

THAILAND



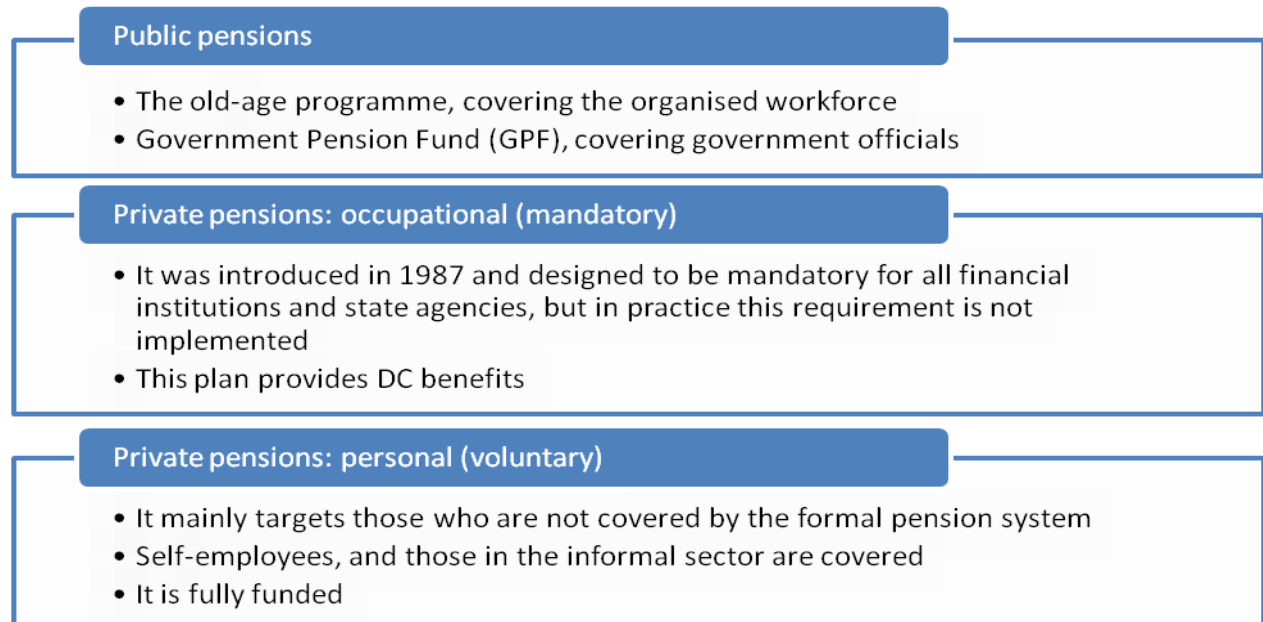
DEMOGRAPHICS AND MACROECONOMICS

Nominal GDP (EUR bn)	9 399
GDP per capita (USD)	4 187
Population (000s)	67 386
Labour force (000s)	38 345
Employment rate	98.7
Population over 65 (%)	11.0
Dependency ratio ¹	19.3

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



Source: OECD Global Pension Statistic.

PENSION FUNDS DATA OVERVIEW

	2001	2002	2003	2004	2005	2006	2007	2008
Assets								
Total investments (National currency millions)	222,917	244,823	287,329	305,462	345,896	390,928	441,710	465,297
Total investments, as a % of GDP	4.34	4.49	4.86	4.71	4.88	4.99	5.20	4.95
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	100.00	100.00	100.00	100.00	100.00	100.00	100.00
• Book reserves	ND	ND	ND	ND	ND	ND	ND	ND
• Pension insurance contracts	ND	ND	ND	ND	ND	ND	ND	ND
• Other financing vehicle	ND	ND	ND	ND	ND	ND	ND	ND
By pension plan type								
• Occupational assets	222,917	244,823	287,329	305,462	345,896	390,928	441,710	465,297
• % of DB assets	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
• % of DC (protected and unprotected) assets	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00
• Personal assets	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Structure of Assets (as a % of Total investments)								
Cash and Deposits	0.00	0.00	10.66	7.56	13.93	18.28	9.39	12.70
Fixed Income	93.80	90.49	69.58	76.49	73.82	70.05	75.86	77.09
Of which:								
• Bills and Bonds issued by the public and private sector	49.20	45.10	69.58	76.49	73.82	70.05	75.86	77.09
• Loans	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Shares	2.28	6.74	14.85	13.77	10.43	9.53	11.44	7.44
Land and Buildings	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Other Investments	3.92	2.77	4.92	2.18	1.82	2.13	3.32	2.77
Contributions and Benefits								
Total Contributions, as a % of GDP	ND	ND	0.52	0.68	0.86	0.81	0.89	0.98
• Employer Contributions, as a % of Total contributions	ND	ND	55.14	54.47	57.89	54.41	54.34	53.94
• Employee Contributions, as a % of Total contributions	ND	ND	44.86	45.53	42.11	45.59	45.66	46.06
Total Benefits, as a % of GDP	ND	ND	0.25	0.35	0.39	0.37	0.47	0.57
• % of benefits paid as a Lump sum	ND	ND	100.00	100.00	100.00	100.00	100.00	100.00
• % of benefits paid as a Pension	ND	ND	0.00	0.00	0.00	0.00	0.00	0.00
Membership (in thousands of persons)¹								
Total membership	ND	ND	1,419	1,519	1,666	1,810	1,915	2,054
• % of Active membership	ND	ND	100.00	100.00	100.00	100.00	100.00	100.00
Of which: % of Deferred membership	ND	ND	ND	ND	ND	ND	ND	ND
• % of Passive membership	ND	ND	0.00	0.00	0.00	0.00	0.00	0.00
Other beneficiaries	ND	ND	ND	ND	ND	ND	ND	ND
Number of Pension Funds/Plans								
Total number of funds	620	594	575	556	542	525	513	511
Total number of plans	ND	ND	ND	ND	ND	ND	ND	ND

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

THAILAND: THE PENSION SYSTEM'S KEY CHARACTERISTICS

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

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

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

<http://www.sec.or.th/en/index.php>

