

Saving Options for Old Age in Thailand: A State of the Art



Center for Contemporary Asian Studies
(CCAS), Kyoto
23 February 2008

Srawoath Paitoonpong
TDRI

Outline

1. Intro. (Background and justification)
2. The insecurity of old age income security
 1. Inadequate savings: Aggregate and household
 2. Population aging and the sustainability of pension systems
 3. Poverty and poor coverage of pension systems
3. Savings options for old age in Thailand- existing system
4. Savings options for old age in Thailand- a mild reform
 1. National Pension Fund
 2. Community Savings Fund (Micro Finance)
 3. Zero Pillar – Non-Contributory Pension (Government Subsistence Allowance: GSA)
5. Survey of savings for old age of private employees and government officials, 2007
6. Conclusion

Introduction: Background

- Project "Strengthening the Basic Social Security for the Elderly in Thailand: Raising the Retirement Age & Savings Options for Old Age", Ministry of Labour.
- This presentation is rated GA (General Audience).
- Aimed primarily at union workers, employers, government officials and policy makers.
- Objective: Review the state of the art of Thailand's progress in promoting savings for old age.

- GA – General Audience
- PG – Professor Guidance
- AA – Academic, Advanced Audience
- X – Adults Only

1. Introduction (cont.)

- Thailand becomes an aging society
- Old population is increasing faster than other countries in Asia
- Old age dependency is increasing
- Living arrangement is also changing, the reliance on familial supports is declining
- Social assistance from government is not sufficient
- Savings for old age is therefore an important source of income security

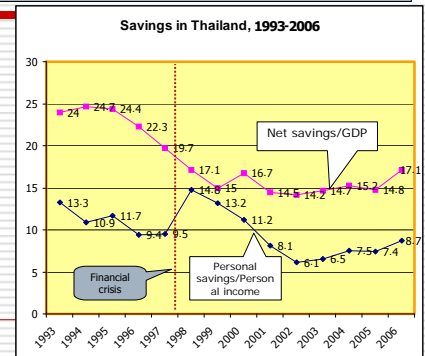
II. The insecurity of old age income security

- Inadequate savings: Aggregate and household
- Population aging and the sustainability of pension systems
- Poverty and poor coverage of pension systems

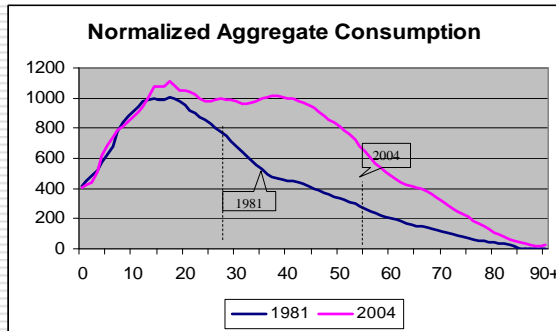
2.1 Inadequate savings

•Personal Savings and Net Savings, 1993-2006

- Savings are declining?
- Ranked 14 in IMD's competitiveness.

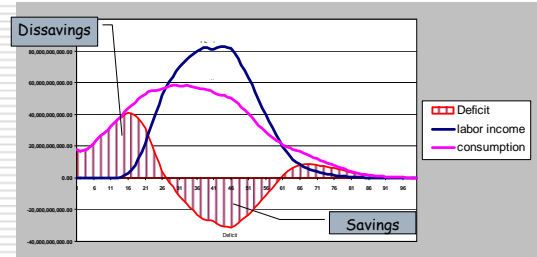


National consumption by age, 1981 and 2004



Source: Mathana Phananimamai, 2006, National Transfer Account: Thailand.

Life cycle of labor income & consumption expenditure



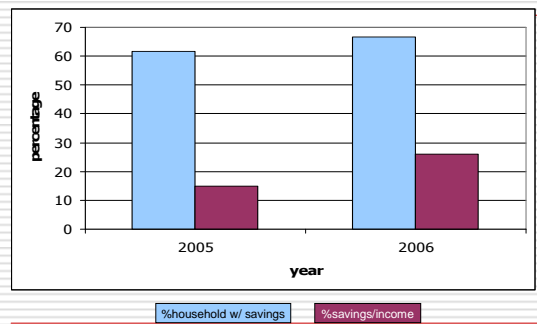
Source: Mathana Phananimamai, 2006, National Transfer Account (Thailand)

Household Savings, Thailand 2005-2006 from 2005-2006 Socio-Economic Survey (Panel: Household)

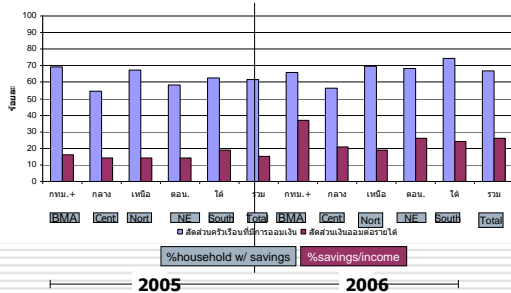
- Per capita income increased from 5,921 bht (Y20,724) per mth in 2005 to 9390 bht (Y32,865) per mth in 2006.
- 61.8% of HH had savings in 2005 increased to 66.6 % in 2006.
- Per capita savings increased from 899 bht (Y3,147) in 2005 to 2,411 bht (Y8,439) in 2006.
- Bangkok had the highest % of savings HH than other regions with per capita savings of 2,028 bht (Y7,098) per mth.

(1 bht = 3.5Y)

Household Savings, Thailand 2005-2006 from 2005-2006 Socio-Economic Survey



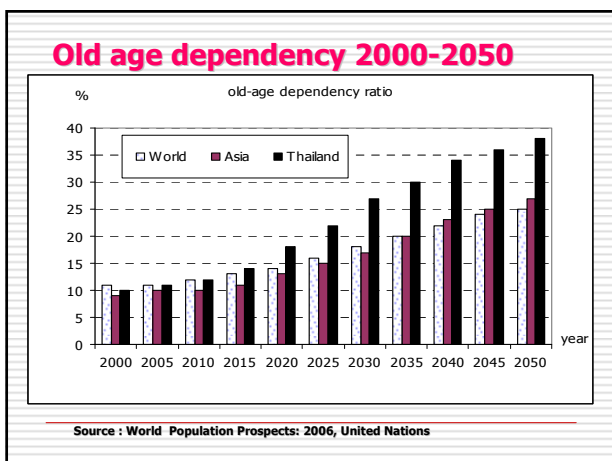
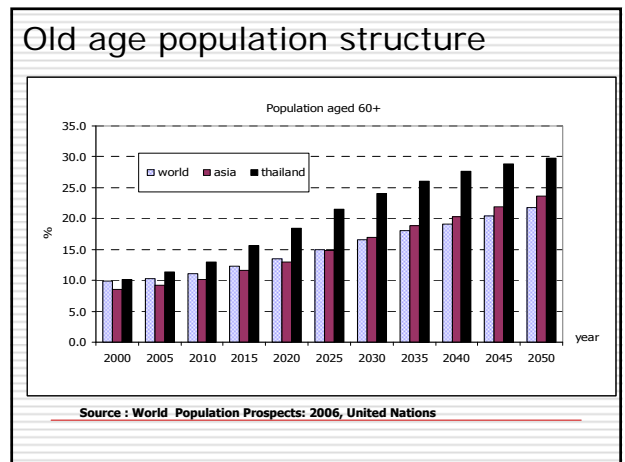
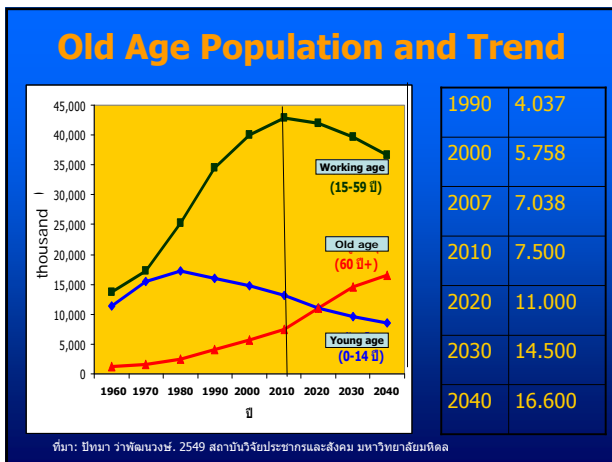
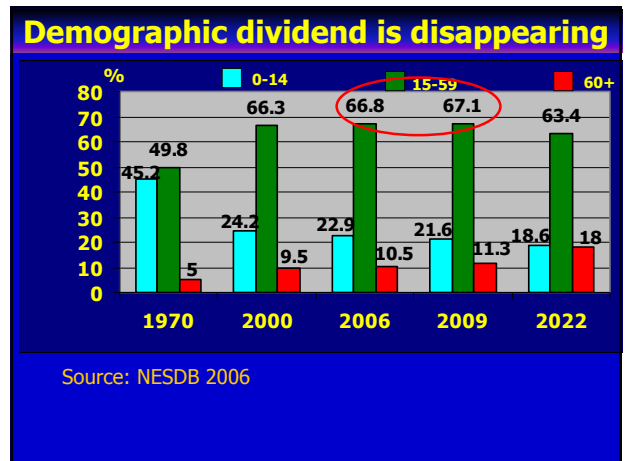
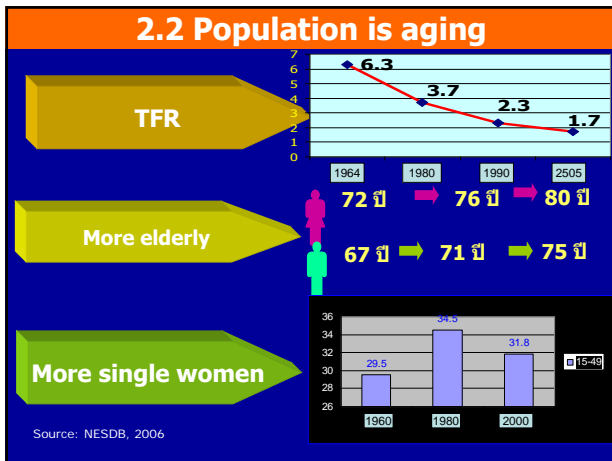
Household Savings, Thailand 2005-2006 (by region) from 2005-2006 Socio-Economic Survey



Household savings in Thailand 2005-2006 Socio-Economic Survey (Panel household data)

| | | % of households w/ savings 2006 | | |
|---------------------------------|--------------|---------------------------------|-----------|-------|
| | | No savings06 | Savings06 | Total |
| % of households w/ savings 2005 | No savings05 | 19.3 | 18.8 | 38.0 |
| | Savings 05 | 11.2 | 50.7 | 62.0 |
| Total 05 | | 30.5 | 69.5 | 100.0 |

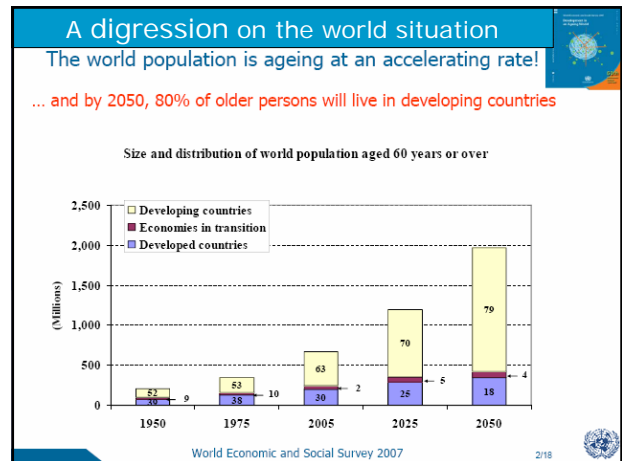
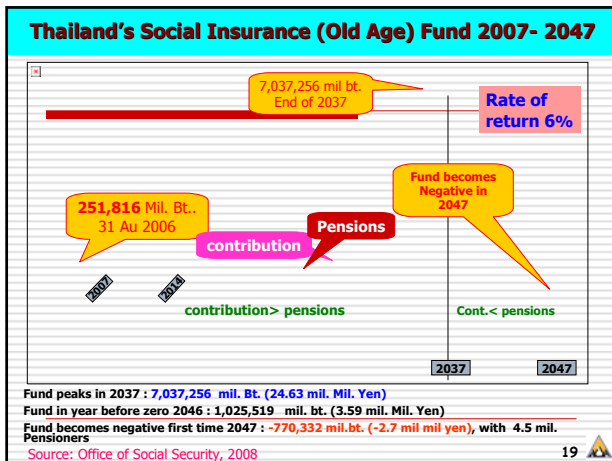
- In 2005, HH with no savings accounted for 38%, of which 18.8 % started to save in 2006.
- The HH with savings accounted for 62%, of which 11.2% became no-savings (separation rate of 18 %).
- The % of HH with savings increased from 62% in 2005 to 69.5 % in 2006 (12 % increase).



Population aging, savings and the sustainability of pension systems

1. Population ageing increases proportion and number of retirees while decreases proportion of working-age population
2. The PAYG* system becomes unsustainable
3. Corrective measures:
 - Raising retirement age (parametric reform)
 - Pension reform (Structural reform)

*The pay-as-you-go (PAYG) system gets income from the working population and pays to the retirees without keeping or investing the money.



Ageing reflects human progress:

- Increased longevity and lower mortality
- An **opportunity** through the active participation of the older persons in the society

... **but** it also poses **challenges**:

- Smaller **labour force** may affect economic growth
- Sustainability of old age **pension** and **health care** systems may come under pressure
- Adjustments in living arrangements, long-term care systems and participation in society needed to ensure wellbeing of **older persons**

World Economic and Social Survey 2007

Ensuring old age income security

Inadequate coverage:

80% of world population lacks social security coverage currently.

→ **Without policy change: 1.2 billion older persons may face income insecurity by 2050!!!**

→ **There is a clear connection between social security coverage and old age poverty**

Unsustainable pension systems:

- Weak growth and employment creation
- Early retirement practices: short working life
- Mismanagement, bad governance, poor design
- Demographic pressures

World Economic and Social Survey 2007

Ensuring old age income security: Comprehensive reforms are needed

No "one size fits all" but **guiding principles** should be:

- Universal access
- Solidarity
- Equity (horizontal, gender)
- Adequacy of benefits to avoid poverty
- Financial sustainability

World Economic and Social Survey 2007

Ensuring old age income security: Comprehensive reforms are needed

Multi-layered old age income security systems (tailored to country conditions and preferences):

Non-contributory Pillar: universal social pension scheme
- Also feasible for developing countries (**Figure**)

Contributory Pillar: targeting certain wage replacement level
- **Parametric reforms** (raising retirement age!) with labour reform (increasing participation rates)
- **Structural reforms** (elements of fully funding, assuring economic security)

Other Pillars: employer-related, private schemes, individual accumulation

Any system requires growth to be sustainable

More savings options!

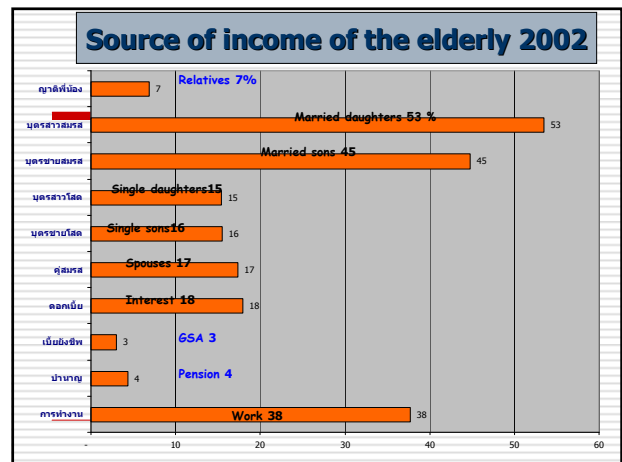
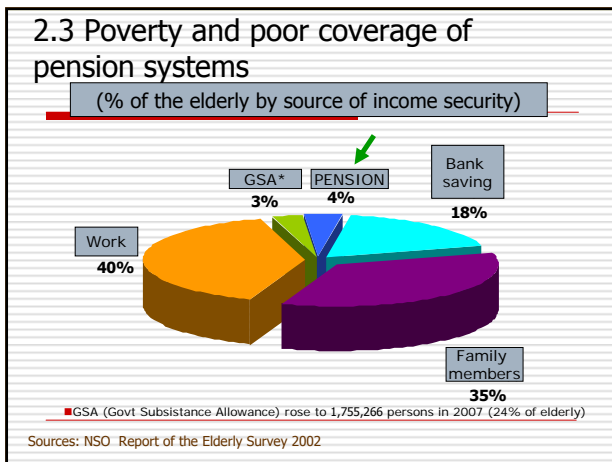
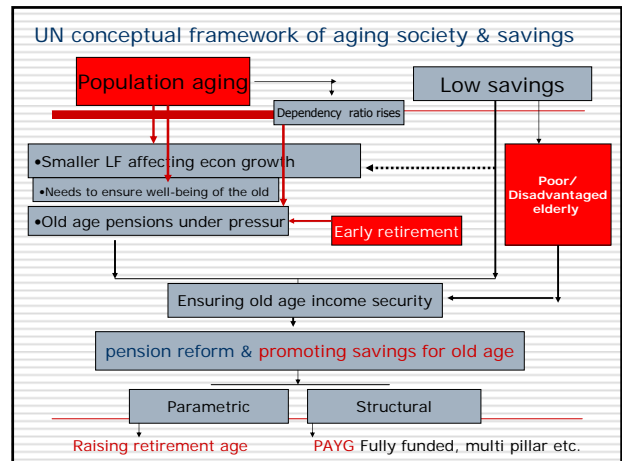
World Economic and Social Survey 2007

Population ageing is inevitable..., so what can be done?

- Fertility and migration policies are not enough
- Increase labour productivity and participation rates!
- Extend working life (improving working conditions)
- Reform of pension systems: Multi-Pillar systems with universal social scheme at its basis!
- Reform of health care systems: preventive action, home-based care and limit cost of drugs

All these challenges seem surmountable!

World Economic and Social Survey 2007 18/18



Poor Elderly 1.14 mil. persons
15.1 % of poor people
 (2004 NESDB)

Poor households with elderly
612,795 households

| Region | Number of households | Percentage |
|-----------|----------------------|------------|
| North | 174,616 | 28.5% |
| Central | 42,995 | 7.0% |
| Northeast | 346,573 | 56.6% |
| South | 48,611 | 7.9% |

Urban 41,406 (6.8%)
Rural 571,388 (93.2%)

2004 Poverty line 1,243 bt/person/mth

Source: Worawan Chandoevit 2005. TDRI

Non-municipal area
5.05 mil.per. (71.7%)

Municipal area
2.0 mil.per. (28.3%)


BMA 682,686 per. (9.7%)

Income of the elderly 2002

Majority(62.3%) below 2,000 bt (7,000Y)/m
2.6% above 20,000 bt (70,000Y)/m

Women had less income
70.2 % women's income below 2,000 (7,000Y)/m
51.2 % men's income below 2000 (7,000Y)/m

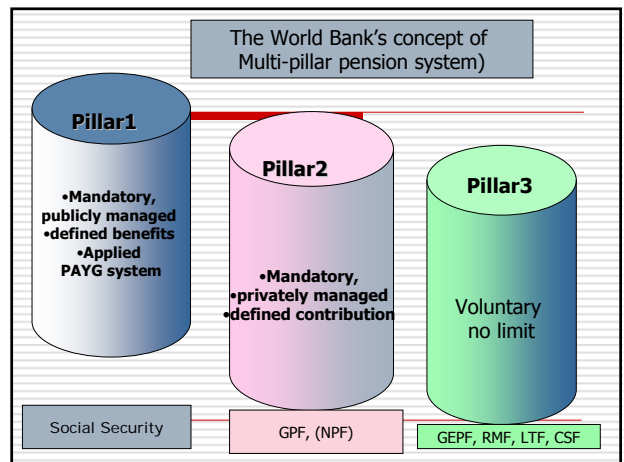
Average income
Urban 7,158 bt (25,053Y) /m
rural 3,352 bt (11,732Y)/m



3 saving options for old age: Existing system

3. Options of savings for old age in Thailand

- ❑ Social Security Fund (กองทุนประกันสังคม)
- ❑ Government Officials Pensions Fund (GPF) (กองทุนบำนาญข้าราชการ)
- ❑ Government Employee Provident Fund (GEPF) (กองทุนสำรองเลี้ยงชีพสำหรับลูกจ้างประจำของส่วนราชการ)
- ❑ Private School Teachers Welfare Fund (PSTWF) (กองทุนสงเคราะห์ครูใหญ่และครูโรงเรียนเอกชน)
- ❑ Provident Fund (PF) (กองทุนสำรองเลี้ยงชีพ)
- ❑ Retirement Mutual Fund (RMF) (กองทุนรวมเพื่อการเลี้ยงชีพ)
- ❑ Long Term Equity Fund (LTF) กองทุนรวมหุ้นระยะยาว
- ❑ Life Insurance (การประกันชีวิตแบบเงินได้ประจำ)
- ❑ Private Savings in Commercial banks (การออมทรัพย์เองแบบต่างๆ)
- ❑ Savings Co-operatives (สหกรณ์ออมทรัพย์)
- ❑ Community Savings Funds (กองทุนเงินออมหมู่บ้าน) (Micro Finance)
- ❑ Personal lending



People with different old-age savings 2006

(Holzman → 5 pillars pension system)

| | Pillar 0 | | | Pillar 1 | | Pillar 2 | | Pillar 3 | |
|----------------------------|--------------------|---------------------|----------------------|----------------------------|--------------------------------|-------------------------|----------------------------|---------------|--|
| | Govt officials | Govt employees | Local govt officials | State enterprise employees | Private employees | Private school teachers | Join working people | Self employed | |
| Govt officials | | pension 1,721,772 ๓ | | | GOPF 1,172,953 ๓ | | | | ทุกคนมีสิทธิโดยสมัครใจ |
| Govt employees | | Lump sum 221,553 ๓ | | | | | Provident fund 1,809,953 ๓ | | |
| Local govt officials | | pension 215,873 ๓ | | | | | | | RMF จำนวน 70 กองทุน |
| State enterprise employees | | | | | | | | | Asset value (NAV) 25,475 ๓ (๕.๓. 2549) |
| Private employees | | | | | Social insurance 8,537,801 ๓ ? | | | | |
| Private school teachers | | | | | Private teach fund 152,576 ๓ | | | | Life insurance |
| N.e.c. elderly | 1,755,266 ๓ (2550) | | | | | | | | |

Source : ประเมินจากวรรณคดี ชาญชัยวัฒน์ และ คณะ , 2551

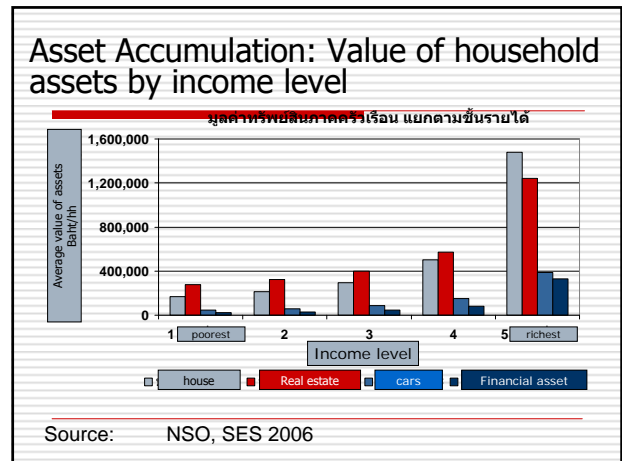
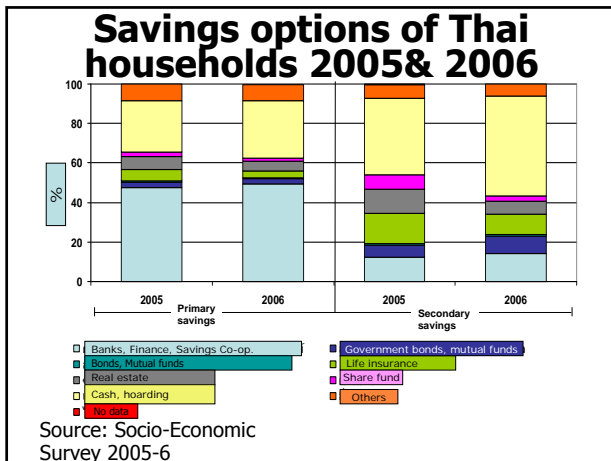
Annotations: Pillar 4 (Zero pillar), GSA, About 30 million not covered

How HH saved in 2006

(Panel Socio-Economic Survey)

- ❑ Primary savings:
 - Commercial bank
 - Finance
 - Saving coop.
 - Hoarding
- ❑ Secondary savings:
 - Life insurance
 - Share
 - Government bond
 - Mutual funds
 - Securities
 - Assets (Real estate)
- ❑ HH differs by region in terms of savings approaches

Another digression on personal savings



- ### Some Characteristics of Households with Savings
- Heads of households with **upper secondary education** have more savings than those with lower education
 - Heads of household with no savings have higher rates of **widowhood, divorce, or separation**
 - Heads of households **working for government** have more savings than others, particularly blue collar workers in the private sector

- ### Nature of Savings Households
- Households with **unemployed or disable** members have lower savings
 - Households with **student** members have more savings
 - Households with the **elderly** do not have a clear savings status

4. Savings Options for Old Age: A Reform

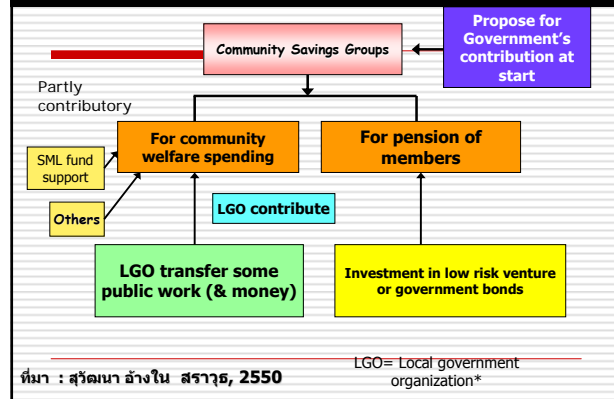
- ### 4.1 National Pension Fund (NPF)
- Mandatory, privately managed
 - **Cover workers in formal sector 13 mil pers.**
 - Defined Contribution
 - Contribution 3 % (employee & employer) at beginning
 - Savings increase: 80,000 mil. Bt. (280,000 mil.yen)/yr
 - Start from enterprises employing 100+(2008)
 - Enterprises 1+ (2018)
 - Private business: Support
 - Academic: Support but should cover the informal sector
 - Author:
 - NPF aims at fund for investment not for workers nor the poor
 - poverty gap will be widened
 - NPF not designed for the informal sector
 - NPF not for the disadvantaged who cannot afford mandatory savings

4.2 Community Savings Groups (Micro Finance)

- Micro finance/savings groups
- Social capital concept
- Through Communities
- Through Occupational groups
- For retirement
- For present welfare expenditures
- For both
- Example: Sajja (Honesty) Savings Group in Songkla and followers

Promoting Savings of the Informal Sectors

Framework for Community Savings Fund



The Informal Sector Social Security

- 2005 SSO initiated the extension of SI to informal sectors
- 2006 Preparatory work was undertaken
 - Propose mandatory system
 - Prepare database
 - Set up long-term plan (to avoid abuse of the fund)
- Proposed to cover selected occupational groups beginning 2008
 - Start from groups with clear source of income and interested in joining
 - Focus: car drivers, tour guides, entertainment, massagers, salesmen
 - Separate fund from SI
 - Cover 4 types of insurance (injuries, labor, disability, death)
 - Contribution < 4.5 % of income
- Project delayed due to coup in 2006

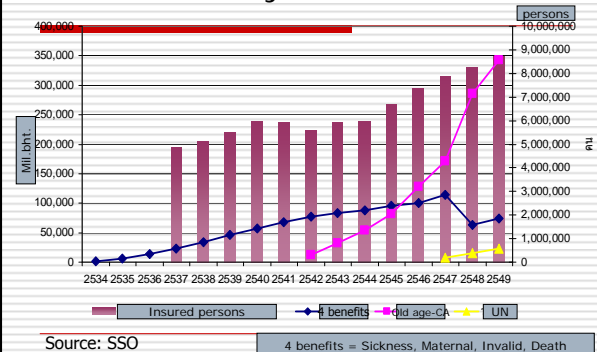
Government Subsistence Allowance (GSA)

- Formerly run by Ministry of Interior now transferred to Tambon Administrative Organization (TAO)
- GSA increased from 300bt (1050yen) to 500 bt(1,750)/mth in 2007
- Total budget 10,531.6 mil baht (36,860.6 mil. Yen) (0.13% of GDP in 2007)
- Number of elderly granted 1,755,266 persons (24% of total elderly)

Social Security Fund

- Social insurance separated from Workmen's Compensation Fund (WCF)
- Contributions for old-age and child allowance (CA): 3% from employees & employers and 1 % from government (for CA)
- Benefits: (sickness, maternity, disability, death), (old-age, child allowance)
- Defined Benefits (retirement): Lump sum or pensions
- Pension 20% of the average of last 60 monthly salary (since 2005) (15 years contribution)
- Not cover self employed (except insured under Article 39)
- As of October 2007: 9.173 million insured
- First lot of retirees will be in 2014 with 6,278 pensioners and 150,396 paid lump sum

Social Security Fund 1991-2006



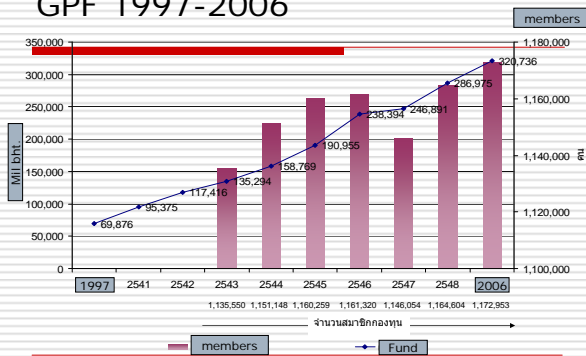
Social Security Benefits

- Pensions :
 - Cont 180 mth : 20% of av.salary last 60 mth
 - Over 180 mth : 20% + 1% of every 12 mth that cont more than 180 mth
- Lump sum:
 - Cont <12 mth : = sum of cont
 - Cont 12-180 mth: = sum of cont + interest
- If pensioner dies w/1 60 mth of pensions, he/she get lump sum 10 times of last month pension

Government Officials Pensions Fund (GPF)

- Reformed from old system (PAYG) since 27 March 1997
- Fully-funded covering only government officials
- Defined Contribution + defined benefits
- Members as of Dec 2006 = 1,176,514 persons
- Public teachers 39.14%, civil servants 27.97%
- Fund 320,000 mil bht (1.12 mil. mil. Yen) in 2006 (increasing from 69,000 mil. Bht. (241,500 mil. yen in 1997, the starting year)

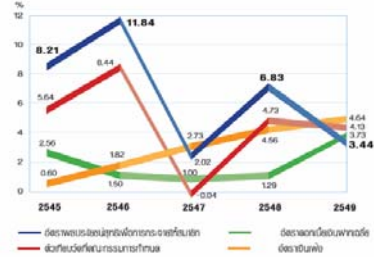
GPF 1997-2006



ที่มา: กองทุนบำเหน็จบำนาญข้าราชการ

Returns on savings in GPF

ผลตอบแทนจากการลงทุน 5 ปีย้อนหลัง
ณ 31 ธันวาคม 2549



ที่มา : กองทุนบำเหน็จบำนาญข้าราชการ, <http://www.gpf.or.th/GeneralServiet>

Private School Teachers Welfare Fund (PSTWF)

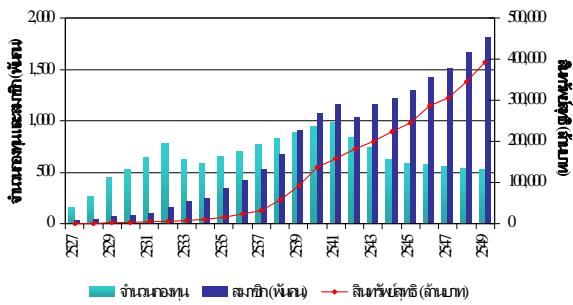
กองทุนสงเคราะห์ครูใหญ่และครูโรงเรียนเอกชน

- Private school teachers are under Private School Act 1982
- Social security for private school teachers was set up since 1975
- Administered by the Office of Private Education Commission
- Mandatory, defined benefits (lump sum only for old age retirement)
- Contributions 3% each from teacher and school owner + 6% from government (for Old age only)
- Benefits come from interest of fund, in lump sum
- In 2006 there are 102,570 members, fund of 9,309.52 mil.bht. (30,030 mil.yen).

กองทุนสำรองเลี้ยงชีพ (provident fund)

- ลูกจ้างและนายจ้างจ่ายเงินสมทบไม่น้อยกว่าร้อยละ 2-15 ของค่าจ้างรายเดือน นายจ้างจ่ายไม่น้อยกว่าลูกจ้าง
- มีนิติบุคคลเป็นผู้จัดการกองทุน เน้นการลงทุนในสินทรัพย์ที่มีความมั่นคงสูง และรัฐบาลให้สิทธิประโยชน์ทางภาษี
- ในปี 2549 มีสมาชิกกองทุนสำรองเลี้ยงชีพจำนวน 1.8 ล้านคน จากจำนวนนายจ้าง 7,892 ราย มีเงินรวม 386,656 ล้านบาท

จำนวนกองทุน สมาชิก และสินทรัพย์สุทธิของ กองทุนสำรองเลี้ยงชีพ



ที่มา: 1. กองนโยบายการออมและการลงทุน สำนักงานเศรษฐกิจการคลัง ปี พ.ศ. 2527-42
2. สำนักงาน ก.ล.ด. ปี พ.ศ. 2543-49

กองทุนสำรองเลี้ยงชีพสำหรับลูกจ้างประจำ ของส่วนราชการ (กสจ.)

- ลูกจ้างประจำส่วนราชการ
- สมทบ ลูกจ้าง 3% รัฐ 3%
- สิทธิประโยชน์ทางด้านภาษี
- ได้รับเงินสมทบ+ดอกผล ทุกกรณีที่สิ้นสภาพการ เป็นลูกจ้างประจำ (เสียชีวิต ไล่/ปลดออก เกษียณ)
- ในปี 2546 มีสมาชิก 161,100 คน มูลค่า เงินกองทุน 5,089 ล้านบาท

Retirement Mutual Fund (RMF)

(กองทุนรวมเพื่อการเลี้ยงชีพ)

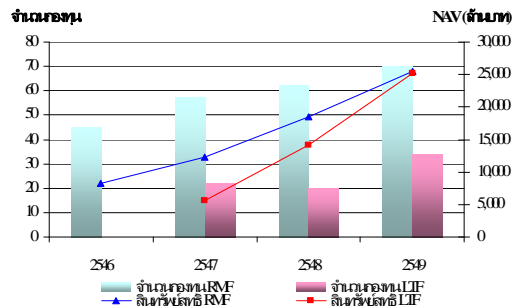
- เป็นการออมเพื่อเกษียณอายุส่วนบุคคลแบบสมัครใจ
- กองทุนลงทุนในตลาดเงินตลาดทุน
- ต้องลงทุนต่อเนื่องกันทุกปี หรือปีเว้นปี อย่างน้อย 5 ปี ติดต่อกัน และถือหน่วยลงทุนจนอายุครบ 55 ปี
- มีสิทธิประโยชน์ทางภาษีภายใต้เงื่อนไข
- ข้อมูล ณ เดือน ธ.ค. 2549 มีจำนวนกองทุนอยู่ 70 กองทุน มูลค่าทรัพย์สิน 25.48 พันล้านบาท จาก 42 กองทุน 2.84 พันล้านบาท ในปี 2545

Long Term Equity Fund (LTF)

กองทุนรวมหุ้นระยะยาว

- การออมแบบสมัครใจ
- เน้นการลงทุนในหุ้นสามัญ
- ไม่จำกัดขั้นต่ำหรือข้อผูกพันในการลงทุนต่อเนื่อง
- มีสิทธิทางภาษีเพื่อการจูงใจให้ลงทุนต่อเนื่อง (ปีไหนลงทุนก็สามารถนำไปลดภาษีได้)
- ประเภทแบ่งตามลักษณะ : สัดส่วนการลงทุนในตลาดหุ้น และ ตลาดทุน, นโยบายการจ่ายเงินปันผล, นโยบายการลงทุน, นโยบายการเลือกหุ้นลงทุน
- มีมูลค่าทรัพย์สิน 25.19 พันล้านบาท ในปี 2549 (สูงขึ้น 5 เท่า จากปี 2547)

จำนวนกองทุน และสินทรัพย์สุทธิของ กองทุนรวมเพื่อการเลี้ยงชีพ และกองทุนรวมหุ้นระยะยาว

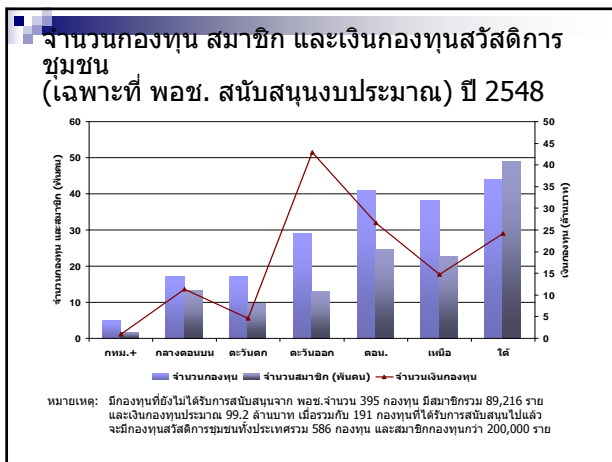
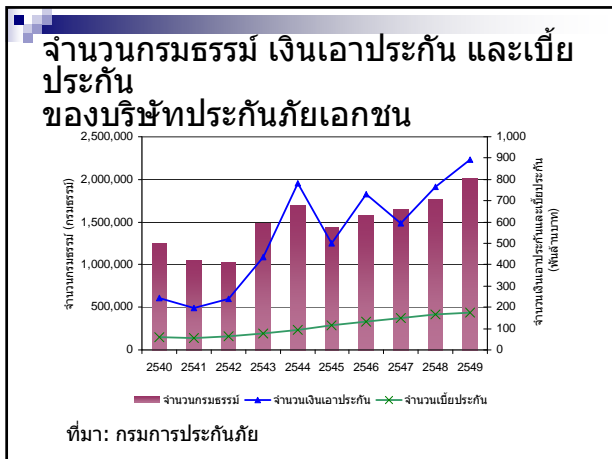


ที่มา: สำนักงานคณะกรรมการกำกับหลักทรัพย์และตลาดหลักทรัพย์

Life insurance savings

(การประกันชีวิตแบบเงินได้ประจำ)

- เป็นการออมเพื่อเกษียณอายุส่วนบุคคลแบบสมัครใจ
- กำหนดให้ผู้เอาประกันต้องจ่ายเบี้ยประกันตามระยะเวลาที่กำหนด
- เมื่อชำระเบี้ยประกันครบตามสัญญา จะยังคงได้รับความคุ้มครองต่อไปตามระยะเวลาที่กำหนด และได้รับเงินคืน เช่น เงินก้อน เงินรายปี หรือเงินปันผล และเงินที่คืนให้ทุกเดือนเมื่อผู้เอาประกันเกษียณอายุ (55 หรือ 60 ปี) ซึ่งขึ้นอยู่กับเงื่อนไขของกรมธรรม์
- เบี้ยประกันสามารถนำไปลดหย่อนภาษีได้ตามกำหนด
- ในปี 2549 มีจำนวนเงินสำรองประกันภัย 547.78 ล้านบาท สูงขึ้นเทียบกับ 276.90 ล้านบาท ในปี 2545



5. Survey of Attitude and Practice of Savings for Old Age (Private employees and government officials)

5. Survey of savings for old age of private employees and civil servants, 2007

- Survey approach
 - Structured questionnaire interview
- Sampling
 - Multi-stage sampling: Regions, Provinces and Industries
 - Purposive sampling: Private sector – SS Insured persons, Government sector- Insured civil servants of Government Officials Pensions Fund
 - Number of samples: 831 private employees + 435 civil servants

Sample size of the private sector employees by age (831 samples)

| Age | Insured persons | Proportion (%) | Samples | Proportion (%) |
|-------|-----------------|----------------|---------|----------------|
| <30 | 3,872,331 | 47.1 | 361 | 43.4 |
| 30-39 | 2,671,044 | 32.5 | 286 | 34.4 |
| 40-49 | 1,265,088 | 15.4 | 139 | 16.7 |
| 50+ | 416,928 | 5.1 | 45 | 5.4 |

Sample size of civil servants by age (435samples)

| Age | Members | Proportion (%) | Samples | Proportion (%) |
|-------|---------|----------------|---------|----------------|
| <30 | 147,810 | 12.6 | 42 | 9.8 |
| 30-39 | 327,185 | 27.8 | 112 | 26.2 |
| 40-49 | 466,303 | 39.6 | 153 | 35.7 |
| 50+ | 235,216 | 20.0 | 121 | 28.3 |

*ที่มา สำนักงานกองทุนมาหนึ่งบ้านนายข้าราชการ,
<http://www.gpf.or.th/mass/member.jsp>

| Samples' background: Private employees | Samples' background: Civil servants |
|--|---|
| <ul style="list-style-type: none"> 64.2 females, 35.8 males <30 yrs 43.6% 30-39 yrs 33.7% 40-49 yrs 16.8% 50 + 5.4 % Education <ul style="list-style-type: none"> B.A. + 49.1% Dip. 14.6 Cert. of Voc./upper Sec.17.0 Lower sec. 10.5 Elem or lower 8.6 | <ul style="list-style-type: none"> 62.5% females, 37.4% males <30 9.9% 30-39 26.6 40-49 35.5 50 + 27.8 Education <ul style="list-style-type: none"> B.A. + 80.6 Dip. 6.2 Cert. of Voc./upper Sec. 11.0 Lower sec. 1.3 Elem. Or lower 0.7 |

| Income: Private employees | Income: Public employees |
|---|--|
| <ul style="list-style-type: none"> Personal income average 193,654 bht/yr (624,690 yen) or 16,137 bht/mt (52,055 yen) Those with income < 15,000 bt/mt (48,400yen) account for 60.4% Those with income > 15,000 bt/mt account for 39.6 % | <ul style="list-style-type: none"> Personal income average 321,302 bht/yr (1,036,450 yen) or 26,775 bht/mt (36,370yen) Income < 15,000 bt/mt (48,400yen) account for 23.8 % Income > 15,000 bt/mt account for 76.2 % |

ผู้ที่ทำงานภาครัฐมีรายได้มากกว่าภาคเอกชน

Income adequacy?

| | Private | Public |
|------------|---------|--------|
| w/ Savings | 20.8% | 21.0% |
| Adequate | 34.9% | 45.1% |
| Inadequate | 25.2% | 19.6% |
| Shortage | 18.9% | 14.2% |
| | 100.0% | 100.0% |

Having dependents?

| | Private | Public |
|---------------------------|------------|------------|
| Yes | 73.3% | 76.3% |
| No | 26.7% | 23.7% |
| | 100.0% | 100.0% |
| Dependency ratio per head | 0.72 คน | 0.71 คน |
| Income dependency | Mean 23.7% | Mean 24.2% |

Having debts?

| | Private | Public |
|--------------------------|------------|------------|
| Yes | 67.9% | 71.0% |
| No | 32.1% | 29.0% |
| | 100.0% | 100.0% |
| % of debt/ income (/mth) | Mean 31.8% | Mean 32.1% |

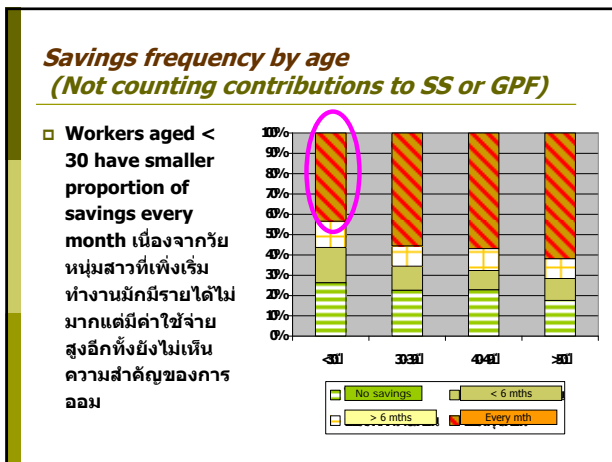
R % having both dependents & debts

| | Private emp. | Public emp. |
|--------------------------------|--------------|-------------|
| Having both dependents & debts | 53.0% | 58.0% |
| Having debts | 15.0% | 13.0% |
| Having dependents | 20.0% | 18.4% |
| No dependent or debt | 12.0% | 10.6% |
| | 100.0% | 100.0% |

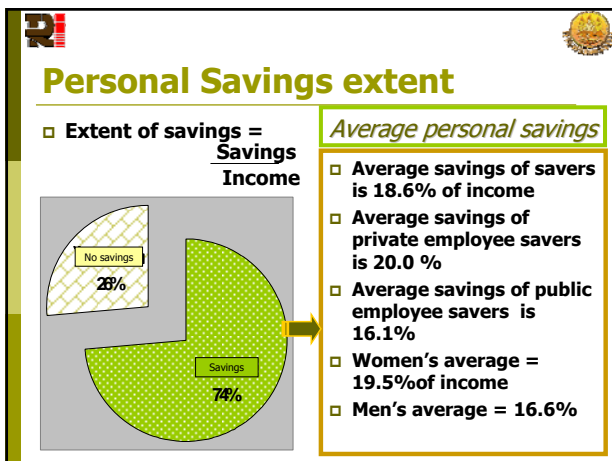
Savings frequency (Not counting contributions to SS or GPF)

| Private | Public |
|---------------------------|--------------------------|
| Every month 47.9% | Every month 62.0% |
| 6 mth or more a year 11.7 | 6 mth or more a year 9.6 |
| < 6 mth a year 14.0 | 6 mth a year 10.6 |
| No saving 26.3 | No saving 17.7 |

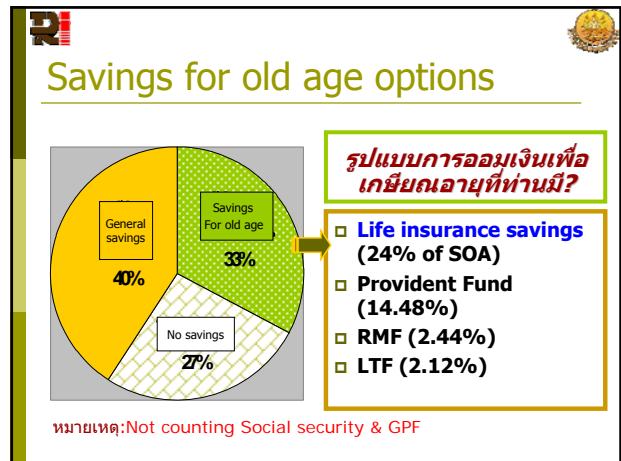
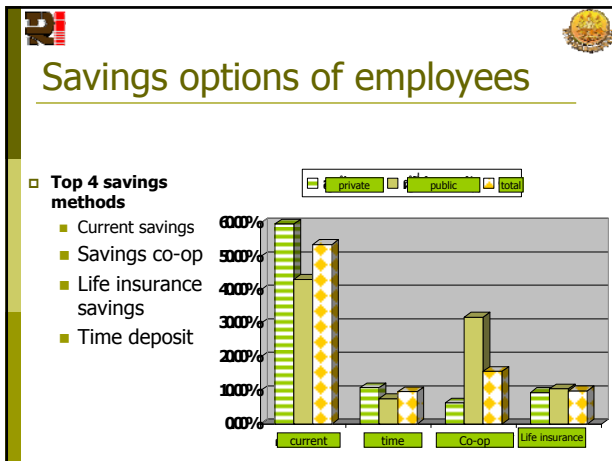
ผู้ที่ทำงานภาคีรูดออมเงินสม่ำเสมอมากกว่าเนื่องจากมีสิทธิประโยชน์หักเงินจากเงินเดือนทุกเดือน ขณะที่ลูกจ้างเอกชนมีข้อจำกัดในการเข้าถึงกองทุนสำรองเลี้ยงชีพ



- ### Savings behaviour: Frequency
- 33.3 % of older private workers do not have savings
 - Those with income > 15,000 bht/mth (52,500 yen) save more frequently than those having <15,00 bht/mth
 - Those with more education have more frequency of savings than those with less ones.
 - Women save more frequently than men.



- ### Savings extent (cont.)
- Private employees w/ "no saving" more % than public employees w/ no savings (26.9% against 17.7%)
 - But on the average private employees save more than public ones as the latter already forced save in GPF and/or savings co-ops.



Savings for old age options (cont)

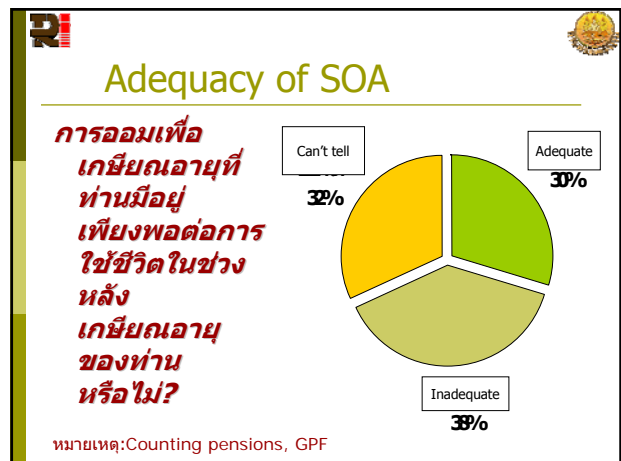
- 22.2 % of those with <15,000 bht/mth (52,599yen) compared with 42.7% of those with 15,000 bht/mth + this is partly due the tax incentive is biased in favor of the higher income.
- Provident Fund is preferred among private employees but many firms cannot afford the co-contribution (22.5 % of private employees surveyed have provident fund).

Savings options awareness

| | % of respondents heard of this option |
|--------------------------|---------------------------------------|
| Social security: Old age | 52.8 (1) |
| RMF | 22.0(5) |
| Life insurance savings | 37.9(4) |
| GPF | 64.6(2) |
| Provident fund | 46.5(3) |
| LTF | 12.5(6) |
| Never heard of any | 6.3(7) |

Saving options wishing to do in the future

| | % of respondents wishing |
|------------------------|--------------------------|
| RMF | 17.6 |
| Life insurance savings | 33.6 |
| Provident fund | 27.6 |
| LTF | 8.0 |





Adequacy of SOA

Those answering "inadequate" or "not sure", how do you plan to save for old age?

- No plan: 30.2 %.
- Will work after retirement: 30.9 %
- Planning to save more: 16.8%
- Hope to get government assistance: 4.5%
- Hope to get assistance from own children: 3%
- May survive with out savings 1.7%.

Average age to start saving for old age: 39 years old.

Preference on options for saving for old age savings.

- 42.4% prefer a mixed systems consisting both "mandatory" and "voluntary".
- 35.3 % prefer "mandatory" systems because they feel as if they were not losing the money and make them save consistently.
- 22.2 % prefer "voluntary" options they don't like to be forced and prefer flexibility.



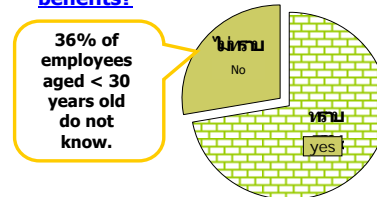
Awareness about "retirement age"

Do you know your formal "retirement age" (RA) (Private employees only)

- 36.6 % of private employees do not know.
- 14.1 % responded that their boss do not fix "RA".
- 49.2 % of private employees are with RA: maximum 65, minimum 50, average 56 years old.

Awareness of social security benefits of private employees

For private employees, are you aware of social security benefits?



Older workers are more aware of SSB than younger ones.



Attitude on work after retirement

Yes

- To utilize experience and knowledge 44.5%
- Do not want to be burden 35.1%
- Can't help because having no savings 16.8%

No?

- Want to rest 9.6 %
- Have enough pension/savings 13.4 %
- Family does not allow 4.3%

6. Conclusion and recommendations

- Demographic pressure together with unsustainability of the present income security, among others, lead to the need for increased savings for old age
- The present systems has many options for saving for old age but is inadequate in terms of coverage
- Thailand has problems of a large number of poor elderly, workers in informal sectors, and income disparity.
- Depending on government policy
 - To increase national savings
 - To ensure income security for workers
 - To redistribute income
- The policies are not mutually exclusive
- Income security for old age should be universal and pro-poor in terms of accessibility, affordability.

Pro poor MULTI PILLAR Implementation

1. Retain the present social security System for private employees.
 2. Extend the coverage of the proposed NPF.
 3. Promote community savings funds for the informal sectors and communities
 4. Create more options of savings for old age the poor and disadvantaged
 - Contributory
 - Non-contributory (Zero pillar)
-

Keeping in mind

- Feasibility in terms of implementation, affordability, accessibility
 - Difficult
 - The poor cannot afford savings
 - The informal sector are not sustainable to save
 - Both are very large sectors
 - Political will vs governance
-