THAILAND

DEMOGRAPHICS AND MACROECONOMICS

<table>
<thead>
<tr>
<th>Category</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Nominal GDP (EUR bn)</td>
<td>9,399</td>
</tr>
<tr>
<td>GDP per capita (USD)</td>
<td>4,187</td>
</tr>
<tr>
<td>Population (000s)</td>
<td>67,386</td>
</tr>
<tr>
<td>Labour force (000s)</td>
<td>38,345</td>
</tr>
<tr>
<td>Employment rate</td>
<td>98.7</td>
</tr>
<tr>
<td>Population over 65 (%)</td>
<td>11.0</td>
</tr>
<tr>
<td>Dependency ratio</td>
<td>19.3</td>
</tr>
</tbody>
</table>

Data from 2008 or latest available year.
1. Ratio of over 65-year-olds the labour force.
Source: OECD, various sources.

COUNTRY PENSION DESIGN

STRUCTURE OF THE PENSION SYSTEM

Public pensions
- The old-age programme, covering the organised workforce
- Government Pension Fund (GPF), covering government officials

Private pensions: occupational (mandatory)
- It was introduced in 1987 and designed to be mandatory for all financial institutions and state agencies, but in practice this requirement is not implemented
- This plan provides DC benefits

Private pensions: personal (voluntary)
- It mainly targets those who are not covered by the formal pension system
- Self-employees, and those in the informal sector are covered
- It is fully funded

Source: OECD Global Pension Statistic.

IOPS Country Profiles – THAILAND, December 2009
## Pension Funds Data Overview

### Assets

<table>
<thead>
<tr>
<th>Year</th>
<th>2001</th>
<th>2002</th>
<th>2003</th>
<th>2004</th>
<th>2005</th>
<th>2006</th>
<th>2007</th>
<th>2008</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total investments (National currency millions)</td>
<td>222,917</td>
<td>244,823</td>
<td>287,329</td>
<td>305,462</td>
<td>345,896</td>
<td>390,928</td>
<td>441,710</td>
<td>465,297</td>
</tr>
<tr>
<td>Total investments, as a % of GDP</td>
<td>4.34</td>
<td>4.49</td>
<td>4.86</td>
<td>4.71</td>
<td>4.88</td>
<td>4.99</td>
<td>5.20</td>
<td>4.95</td>
</tr>
</tbody>
</table>

Of which Assets overseas, as a % of Total investment:

- Issued by entities located abroad:
  - ND
  - ND
  - ND
  - ND
  - ND
  - ND
  - ND
  - ND

- Issued in foreign currencies:
  - ND
  - ND
  - ND
  - ND
  - ND
  - ND
  - ND
  - ND

### By financing vehicle (as a % of Total investments)

- Pension funds: 100.00%
- Book reserves: ND
- Pension insurance contracts: ND
- Other financing vehicle: ND

### By pension plan type

- Occupational assets: 222,917
- % of DB assets: 0.00%
- % of DC (protected and unprotected) assets: 100.00%
- Personal assets: 0.00%

### Structure of Assets (as a % of Total investments)

<table>
<thead>
<tr>
<th>Category</th>
<th>2001</th>
<th>2002</th>
<th>2003</th>
<th>2004</th>
<th>2005</th>
<th>2006</th>
<th>2007</th>
<th>2008</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash and Deposits</td>
<td>0.00</td>
<td>0.00</td>
<td>10.66</td>
<td>7.56</td>
<td>13.93</td>
<td>18.28</td>
<td>9.39</td>
<td>12.70</td>
</tr>
<tr>
<td>Fixed Income</td>
<td>93.80</td>
<td>90.49</td>
<td>69.58</td>
<td>76.49</td>
<td>73.82</td>
<td>70.05</td>
<td>75.86</td>
<td>77.09</td>
</tr>
<tr>
<td>Of which:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Bills and Bonds issued by the public and private sector</td>
<td>49.20</td>
<td>45.10</td>
<td>69.58</td>
<td>76.49</td>
<td>73.82</td>
<td>70.05</td>
<td>75.86</td>
<td>77.09</td>
</tr>
<tr>
<td>• Loans</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
</tr>
<tr>
<td>Shares</td>
<td>2.28</td>
<td>6.74</td>
<td>14.85</td>
<td>13.77</td>
<td>10.43</td>
<td>9.53</td>
<td>11.44</td>
<td>7.44</td>
</tr>
<tr>
<td>Land and Buildings</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
</tr>
<tr>
<td>Other Investments</td>
<td>3.92</td>
<td>2.77</td>
<td>4.92</td>
<td>2.18</td>
<td>1.82</td>
<td>2.13</td>
<td>3.32</td>
<td>2.77</td>
</tr>
</tbody>
</table>

### Contributions and Benefits

<table>
<thead>
<tr>
<th>Category</th>
<th>2001</th>
<th>2002</th>
<th>2003</th>
<th>2004</th>
<th>2005</th>
<th>2006</th>
<th>2007</th>
<th>2008</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Contributions, as a % of GDP</td>
<td>ND</td>
<td>ND</td>
<td>0.52</td>
<td>0.68</td>
<td>0.86</td>
<td>0.81</td>
<td>0.89</td>
<td>0.96</td>
</tr>
<tr>
<td>• Employer Contributions, as a % of Total contributions</td>
<td>ND</td>
<td>ND</td>
<td>55.14</td>
<td>54.47</td>
<td>57.89</td>
<td>54.41</td>
<td>54.34</td>
<td>53.94</td>
</tr>
<tr>
<td>• Employee Contributions, as a % of Total contributions</td>
<td>ND</td>
<td>ND</td>
<td>44.86</td>
<td>45.53</td>
<td>42.11</td>
<td>45.59</td>
<td>45.66</td>
<td>46.06</td>
</tr>
<tr>
<td>Total Benefits, as a % of GDP</td>
<td>ND</td>
<td>ND</td>
<td>0.25</td>
<td>0.35</td>
<td>0.39</td>
<td>0.37</td>
<td>0.47</td>
<td>0.57</td>
</tr>
<tr>
<td>• % of benefits paid as a Lump sum</td>
<td>ND</td>
<td>ND</td>
<td>100.00</td>
<td>100.00</td>
<td>100.00</td>
<td>100.00</td>
<td>100.00</td>
<td>100.00</td>
</tr>
<tr>
<td>• % of benefits paid as a Pension</td>
<td>ND</td>
<td>ND</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
</tr>
</tbody>
</table>

### Membership (in thousands of persons)

<table>
<thead>
<tr>
<th>Category</th>
<th>2001</th>
<th>2002</th>
<th>2003</th>
<th>2004</th>
<th>2005</th>
<th>2006</th>
<th>2007</th>
<th>2008</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total membership</td>
<td>ND</td>
<td>ND</td>
<td>1,419</td>
<td>1,519</td>
<td>1,666</td>
<td>1,810</td>
<td>1,915</td>
<td>2,054</td>
</tr>
<tr>
<td>• % of Active membership</td>
<td>ND</td>
<td>ND</td>
<td>100.00</td>
<td>100.00</td>
<td>100.00</td>
<td>100.00</td>
<td>100.00</td>
<td>100.00</td>
</tr>
<tr>
<td>• % of Deferred membership</td>
<td>ND</td>
<td>ND</td>
<td>ND</td>
<td>ND</td>
<td>ND</td>
<td>ND</td>
<td>ND</td>
<td>ND</td>
</tr>
<tr>
<td>• % of Passive membership</td>
<td>ND</td>
<td>ND</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
</tr>
<tr>
<td>Other beneficiaries</td>
<td>ND</td>
<td>ND</td>
<td>ND</td>
<td>ND</td>
<td>ND</td>
<td>ND</td>
<td>ND</td>
<td>ND</td>
</tr>
</tbody>
</table>

### Number of Pension Funds/Plans

<table>
<thead>
<tr>
<th>Category</th>
<th>2001</th>
<th>2002</th>
<th>2003</th>
<th>2004</th>
<th>2005</th>
<th>2006</th>
<th>2007</th>
<th>2008</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total number of funds</td>
<td>620</td>
<td>594</td>
<td>575</td>
<td>556</td>
<td>542</td>
<td>525</td>
<td>513</td>
<td>511</td>
</tr>
<tr>
<td>Total number of plans</td>
<td>ND</td>
<td>ND</td>
<td>ND</td>
<td>ND</td>
<td>ND</td>
<td>ND</td>
<td>ND</td>
<td>ND</td>
</tr>
</tbody>
</table>

1. Membership figures reflect ‘membership’ rather than ‘people’. Therefore a person may be a member of more than one types of plan at any one time, particularly if the person has a number of employments in the year.

ND = data not available

NA = data not applicable

Source: OECD, Global Pension Statistics
PUBLIC PENSION
Private sector employees should participate in the mandatory OAP system, where contribution rates are 3% each from employers and employees, and 1% from the government. The minimum contributing period is 15 years and the retirement age is 55 years. The minimum benefit is 15% of wages, but increases by 1% for each additional year of service up to 35%.

Government officials in Thailand join a separate mandatory scheme, i.e. the Government Pension Fund (GPF). In order to be eligible to benefits, the minimum year of service is 10 years. Contribution varies depending on the category of members. For the contributing category, members have to contribute 3% of salary, while the government provides matching contributions of 3% and another 2% for post-reform compensations. For the non-contributing category, the government provides pre-reform compensations based on a new formula and post-reform compensations at 2% of salary. The benefit equals last year’s salary multiplied by the number of years, plus the amount in the defined contribution scheme from the GPF.

OCCUPATIONAL MANDATORY (PROVIDENT FUND)
Coverage
Provident funds – introduced in 1987 were designed to be mandatory for all financial institutions and state agencies, but in practice this requirement is not implemented among the target employers. Employers which are not covered by the OAP and GPF systems are encouraged to join provident funds.
Contributions
Employees and the government can contribute between 2% and 15% of salaries each, and any further contribution should seek permission from the Ministry of Finance.
Benefits
The plan features DC benefits which are paid as lump sum when employees retire.
Tax
EEE tax policy is currently adopted in Thailand, i.e. contribution, investment and payout are all tax exempted, although such tax relief is subject to limit of THB 290,000 for employee contributions and 15% of payroll for employer contributions.

PERSONAL VOLUNTARY
Coverage
This scheme covers those employees not covered by provident funds, those who wish to make additional contributions to supplement their voluntary provident funds, and those individuals who are not currently covered by any formal pension scheme. They also provide a channel for the self-employed or those who wish to make additional savings over and above the government provident fund.
Contributions
Under the scheme, individuals can save up to 15% of their income, with a minimum amount of contribution at THB 5,000.
Benefits
The account is fully funded.
Tax
IOPS Country Profiles – THAILAND, December 2009
Contribution, investment and payout are all tax exempted, although tax relief for contributions to the RMF scheme are subject to limit of THB 300,000 when combined with any other pension savings (e.g. provident funds and GPF).

**MARKET INFORMATION**

**Occupational mandatory**

As of 2006 there were 525 provident funds, 7,461 participating firms, and THB 390,928 million assets accumulated. As of 2005 there were about 1.7 million participants. Provident funds are independent entities and managed by professional asset managers. Fund management is subject to strict restrictions.

**POTENTIAL REFORM**

Establishment of the mandatory National Pension Fund (NPF) by 2008 and full functioning of this system by 2018

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**REFERENCE INFORMATION**

**KEY LEGISLATION**

1999: Provident Fund (Amendment) Act, which transfers the responsibility for supervision of provident fund management companies from the Ministry of Finance to the Office of the Securities and Exchange Commission.
1992: Securities and Exchange Act, which prescribes regulations governing the administration of provident funds.
1987: Provident Fund Act, which details establishment of the provident funds in Thailand.

**KEY REGULATORY AND SUPERVISORY AUTHORITIES**

Office of the Securities and Exchange Commission
Pension contributions as a % GDP, 2008

- Finland: 11.4%
- Australia: 9.7%
- Switzerland: 8.5%
- Iceland: 8.3%
- Denmark: 6.8%
- Estonia: 5.4%
- Netherlands: 4.0%
- Liechtenstein: 3.9%
- Chile: 3.5%
- Hon-Kong: 3.0%
- Canada: 2.2%
- Israel: 2.1%
- Belgium: 1.7%
- Poland: 1.7%
- Portugal: 1.6%
- New Zealand: 1.6%
- Hungary: 1.4%
- Peru: 1.3%
- Nigeria: 1.2%
- Mexico: 1.2%
- Bulgaria: 1.1%
- Thailand: 1.0%
- Korea: 0.9%
- Czech Republic: 0.8%
- Spain: 0.8%
- Slovenia: 0.7%
- Italy: 0.7%
- Macedonia: 0.6%
- Turkey: 0.6%
- Norway: 0.6%
- Austria: 0.4%
- Germany: 0.3%
- Egypt: 0.3%
- Luxembourg: 0.2%
- Romania: 0.2%
- Ukraine: 0.1%
- Albania: 0.0%
- Greece: 0.0%
- Pakistan: 0.0%