



AGING POPULATION AND EXPANDING SOCIAL INSURANCE IN VIETNAM

Capacity Building Seminar on Enhancing
Social Spending in Support of Inclusive Growth
in Asia

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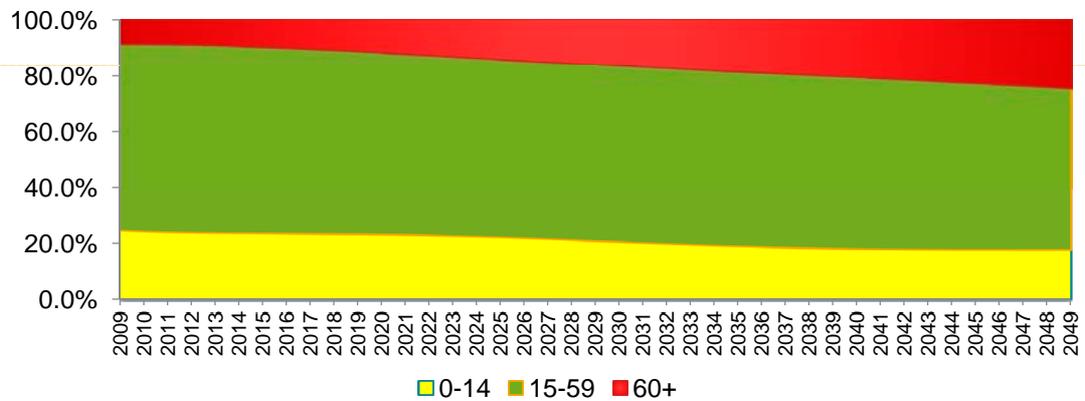
OUTLINE

- Aging Population in Vietnam
- Social Insurance in Vietnam
- Challenges and Changes
- Recommendations

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AGING POPULATION IN VIETNAM

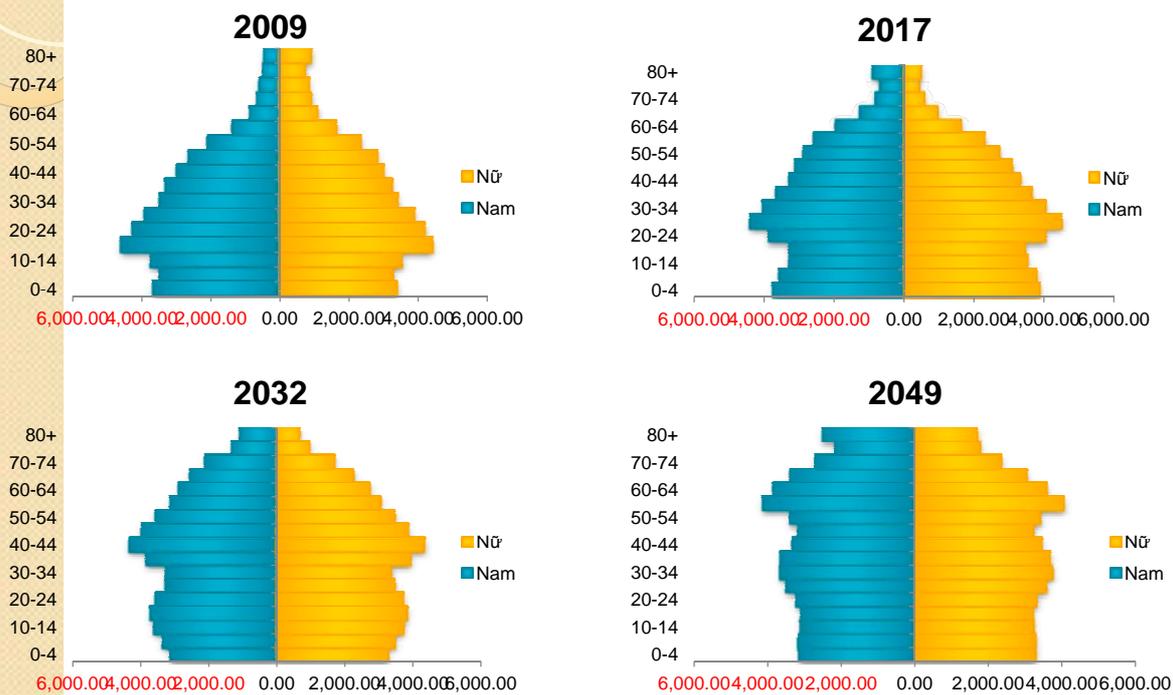
AGE STRUCTURE OF VIETNAM POPULATION (2009 - 2049)



	2009	2015	2020	2025	2030	2035	2040	2045	2049
0-14	24.5%	23.4%	23.0%	22.0%	20.4%	18.8%	17.9%	17.6%	17.6%
15-59	66.9%	67.0%	65.4%	63.9%	63.2%	62.5%	61.4%	59.4%	57.6%
60+	8.7%	9.6%	11.6%	14.1%	16.5%	18.7%	20.7%	23.0%	24.8%

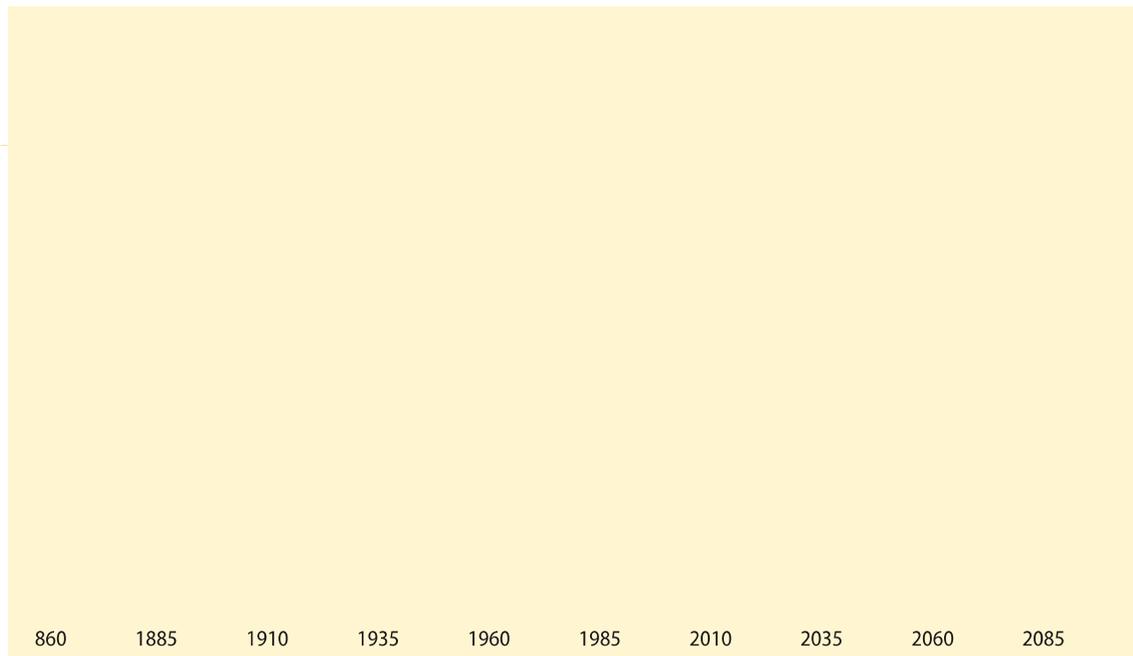
Source: Population Projection for Viet Nam 2009 - 2049 (GSO, 2011)

AGING POPULATION IN VIETNAM



Source: Population Projection for Viet Nam 2009 - 2049 (GSO, 2011)

AGING POPULATION IN VIETNAM



Source: *Live Longer and Prosper: Aging in East Asia and Pacific* (WB, 2016)

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AGING POPULATION IN VIETNAM

- Aging characteristics in Vietnam
 - The ratio of the oldest old (80+) will be higher
 - The aging speed in Vietnam is among highest
 - The ratio between elderly female and elderly males is increasing at higher age.
 - The aging rates are noticeably different among regions and provinces

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AGING POPULATION IN VIETNAM



Are they challenges to social insurance?

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SOCIAL INSURANCE IN VIETNAM

- Functions of Vietnam Social Security (VSS)
 - Manage the Social Insurance (SI) Fund and the Health Insurance (HI) Fund
 - Collect SI and HI contributions from employees and employers.
 - Make payments on retirement pension and other social security benefits (maternity, health care, funeral)

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SOCIAL INSURANCE IN VIETNAM

- Connection with other government agencies
 - Ministry of Labour, Invalids and Social Affairs: cooperation in implementation of the Law on Social Insurance, report to the MOLISA on the management of the SI Fund
 - Ministry of Health: cooperation in implementation of the Law on Health Insurance, report to the MoH on the management of the HI Fund
 - Ministry of Finance: cooperation in financial mechanism for SI and HI funds, report to the MoF on the financial management of the funds, particularly revenue/expenditures and investment

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SOCIAL INSURANCE IN VIETNAM

- SI contribution mechanism:
 - Employees contribute 8% of their contracted salary to the SI fund
 - Employers contribute 18% of their employee's contracted salary to the SI fund
 - PAYG basis: the fund get the contribution from current workers and use that money to pay benefit for current beneficiaries, and the future beneficiaries will get the benefit from future contribution

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SOCIAL INSURANCE IN VIETNAM

- SI benefits
 - Pension: male at age 60, female at age 55 having not less than 20 years of SI contribution, are eligible to receive pension
 - The amount of monthly pension is calculated by formula, but not excess 75% of the legal average monthly salary.
 - Employees could have other social security benefit such as maternity payment (6 months), sickness supports, and funeral payment

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SOCIAL INSURANCE IN VIETNAM

- Revenues and expenditures of SI fund
 - Revenue: contributions from employees and employers; income from investment; support from state budget, and other sources
 - Expenditures: pensions and other social security benefits, authorized investments

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SOCIAL INSURANCE IN VIETNAM

- Revenues and expenditures of SI fund

Revenue and Expenditures – Social Insurance Fund (2009 – 2015)

Unit: bil. VND

No	Items	2009	2010	2011	2012	2013	2014	2015
	Revenue	37,557	49,914	62,509	89,992	106,861	130,770	145,880
1	Compulsory SI	37,488	49,740	62,258	89,613	106,305	130,059	145,053
2	Voluntary SI	69	174	251	379	556	711	827
	Expenditures	28,419	35,188	44,261	59,097	75,690	86,266	101,201
1	Compulsory SI	28,419	35,163	44,237	59,043	75,590	86,106	100,891
2	Voluntary SI	0,67	25	24	54	100	160	310

Source: Vietnam Social Security

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SOCIAL INSURANCE IN VIETNAM

- Coverage of SI fund

Coverage of Social Insurance Fund (2009 – 2015)

Unit: Person

No	Items	2009	2010	2011	2012	2013	2014	2015
1	Compulsory SI	8,901,170	9,441,246	10,104,497	10,436,868	11,023,846	11,451,530	12,319,866
2	Voluntary SI	41,193	81,319	96,400	139,643	187,753	196,254	254,643
	Total	8,942,363	9,522,565	10,200,897	10,576,511	11,211,599	11,647,784	12,574,509
	% of population in working age (15-59)	15.5%	16.2%	17.1%	17.4%	18.2%	18.8%	20.1%

Source: Vietnam Social Security

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CHALLENGES AND CHANGES

- Challenges to SI in short term
 - SI contribution delay and avoidance cause losses in SI revenue
 - Cash is still dominant while ATM is not popular in pension payment
 - IT application in VSS could not connect the system nationwide
 - Very minor role of private sector in SI

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CHALLENGES AND CHANGES

- Challenges to SI in long term
 - SI coverage is small
 - PAYG basis cause inequality between younger and older generations
 - Aging population causes threat to the sustainability of SI fund

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CHALLENGES AND CHANGES

- New Law on SI launched in 2014, effective in 2016 with many changes
 - Extend SI coverage to cover other types of employees
 - Extend the contribution period to receive full pension
 - Reporting every 6 months
 - Introduction of supplementary pension fund

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CHALLENGES AND CHANGES

- Targets of SI:
National Strategy on SI development by 2020 (announced in 2013)
 - Coverage: 50% of population in working age (15-59) by 2020
 - Modernization: nationwide connection within SSV by 2017, inter-agencies connection by 2020
 - Standardization: Application of ISO 9001:2008 through out SSV administrative system by 2016

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RECOMMENDATIONS

- Extending coverage of SI
- Improving connectivity and database
- Participation of private sector
- Changing PAYG basis



Thank you