

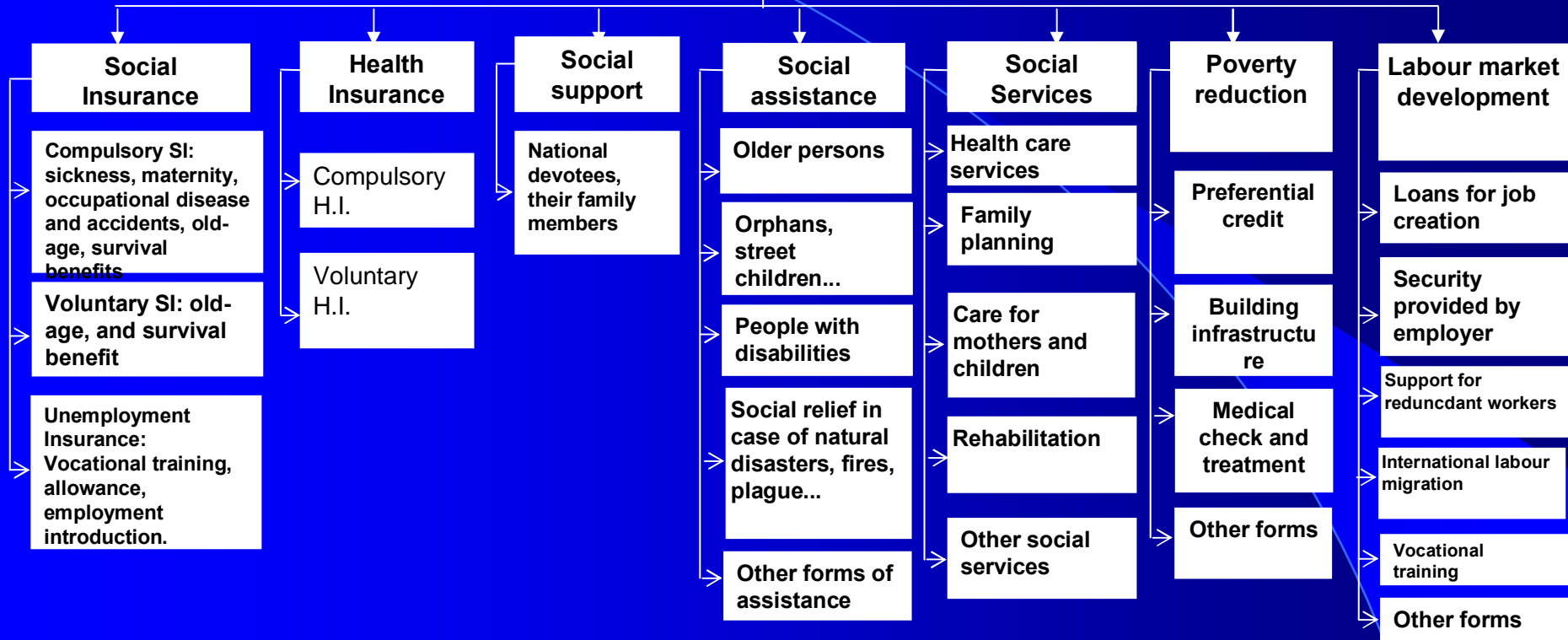


# **THE SYSTEM OF SOCIAL SECURITY IN VIETNAM AND THE LAW ON SOCIAL INSURANCE**

**New Delhi, 19-20 May 2008**



# SOCIAL SECURITY SYSTEM IN VIETNAM



Sources of funding:	State budget	State budget	State budget	State budget	State budget	State budget	State budget
	Employers	Employers	Community	Community	Community	Community	Employers
	Workers	Workers					



# Law on Social Insurance

**Compulsory  
Social  
Insurance**

**Voluntary  
Social  
Insurance**

**Unemploy-  
ment  
Insurance**



# Voluntary social insurance

## 1. The coverage:

*Voluntary social insurance is applied for citizens at the working age who do not participate in compulsory social insurance scheme*

## 2. Social insurance benefits:

- *Old -age benefit and*
- *Survivor's benefit*



# Voluntary social insurance - benefits



40Rog@j h ehqhiw

*Participants shall be entitled to old-age pension when : Men aged 60 and women aged 55 and having at least 20 years of contribution.*

- In case the participant has reached the retirement age but the period of contribution is short of less than 5 years, he/she shall be allowed to continue his/her contributions until he/she has 20 years of contribution to get the pension. The highest personable age is 65 for men and 60 for women.
- The monthly old-age pension rate is similar to compulsory scheme, that is for 15 years of contribution, the benefit rate is equal to 45 % of the average monthly income, then plus 2 % for men and 3 % for women for each additional year of contribution. The highest rate shall be equivalent to 75 % of the average monthly income.
- Pensioner shall be entitled to health insurance provided by voluntary social insurance fund



## Voluntary social insurance - benefits



### \* One-time benefit

Participants shall be entitled to a lump-sum benefit if he/she:

- + has reached the retirement age but the number of years contributed to the fund is less than 15 years; or at least 15 years but he/she does not want to pay premium;

- + has paid premiums for less than 20 years and wants to get a lump-sum

The lump-sum amount is calculated based on the number of years of contribution, for each year, he/she shall be entitled to 1.5 times of the average income based on which the contribution are defined.



## Voluntary social insurance - benefits



50 Vxuylyru-v ehqhilw=

- \* The funeral allowance is equivalent to 10 times of the general minimum wage if the deceased has 5 years of contribution.
- \* Survivor's benefit is paid in a lump-sum, no monthly survivor's benefit is provided. The lump-sum amount is calculated based on the number of years of contribution, for each year, family shall be entitled to 1.5 times of the average income based on which the contribution are defined.



# Voluntary Social Insurance Fund



\* The premium rates shall be similar to those in compulsory scheme, but the participant pays both the worker's and employer's contribution to the old-age and survivor's fund. The highest rate is 22% of income level from 2014 and on. This income level may be changed but not be lower than the general minimum wage and not be higher than 20 times of the general minimum wage (similar to compulsory social insurance).

\* The payment of premium can be made every month, every quarter or every 6 months. The participant can suspend paying premium if he/she can not pay.

\* The government encourages organizations and individuals to help the participant pay premium or contribute to the fund.



## Portability between compulsory and voluntary social insurance



- The durations of contribution in compulsory and voluntary schemes are added to calculate benefits.
- If a participant in voluntary scheme and has participated in compulsory scheme and meets the qualifying conditions for old-age pension according to regulations of the compulsory scheme he/she is entitled to all benefits as provided in the compulsory scheme
- In case a participant has paid compulsory scheme for 15 years and over, but he/she is out of working age. If according to regulation of compulsory scheme, he/ she gets a lump sum. But he/she can continue contribution to voluntary fund until he/she has paid enough 20 years to get old-age pension.
- Funeral allowance shall be provided for participants' family in voluntary scheme who participated in compulsory scheme.
- The participant's family shall be entitled to compulsory insurance survivor's benefit if he/she meets the qualifying conditions.



\* Regulations of voluntary social insurance take effect as of 1 January 2008.

**\*\* *Voluntary Social Insurance is one of important measures to extend the coverage of social insurance and strengthen income security especially for farmers and workers in the informal sector***



Thank you  
for your attention!