financially sound	

* Source: Composition based on SPC and EPC (2001).

III. Achievements and Future Challenges

- 14 -

1. Achievements & Assessments

❖ Adequacy

Adequacy		GEPS		NPS
Goals	Related indicators	Korea	Other countries	Korea
1. Preventing social exclusion	Coverage rate of the System	No exemption (Mandatory) Including part-time staff (since 2018)	n/a	18% of exemption from contribution payment (suspended)
2. Enabling people to maintain living standards	Income Replacement Rate	62.7%(Max for 33yrs in service) → 61.7%(Max for 36yrs)	40.6% ~ 67.9% (OECD average)	40% (Except for Retirement Allowance)
3. Promoting Solidarity(within & between generations)	Income Re-distribution	Introduced (since 2016)	n/a	Introduced

III. Achievements and Future Challenges

- 15 -

1. Achievements & Assessments

❖ Sustainability

Financial Sustainability		GEPS		NPS
Goals	Related indicators	Korea	Other countries	Korea
5. Extending working lives	Differed pension or Flexible Retirement	Not introduced	Introduced mostly (EU & OECD)	Introduced
6. Making pension systems sustainable	Pension expenditures (of GDP)	0.8~1.0%	1.5% (OECD average)	-
7. Adjusting benefits and contributions in a balanced way	Money Worth Rate(MWR)*	2.48→1.48 (average wage with 30 years in service)	n/a	1.5 (average wage with 30 years in service)

* MWR = the sum of expected benefits/the sum of expected contributions, as of a present value

III. Achievements and Future Challenges

- 16 -

1. Achievements & Assessments

❖ Modernization

Modernization		GEPS		NPS
Goals	Related indicators	Korea	Other countries	Korea
9. Adapt to more flexible employment and career patterns	Linkages for the pensionable period between public pension systems	Introduced (b/w occupational pensions in 1983, and NPS in 2007)	n/a	Introduced
10. Meeting the aspirations for greater equality between men and women	Allowance for maternity leaves, Pension credit, etc.	Introduced No reduction of pensionable period during maternity leave instead of providing pension credits	n/a	Introduced
11. Demonstrating the ability of pension system to meet the challenges	Actuarial Review system, Openness of information	Introduced/ High level of openness	n/a	Introduced/ High level of openness

III. Achievements and Future Challenges

- 17 -

2. Future Challenges

- Overall, Korean GEPS has achieved a far-reaching improvement in accomplishing the objectives of pension policy in a global perspective.
- However, facing the challenge of an ageing society, we need to make an effort to reform the GEPS **CONTINUOUSLY**.

III. Achievements and Future Challenges

- 18 -

2. Future Challenges

- The key Issues are.....
 "Work longer, Pay more and Get less"
- Future challenges include
 - ✓ Making the compulsory retirement age flexible in civil service(i.e. introducing a gradual retirement system or a rehiring system for those who leave)
 - ✓ Linking the amount of pension to life expectancy (i.e. sustainable factor)
 - ✓ Introducing a bridge pension to make up for the income gap arising from the difference b/w the legal retirement age(60 yrs) and pensionable age(61~65yrs)
 - ✓ Enhancing comparability with the private sector.

Session 1

Session 1

Thailand's Government Pension Reform



Pisut Sampatanukul
(Director, GPF, Thailand)

- **Name** : Pisut Sampatanukul
- **Position** : Director
- **Organization** : Government Pension Fund

- Pisut Sampatanukul is the director of the Government Pension Fund, Kingdom of Thailand. He is a Chartered Financial Analyst (CFA) and got his MBA degree of Finance from the University of Chicago in 1988.

He has a diverse working experience at the Phatra Thanakit Finance & Securities Company (1988-2002) and the Bangkok Bank (1982-1985). In addition, he has served as Guest Speakers for many governmental units, universities and international organizations.

Thailand's Government Pension Reform

Case Study : Past & Future
November 2021

1

Agenda

- Rationale of the 1997 Reform
- How did it happen?
- Tangible Results from the Reform
- Observations of the Past Reform
- What can be done for the future?

2

Rationale of the 1997 Reform



- Existing heavy financial burden to the country
- Foreseeable heavier financial burden for longer term
- Thai Financial Crisis Triggered the Reform
- Reform to attain more equitability with the general public's Retirement Benefit

3

1997-2003 Govt's Official Welfare Expenditure



Expenditure on Benefits for Government Officials (Millions of Baht)

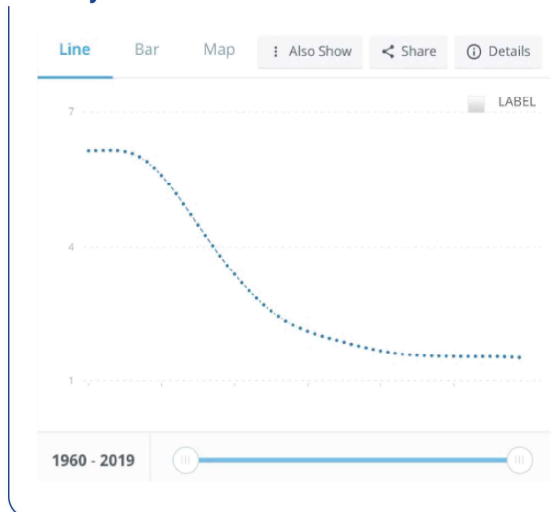
Compensation and Benefit	1997	1998	1999	2000	2001	2002	2003
Government pension	24,672	27,826	30,047	37,482	42,041	48,797	49,693
Medical expenditure	15,503	16,440	15,253	17,058	19,181	20,476	22,679
Government Pension Fund	61,514	37,613	8,646	8,723	10,148	17,272	17,562
Total expenditure	101,689	81,879	53,946	63,263	71,370	86,545	89,935
As a percentage of total government expenditures	10.9	9.7	6.5	7.4	7.9	9.1	9.2

Source : Comptroller General's Department.

4

Fertility Rate & Life Expectancy

Fertility Rate



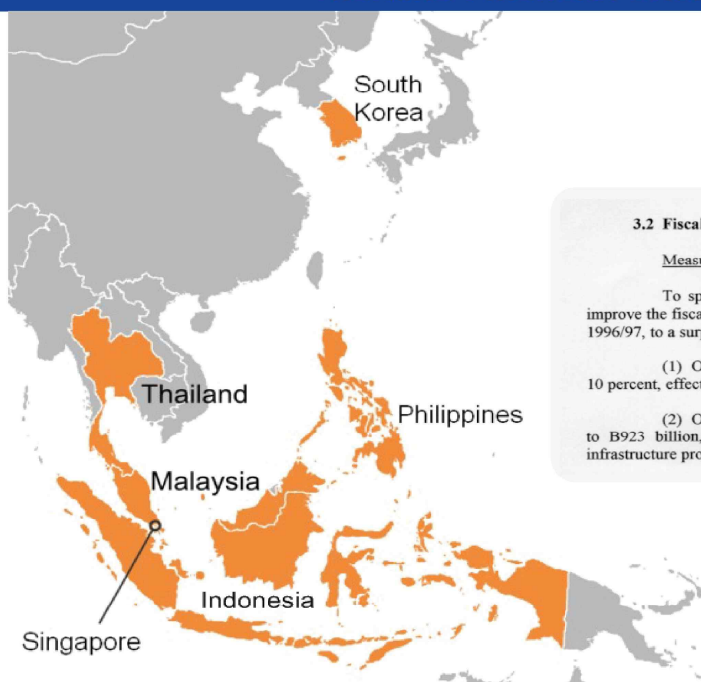
Life Expectancy



Source : World Bank

5

Thailand Financial Crisis



3.2 Fiscal measures

Measures Implemented

To speed up economic recovery, the government is committed to improve the fiscal balance from the present deficit of 1.6 of GDP in fiscal year 1996/97, to a surplus of 1 percent of GDP in fiscal year 1997/98.

(1) On revenue, the value-added tax was raised from 7 percent to 10 percent, effective 16 August 1997.

(2) On expenditure, the budget has been cut further by B59 billion to B923 billion, keeping expenditures on education, health, and essential infrastructure projects intact.

6

Overview of Thai Retirement System



		Private Workers	SOE Workers	Private School Teachers	Self Employed & Others
3rd Pillar		PVD	PVD		NSF/SSF
2nd Pillar	GPF			Teachers' Aid Funds	
1st Pillar		SSF			
Old Age Welfare	PAYG Pension	Old Age Allowance			

7

How did it happen?

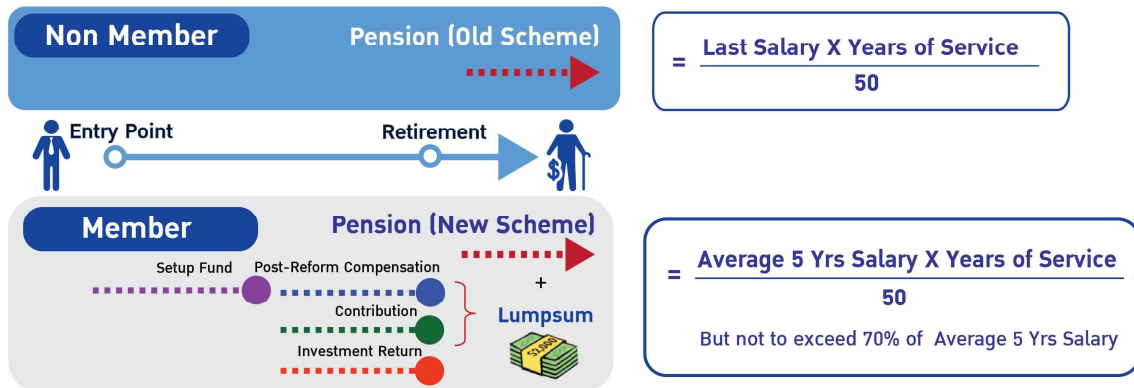


- Parametric Pension Reform
- Freezing government official headcount & Commencement of Several State like Organizations & Institutions eg. Public Organization, Independent Universities, Special Institutions as well as reforming SOE's Pension Systems



8

Pension Formula Reformed



Key Factors

1. Salary Growth in the last 5 Years
2. Years of Service

Note:

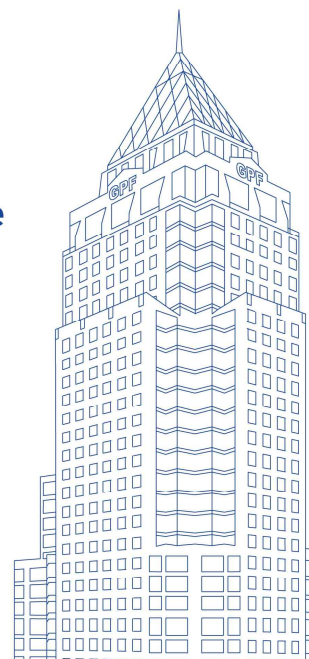
1. Pension is not formally indexed to inflation.
2. Death Benefit equivalent to 30 times of monthly pensions is paid to family's members. The rule applies for both schemes.

9

Birth of GPF



- Established in March, 1997
- Autonomous entity, under Ministry of Finance
- Compulsory Defined Contribution Scheme Pension for government officers
- One of Thailand's key institutional investors
- Asset size of 30 Billion USD (End of 2020)



10

Tangible Results from the Reform



- Pension Financial Burden Seemingly under control – At least for short term
- Number of Government Official Headcount under control



1
1

Budget for Govt's Official Welfare (2020)



Government Pension	265,716
Medical Expenditure	71,200
Government Pension Fund	62,780
Total	399,696
% of Total Budget	12.49%

Million Baht

1
2

Observations of the Past Reform



- Although a hybrid system, it is more of a DB rather than a DC type and It is basically a Static Reform
- Low contribution rate to the Fund brings inadequacy in long term
- Weak investment return environment and too conservative investment policy worsens the inadequacy problem
- The observations above caused mass protest & Policy U-Turn in 2014



1
3

Mass Protest in 2014



photo credit : <https://mgronline.com>

1
4

What can be done for the future?



- A Push for more steady migration from DB to DC System seems necessary
- Adopt a more dynamic and active investment rules & regulations
- Portability of Government Official's Pension Benefit may add efficiency to human resource management



1
5



Thank you





Asian Civil Service Pension Forum 2021

"The Present and Future of
Asian Civil Service Pension Schemes"

Session 2

Service Innovation in the Covid-19 pandemic

Session 2

TASPEN Service Innovation

Session 2



A.N.S. Kosasih

(CEO, PT TASPEN, Indonesia)

- **Name** : A.N.S.Kosasih
- **Position** : Chief Executive Officer
- **Organization** : PT TASPEN

- A.N.S.Kosasih is the CEO of PT TASPEN and the President Commissioner of PT TASPEN PROPERTI, Republic of Indonesia.

He has held various positions, including Director of Human Resources and General Affairs of PT Transportation Jakarta or TransJakarta (2014-2016), President Commissioner of PT Wika Realty (2016-2017), and Director of Finance of PT Wijaya Karya Tbk or WIKA (2016-2019).

He is a Bachelor of Economics graduate from Gadjah Mada University and a Master of Finance and Investment Management from IPMI Jakarta.

In 2019, he has awarded as the Indonesia Best CFO from SWA & IPMI.

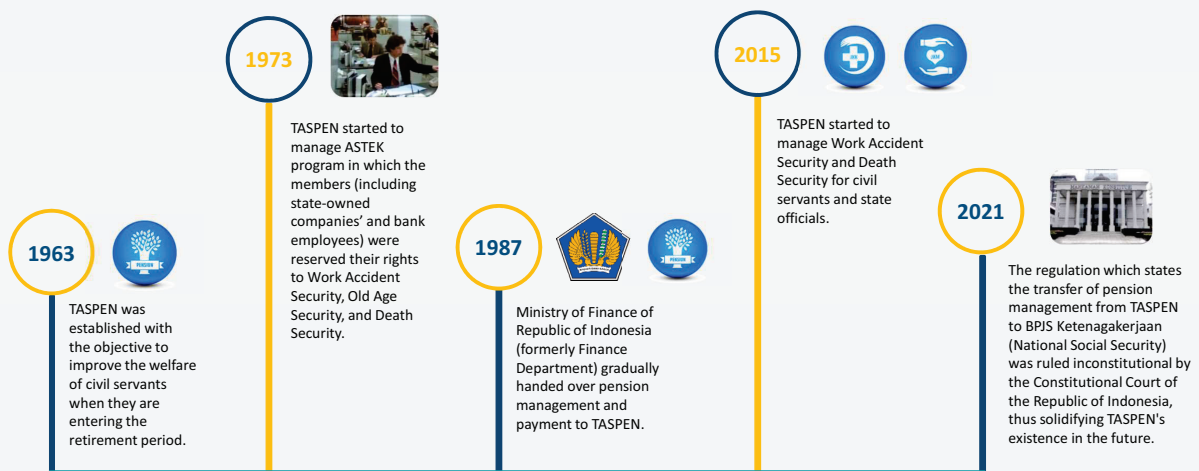
TASPEN Service Innovation

for Asian Civil Service Pension Forum 2021

November 22, 2021

www.taspen.co.id

PROGRAM MILESTONE



www.taspen.co.id

TASPEN PRODUCTS



Tabungan Hari Tua / Old Age Security

Old Age Security is a security program consisting of Dual-Purpose Insurance and Death Insurance.

1. **Dual-Purpose Insurance** provides financial insurance for the participants when they reach retirement age or for their heirs.
2. **Death Security** provides financial insurance for the participants if the participant/their families passed away both while still active or after retirement.



Program Pensiun / Pension Security

Monthly income received by pension beneficiaries as an old age security and appreciation for civil servants' services and dedication who worked in the government services for years.



Jaminan Kecelakaan Kerja / Work Accident Security

Protection from work accident risks or occupational diseases in the form of treatment, donations, and disability allowances.



Jaminan Kematian / Death Security

Protection on death risk which is not resulting from accident at work in the form of death compensation.

www.taspen.co.id

CORE VALUES



AKHLAK Core Values are adapted by all Indonesian state-owned companies under the instruction of Ministry of State-Owned Companies of Indonesia.

www.taspen.co.id

PAHALA PRINCIPLES

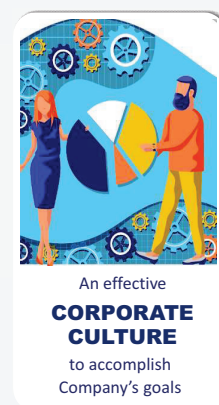
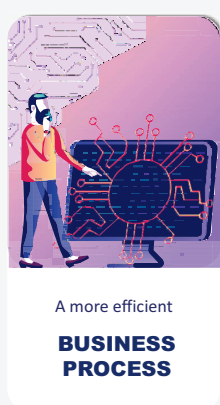
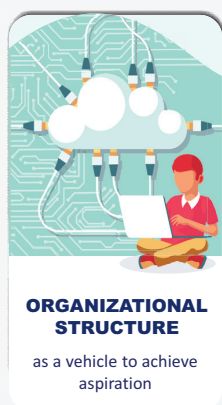
TASPEN's business should comply with the **PAHALA** principles :



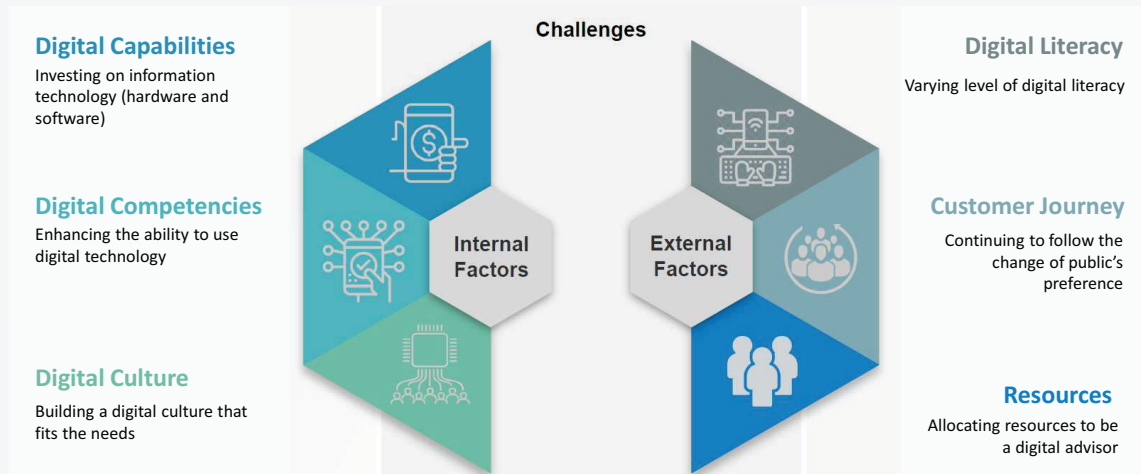
TASPEN SERVICE INNOVATIONS



GREAT LEADERS CREATE GREAT CULTURE

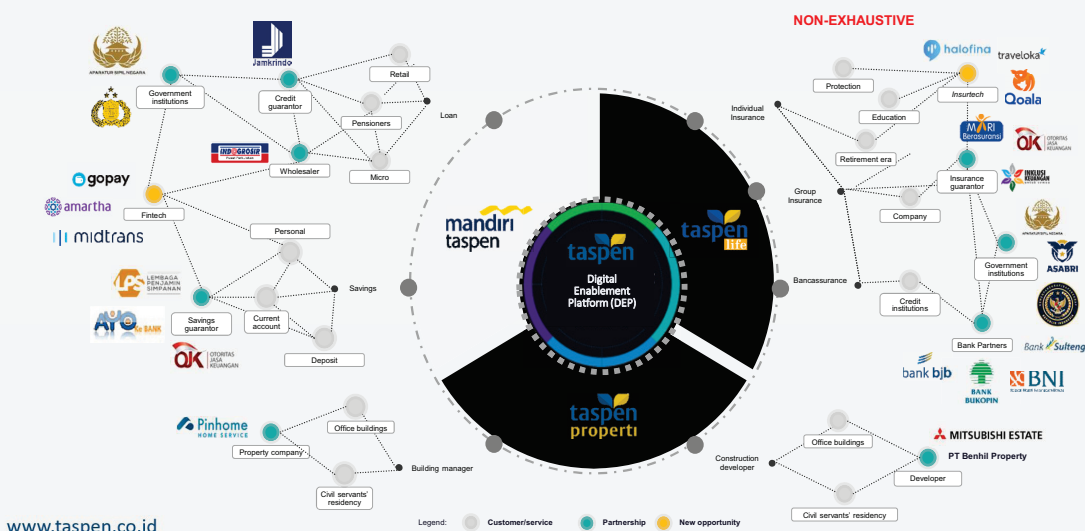


CHALLENGES OF DIGITAL LEADERSHIP



www.taspen.co.id

TASPEN needs to plan a **strategic response** based on the understanding on the development of potential eco-system for the optimization of market opportunity.





What's Next for **TASPEN**?



**INORGANIC
INVESTMENT**



**FULLY DIGITALIZED
INVESTMENT SYSTEM**



**ENTERPRISE DATA
MANAGEMENT**



**DIGITAL BUSINESS
PLATFORM**

www.taspen.co.id


taspen
Andal Melayani

CORE VALUES

AMANAHAH / Trustworthy

Holding firmly onto the given trust

KOMPETEN / Competent

Continuously learn and develop capabilities

HARMONIS / Harmonious

Care for each other and respect diversity

AKHLAK

Morals

LOYAL / Loyal

Dedicated and putting nation and country matters as the utmost priority

ADAPTIF / Adaptive

Continuously innovate and being enthusiastic on moving and dealing with changes

KOLABORATIF / Collaborative

Constructing synergic cooperations

www.taspen.co.id

*AKHLAK Core Values are adapted by all Indonesian state-owned companies under the instruction of Ministry of State-Owned Companies of Indonesia.

PAHALA PRINCIPLES

TASPEN's business should comply with the **PAHALA** principles :

INVESTMENT



Estimating acceptable risk level



Providing optimum yield/return



Performed on the appropriate investment instrument by prior comprehensive analysis



Ease of disbursement of investment funds



Allocating investment assets with consideration to the market condition

Pastikan... / Make sure it's...

Aman / Safe

Hasil / Giving results

Andal / Reliable

Likuid / Liquid

Antisipatif / Anticipative

OPERATIONAL

Complying the standard operation procedure



Ensuring the fulfilment of customer satisfaction and engagement



Providing best service by ensuring the accuracy of person, time, amount, place, and administration



Ease of disbursement of funds with the motto "one-hour disbursement"



Anticipating changes in the market condition and government regulations



Session 2

KWAP Committed to Servicing Pensioners during the Covid-19 Pandemic

Session 2



Muhamad Hafiz Abas
(Director, KWAP, Malaysia)

- **Name** : Muhamad Hafiz Abas
- **Position** : Director
- **Organization** : Kumpulan Wang Persaraan

- Muhamad Hafiz Abas was appointed as the Director of Pension Services Department of KWAP or Retirement Fund (Incorporated), Malaysia in October 2021.

He has 25 years of experience in internal audit, risk management, and operations management. Prior to joining KWAP, he was the Head of Risk Management at RHB Insurance Berhad, and prior to that, an internal auditor at Public Bank Berhad.

He graduated with a Bachelor's Degree in Finance and Economics from New York University, USA and obtained his Master of Business Administration from International Islamic University, Malaysia.



KWAP COMMITTED TO SERVICING PENSIONERS DURING THE COVID-19 PANDEMIC

Presentation by:

Muhamad Hafiz Abas
Director of Pension Services Department,
Retirement Fund (Incorporated), Malaysia

22 November 2021



ASSURING YOUR PENSION

1

ABOUT KWAP



INCORPORATION

KWAP was established under the Retirement Fund Act 2007 (Act 662) on 1st March 2007.



OBJECTIVE

Assist the Federal Government in applying the Retirement Fund towards the cost of payment of any pension, gratuity or other benefits granted under any written law for officers of the public services and employees of Statutory Bodies and Local Authorities.



FUNCTION




- 1 Manage contributions from the Federal Government, Statutory Bodies, Local Authorities and other Agencies.
- 2 Manage and invest the Fund in equity, fixed income securities, money market instruments and other forms of investments as permitted under the Retirement Fund Act 2007 (Act 662).
- 3 Act as an agent of the Federal Government for the purpose of pension payment, gratuity or other benefits granted under any written law from the Consolidated Fund in such manner as may be agreed between the Federal Government and KWAP.



ASSURING YOUR PENSION

2

KWAP WITHIN MALAYSIA'S PENSION SYSTEM

	Policy Setting	Member Contribution Collections	Investment Policy & Guidelines	Investment Management	Members Administration	Benefits Payments
	Set policy for pension/ provident fund	Manage collection of individual members' contributions	Set investment policy and monitor performance	Execute investment management	Manage members' accounts	Manage financial administration and payment
Pensionable Civil Service	Treasury <ul style="list-style-type: none">Financial impact calculationApprove EPU policiesDevelop and review policies PSD Develop and review policies	Appointed Agent by the Federal Administration 				
	MINDEF Develop and review policies	LTAT <ul style="list-style-type: none">Collection of contribution from armed forces personnel and the Federal AdministrationCalculation of LTAT refund to KWAP 	Veteran Affairs (MINDEF) <ul style="list-style-type: none">Communicate with retireesBenefits calculationCommunication with active membersAdministration of members' account balances <ul style="list-style-type: none">Disbursement of withdrawalsTransfer of refunds to KWAP			
Armed Forces						
Private Sector and Non-Pensionable Civil Service	EPF Provide policy input					

Legend:

Treasury: Treasury, Ministry of Finance PSD: Public Service Department MINDEF: Ministry of Defense

LTAT: Armed Forces Fund Board EPF: Employee Provident Fund

Legend:
 Treasury: Treasury, Ministry of Finance PSD: Public Service Department MINDEF: Ministry of Defense
 LTAT: Armed Forces Fund Board EPF: Employee Provident Fund

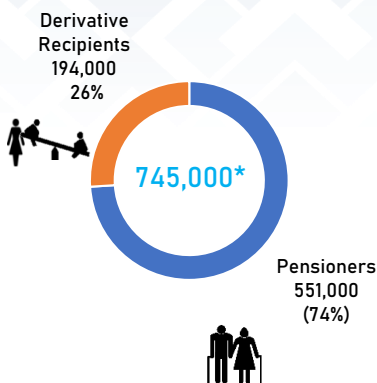


ASSURING YOUR PENSION

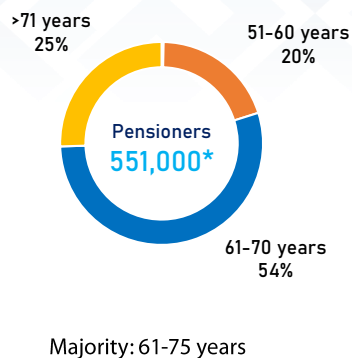
3

STATISTICS

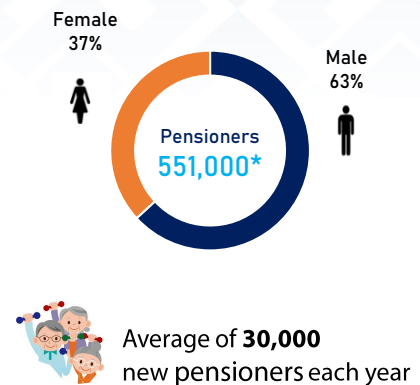
TOTAL PENSION RECIPIENTS



PENSIONERS' AGE DISTRIBUTION



PENSIONERS' GENDER



*Approximate



ASSURING YOUR PENSION

4

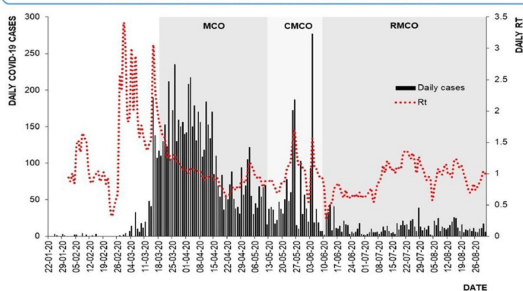
COVID-19 IMPACT

THE OUTBREAK IN MALAYSIA – WHAT HAPPENED?

Malaysia announces movement control order after spike in Covid-19 cases (updated)

The Star, 16 March 2020

DAILY COVID-19 CASE TRENDS AND RT (FIRST & SECOND WAVE)
22 JANUARY – 31 AUGUST 2020, MALAYSIA



Ministry Health Malaysia: Number of New Cases in Malaysia. Daily Covid-19 case trends and Rt (first and second wave) 22 January – 31 August 2020

Covid-19: Two Malaysia hashtags, including #StayAtHome, trending in the country



The Star, 19 March 2020

RESTRICTION OF MOVEMENT ORDER

IMPLEMENTED UNDER THE PREVENTION & CONTROL OF INFECTIOUS DISEASES ACT 1988 & THE POLICE ACT 1967

IN EFFECT FROM MARCH 18 – 31

PROHIBITS:

- The movement of persons & mass gatherings e.g. religious, sports, social & cultural
- All places of worship must close & halt activities including the Muslim Friday prayer
- All business premises except supermarkets, public markets, sundry & convenience shops must close
- The operation of nurseries, government & private schools (e.g. day schools, boarding schools), international schools, tuition centres & pre-university institutions
- Includes public & private higher education institutions, as well as skills training centres
- Malaysians from going overseas
- Those returning from overseas must undergo a medical examination & self-quarantine for 14 days
- Foreign tourists/visitors banned from entering the country
- The operation of non-essential public & private premises
- Essential services like water, electricity, telecommunications, postal, transportation, hospitals, oil, gas, fuel, laboratories, broadcasting, finance, banking, health, pharmacies, the fire department, prisons, ports, airports, security & defence, catering, retail & food supplies allowed to remain open
- Drastic immediate action is required to stop the spread of COVID-19
- For more information on the restriction of movement order, call the National Operation Management Centre hotline at 03-8888 2010 when it opens from noon on March 17
- Everyone in Malaysia must comply with the order

Source: Prime Minister's Office

Bernama Infographics

Prime Minister's Office: 16 March 2020

CHALLENGES DUE TO THE PANDEMIC

1 Counter Services



- ❑ Appointment of representative (if required).
- ❑ Limited customers allowed on KWAP's premise.
- ❑ Counter service meeting via appointment only (MyPesara app).

2 Accessibility



- ❑ Dependent on online accessibility.
- ❑ Limited accessibility to latest announcement and update.

3 Document Submissions



- ❑ Limitations to completion of document.
- ❑ Delay in submission of documents.
- ❑ Sudden influx of submission for post-retirement cases following the ease of movement control orders.



ASSURING YOUR PENSION

7

KWAP's INITIATIVES



ASSURING YOUR PENSION

8

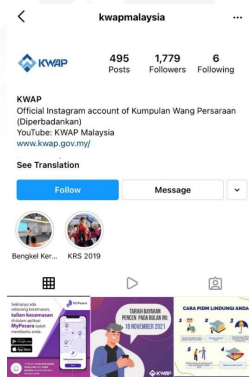
1 Availability of Interaction Channels

Counter Services



Dropbox services made available to facilitate document submissions.

Online platforms



Service announcements and updates were frequently uploaded on KWAP's website, social media platforms, and the MyPesara app.

Call Centre



Call Centre services made available both onsite and remotely.



ASSURING YOUR PENSION

9

2 Continuous Engagement

Programme

- Create and enhance awareness of future retirees on retirement preparedness.
- Advise the Human Resource Administrators on pension process management.
- Introduce KWAP's services to the stakeholders.

Audience



Future retirees



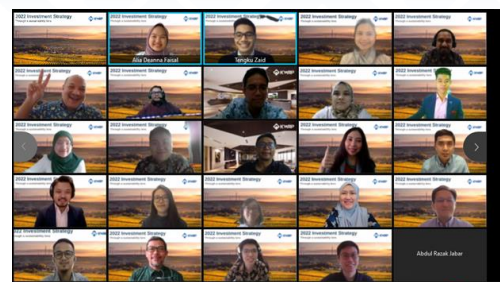
Retirees



Human Resource
(Ministries/Agencies)

Online Oriented

- Shifted from physical to **virtual engagement** since June 2020 and continued throughout 2021.
- Improved IT infra and peripherals.



ASSURING YOUR PENSION

10

3 Virtual Awareness Talks (Sembang MyPesara Programme)

- ❑ Promote active and productive ageing and to keep pensioners posted on latest updates.
- ❑ Focus on health and financial care, self-care, and psychological wellbeing.

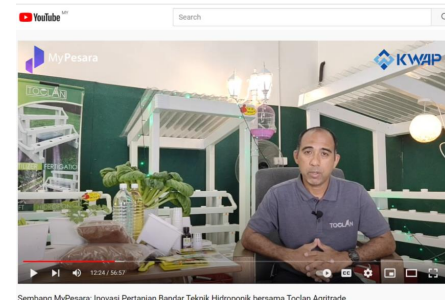
9 Sessions
in 2020

8 Sessions
up to August 2021

8,000 Average views
per session

>800 Shares

>700 Comments



ASSURING YOUR PENSION

11

4 Flexibility in Process Management

Area of Concerns

- Limited number of employees in office.
- Probability of infection in office's premise.
- Service performance (SLA) targets.
- Process efficiency.

Changes to Processes

- Provide a dropbox outside of the entrance door of each operating unit.
- Station the approving authority personnel in the same building to minimise the movement of files/documents.
- Split teams – two similar teams operating from two different locations.
- Enhanced internal SOPs (Covid-19 related).

Outcomes

SLA performance for year 2020 and 2021 was **>95%**

No COVID-19 case contracted at workplace



ASSURING YOUR PENSION

12

LESSONS LEARNED



ASSURING YOUR PENSION

13

CONNECT WITH KWAP

SOCIAL MEDIA



@kwapmalaysia



KWAP Malaysia



Kumpulan Wang Persaraan
(Diperbadankan)

APP



VIRTUAL EVENT

Sembang MyPesara live sessions can be found on Facebook:
Bahagian PASCA Perkhidmatan (PENCEN)



ASSURING YOUR PENSION

14



THANK YOU

Session 2

GSIS Covid Response and the Annual Pensioners Information Revalidation (APIR)

Session 2



Nora M. Malubay

(Executive Vice President, GSIS, Philippines)

- **Name** : Nora M. Malubay
- **Position** : Executive Vice President
- **Organization** : Government Service Insurance System

- Nora M. Malubay is the Executive Vice President of the Government Service Insurance System, Republic of Philippines. She is a Certified Public Accountant (CPA) and Bar Exam Passer (Lawyer). She graduated from the Pamantasan ng Lungsod ng Maynila with Bachelor of Science in Business Administration major in Accountancy (Magna Cum Laude) and finished her Bachelor of Laws at San Beda College.

She has served as the Director, National Reinsurance Corporation of the Philippines (Nat Re) and as a Member-Designate of the Employees Compensation Commission (ECC) and the Occupational Safety and Health Center (OSHC).



GSIS Covid Response and the Annual Pensioners Information Revalidation (APIR)



Presentation

01

The Government Service Insurance System

➤ Video Presentation: GSIS Institutional Video

02

Responding to the Challenges of Covid-19

➤ Video Presentation: GSIS Covid Response

03

Emergent Transition from Face-to-Face to Online Transaction

➤ Video Presentation: GSIS Online APIR

04

Future Directions



Video Presentation

GSIS Institutional Video



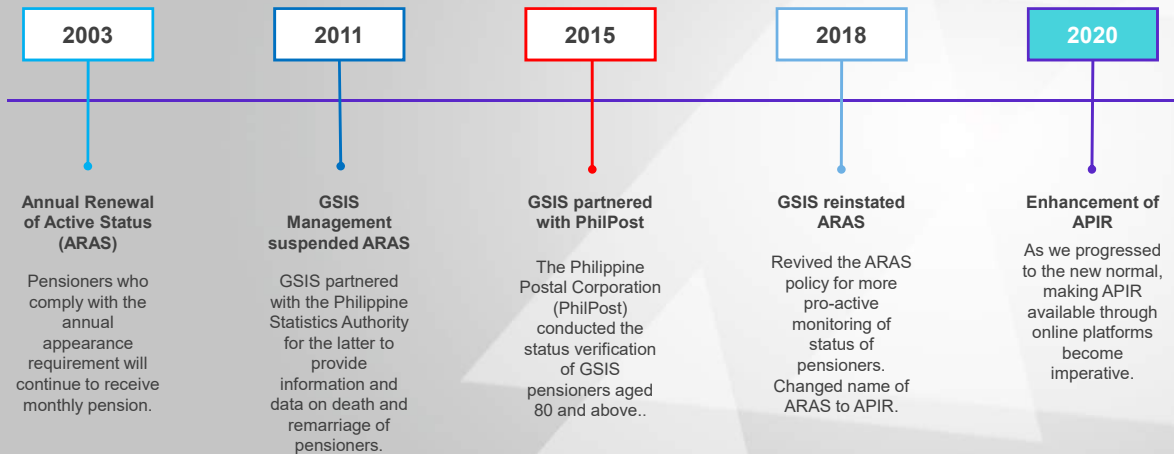
Video Presentation

GSIS Covid Response



GSIS Pension Monitoring System

Plugging Financial Leakages caused by Pension Overpayments

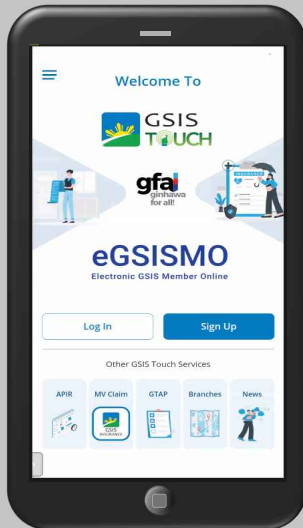


Video Presentation

GSIS Online APIR



Future Direction for APIR



GSIS TOUCH

GSIS TOUCH is our mobile app designed to give GSIS members and pensioners instant access to the records of their premium contributions, loan accounts and for pensioners, records of pensions received.

By November 2021, the APIR appointment service will be available to all pensioners residing within the Philippines.

GSIS is also studying the use of facial recognition as instant proof-of-life submission by the pensioner, to replace the interview validation process.



Features of the APIR Service in GSIS Touch



One-Time PIN (OTP) Verification

To confirm that the person making the transaction and the GSIS pensioner are one and the same. OTP is sent to the registered cellphone no. of GSIS pensioner.

User-friendly Scheduling Platform

Finding the date and time to book for Online APIR is a breeze with the available slots also shown.

Options for Video Interview

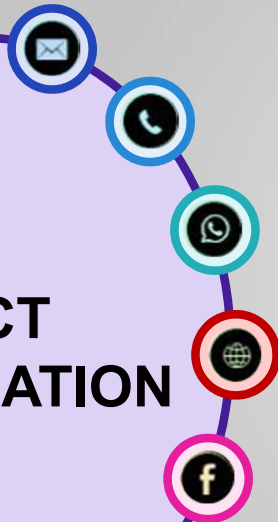
Pensioner may choose to conduct the online interview via Viber, Skype, Facebook Messenger or Zoom.

System-generated Acknowledgement

A reference number is generated to acknowledge the request for APIR appointment.



GSIS CONTACT INFORMATION



- gsiscares@gsis.gov.ph
 - (02) 8847-4747 (Metro Manila) /
(632) 8847-4747 (International)
 - 1-800-8-847-47-47 (Globe)/
1-800-10-847-47-47 (Smart)
 - www.gsis.gov.ph
<https://egsismo.gsis.gov.ph/eGSISMO/>
 - [@gsis.ph](https://www.facebook.com/gsis.ph)
- GSIS Mobile app – **GSIS TOUCH**
download at **App Store (IOS)**
download at **Google Play (Android)**



gfa
ginhawa
for all!

THANK YOU





