

Discussion on Multi-Tiered Pension Insurance and Old Age Benefit in Vietnam: Overview Study and Policy Recommendations



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ABSTRACT: Ensuring income security for old age for workers is considered the main goal of any pension system in the world. In the context of rapid population aging, building and implementing a multi-tiered retirement system to ensure old-age benefits for all elderly people is an inevitable development trend, bringing about universal social security. This study focuses on analyzing and clarifying arguments about old-age benefits, multi-tiered pension insurance, and related issues. Based on the results of an overview, analysis, and comparison between the current retirement insurance and old-age benefits in Vietnam and the multi-tiered pension insurance models in the world, the authors propose some policy suggestions to build and implement a multi-tiered pension insurance system associated with the current context of the aging population in Vietnam.

KEYWORDS: multi-tiered pension insurance, old-age benefit, pension, social pension

1. INTRODUCTION

In any country in the world, the pension system is always an important part of the social security system because it ensures a stable life for the population who have reached the end of working age, while also contributing to ensuring fairness and social stability while reducing the burden from the state budget. In the context of a rapidly aging population globally, becoming a major concern in many countries, the role of pension insurance is becoming more and more important. Reform of the pension system to build a more stable and sustainable pension system in the long term Reform of the pension system continues to be an urgent issue in many countries. This reform of the pension system is taking place in the direction of replacing the single-tier pension system with a multi-tier system, moving towards ensuring that all elderly people enjoy the policy. The retirement system in countries is usually built with three tiers: social welfare, compulsory pension, and voluntary pension, to ensure wide coverage, provide flexible retirement products, and ensure the needs and interests of the elderly.

According to Resolution No. 28-NQ/TW of the 12th Central Committee of the Communist Party of Vietnam, issued on May 23, 2018, social insurance is identified as a key pillar of the social security system. in the socialist-oriented market economy;

social insurance policy reform is both urgent and long-term, aiming at the goal of universal social insurance, and developing a flexible, diversified, multi-tiered, and modern social insurance system and international integration, fairness, equality, sharing, and sustainability. Accordingly, the goal of ensuring old-age income security for the elderly is defined as "about 45% of people after retirement age are entitled to pensions, monthly social insurance and social pension benefits (the period until 2021); about 55% of people after retirement age are entitled to pensions, monthly social insurance and social pension benefits (for the period up to 2025); about 60% of people after retirement age are entitled to pensions, monthly social insurance and social pension benefits (for the period until 2030). However, in fact in Vietnam today, according to the Vietnam Social Insurance, the whole country has about 12 million elderly people (out of working age), of which only about 3 million people who are receiving monthly pensions or monthly social insurance benefits (more than 20% of people after retirement age) and over 1.7 million people receiving social benefits from the state budget, the number of the rest are without pension or any other subsidy policy. It can be seen that the number of beneficiaries of the monthly pension scheme is still very low, the number of people outside of working age without a pension still accounts for a relatively large proportion.

Vietnam's pension system is currently facing many challenges such as: (i) the rapid aging of the population (according to the General Department of Population under the Ministry of Health, Vietnam will only take about 20 years to transform from population aging to aging population, it is forecasted that by 2050, Vietnam will have 22.3 million elderly people, accounting for 20.4% of the total population); (ii) the rate of participation / coverage of pension insurance is still very low (by the end of 2022, there are only about 17.5 million people participating in compulsory and voluntary social insurance, accounting for 38, 07% of the

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labor force in the age group); (iii) increase the number of pensioners (it is forecasted that the number of people receiving pensions from the fund in 2030 will be about 5.4 million people, accounting for 27.7% of the number of people after the retirement age, from the fund by 2050 is about 10.6 million people, accounting for 34.1% of people after retirement age),... The rapid population aging has created a great challenge, posing a demand for improvement in how Vietnam's pension system works to ensure that all elderly people have a basic pension/social pension, realize the goal of social security, and be fair and equal among workers. Like many other countries, Vietnam is expanding its current single pension system into a multi-tiered, multi-pillar pension system, aiming to ensure that all elderly people enjoy the policy.

Using a combination of document research methods and methods of synthesizing, analyzing, comparing, and contrasting collected data; This study focuses on analyzing and clarifying arguments about old age allowance, multi-tiered pension insurance, and other related issues (such as the trend of pension system reform in the context of population aging). Based on the results of the review, analysis, and comparison between the current retirement insurance and old-age benefits in Vietnam and the multi-tiered pension insurance models in the world, the study proposes some policy suggestions to build and implement a multi-tiered pension system in connection with the current context of population aging in Vietnam.

2. RESEARCH OVERVIEW

Social security is a universal need and has been recognized by ILO Conventions and UN charters such as the International Covenant on Economic, Social, and Cultural Rights as a fundamental human right. However, according to Van Ginneken, W. (2003), in reality, in developing countries there is a large segment of the population that does not enjoy any social security protection or is only partially covered (according to Beattie, 2000). The 2001 International Labor Conference placed the question of extending social protection high on the ILO agenda; The global campaign on social security and insurance for all was launched by the United Nations Labor Conference at its 91st Session, in 2003.

One of the basic rights of people's social security is to be guaranteed income security when they are old; This is considered the main goal of almost any pension system in the world. Pensions are an important part of a country's social security system; help prevent and reduce poverty among the elderly and ensure a decent standard of living for them after retirement. International social security standards according to Convention 102 on Social Security Minimum Rules, 1952 and Convention 128 on Disability, old-age, and survivorship benefits concerning disability, old-age and survivorship benefits, 1967 of the International Labor Organization (ILO) stipulates the payment of periodic pensions as form of income security for workers in old age. According to the ILO (2010), nearly 40% of the working-age population globally is legally insured by contribution-based retirement plans, but effective coverage is in fact in many parts of the world country is lower, and in some cases, much lower. In the context of socio-economic changes, many countries have made efforts to reform the pension system to achieve adequacy and sustainability of the pension system, ensuring legitimate rights and benefits for the elderly-year-old.

Ensuring the successful design and distribution of pensions for the elderly is complex. The increasing proportion of elderly people in the population of countries implementing sustainable pension systems is both urgent and difficult. Originally designed retirement plans or pension system reforms were intended to achieve two main goals: (i) providing adequate retirement income for the elderly and (ii) ensuring the financial sustainability of the system. Retirement program design and reform have been addressed in many studies (Barr, 2006; Barr and Diamond, 2009; Bloom and McKinnon, 2013; Ayuso et al., 2016). Several other studies examine issues related to the financial sustainability of the pension fund system such as population aging (Bongaarts, 2004); fund balancing mechanism (Amaglobeli et al., 2019); retirement age (Vogel et al., 2017), and several other economic variables (Cipriani, 2014; Alda, 2017).

Some of the challenges that all countries are facing in their efforts to protect their populations against aging-related risks have been cited by Bloom and McKinnon (2013), including a high proportion of age increasing in the total population; longer life expectancy (Bloom and McKinnon, 2010; Bloom et al., 2011); lack of financial literacy (Barr and Diamond, 2008; Shankar and Asher, 2011; Regúlez-Castillo and Vidal-Meliá, 2012); public budget constraints and competitive government spending priorities (ILO, 2010 and 2011); the development of the labor market and family structure (Standing, 2011; Bloom and McKinnon, 2010); and poor macroeconomic performance (ILO, 2010). For developing countries, there are additional challenges: populations "age" (in some cases, rapidly) before they are "rich" (Bloom, Canning, and Fink, 2011; Bloom et al., 2012); large rural/agricultural populations and large labor force in the informal sector; large domestic and international migration flows (Sabates-Wheeler and Koettl, 2010); and weak institutions, information systems and governance (Musalem and Ortiz, 2011). Developing countries are increasingly aware of the need to design and implement improvements in public systems to provide pensions for the elderly; aims to provide a steady income, reduce poverty among the elderly, ensure that those who are no longer working run out of money and promote equal treatment of men and women in retirement security even when lifetime income and expected life expectancy

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can vary greatly (Bloom and McKinnon, 2013). There are many challenges ahead for the pension system, such as: Closing the coverage gap; better integrating old age pensions with other insurance schemes, especially disability and survivorship pensions, as well as unemployment benefits and severance pay... (Holzmann, 2012).

Several pension design principles have been addressed in many studies (Barr, 2006; Barr and Diamond, 2009), including pension systems have multiple objectives, and the analysis should consider the entire system. In retirement, different systems share different risks and have different effects by generation and by gender. International experience shows that a pension system that guarantees long-term income for any population group can be designed in a variety of ways and with varying degrees of complexity (World Bank, 1994). The pension system also needs to ensure the basic principles of increasing coverage, reducing informality, and ensuring financial performance (including balance of funds and financial equity among beneficiaries). Policymakers must consider many options in the design of pension systems and choose to combine them with other policies to optimize coverage, benefits, and financing; be consistent with the demographics, historical conditions, and practices of a country regarding family support for the elderly, political system, level of informality, and financial situation of the social insurance system (Barr, 2006; Barr and Diamond, 2009).

The trend of rapid population aging combined with socioeconomic changes is posing challenges to the adequacy and especially the sustainability of the pension system in most countries. Retirement is not a new social issue but has not received adequate attention from the Government and the public until recently when retirement assets have been hit hard by the impact of the crisis finance. Without timely reforms, the challenges to the pension system will not only be financial security but can lead to the risk of socio-economic instability. Changes in goals, reform needs, and enabling environments that influence reform trends around the world can be highlighted through innovations in design and implementation in the pillar's main retirement column. The use of the pillar structure to highlight reform trends is driven by widespread and growing support for the concept of multi-pillar pensions (Holzmann et al., 2008; Holzmann, 2012).

Recognizing the problems faced, many countries have implemented pension system reforms to build a more stable and sustainable pension system in the long term. The process of reforming the pension system in many countries is taking place in the direction of replacing the single-tier pension system with a multi-tiered pension system to harmonize between improving the mutuality and sharing of the system. A system with increasing the possibility of retirement security by the ability, conditions, and needs of each individual. Countries when building a multi-tier social insurance system are also moving to ensure that all elderly people are entitled to the policy. Although the reform policies carried out are very diverse, depending on the specific socio-economic situation of each country, the reform trend still has many similarities: (i) compulsory retirement plans forced to gradually shift from the state sector to the private sector, voluntary retirement programs are paid more attention to build and develop; (ii) retirement plans tend to transition from a predetermined rate scheme to a defined contribution rate. Research in Vietnam has shown the need to build a multi-tiered pension system, with the ultimate goal of ensuring that all elderly people have a monthly pension, social insurance allowance, or Social pension benefits from the budget (World Bank, 2012).

3. THEORETICAL BASIS FOR OLD-AGE BENEFIT AND MULTI-TIERED PENSION INSURANCE

3.1. Old-age benefit

In the social security system of any country, old age security always holds a particularly important position; The main objective of pension systems is to ensure income security for the elderly/workers in old age. According to ILSSA & GIZ (2011), the old-age benefit is a type of support for people who are over the legal working age. It comprises contributory and non-contributory pensions (social pensions). However, some countries provide supplementary old-age pensions in addition to earning-related pensions. Accordingly, some related concepts are mentioned as follows:

Pension: is a social insurance scheme that ensures the provision of income to employees reaching the retirement age stipulated by law. Retirement schemes can be classified into two groups (Bodie et al., 1988), namely: (i) social insurance retirement plans with a predetermined DB and (ii) pension plans with a defined contribution DC.

Social pension (noncontributory pension): is a tax-financed (rather than contribution financed) benefit that is paid to the elderly without a regular income to meet their minimum living standards, without regard to their past contribution to the social insurance scheme. Social pension is financed by the state budget.

Supplementary pensions: these are pensions from supplementary pension schemes. In industrialized countries, most supplementary pension schemes are organized and managed by trade unions, enterprises, or the private sector besides the compulsory public pension.

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Pension insurance coverage: with an approach similar to the concept of social insurance coverage mentioned in the study of Long, G. T. and Thu, D. T. (2020), pension insurance coverage can be approached from two aspects, that is (i) statutory pension insurance coverage (legal coverage/statutory coverage: is a concept to define coverage) coverage, size of participation and benefit levels by the provisions of current legislation on pension insurance) and (ii) effective coverage protection, size of participation, and benefit level achieved by the retirement insurance system in practice).

Expanding pension insurance coverage: There are two ways to expand social insurance coverage (Schmitt, V., & De, L., 2013) as (i) expanding horizontal coverage is open widening the participants and (ii) extending the coverage vertically increases the level of protection for the participants. From there, it can be understood that expanding pension insurance coverage includes (i) expanding the beneficiaries of pension insurance and (ii) expanding the scope of benefits, increasing protection for the insured retirement insurance.

3.2. Multi-tier pension insurance

Multi-tier pension insurance is a term that has been mentioned for a long time in the study of Baldwin, F. S. (1910). Since then, there have been many studies discussing this topic. Most of these studies suggest that multi-tiered pension insurance is a collection of many pension insurance schemes; in which each regime has relatively independent purposes and functions and is closely related to each other, aiming to realize the goal of expanding pension insurance coverage in both breadth and depth increase the percentage of employees participating and the elderly enjoying retirement regimes, increase the pension levels of beneficiaries), ensure income security for workers when they are old, improve the quality of life of employees quality of life for the elderly. Depending on the conditions, each country designs its own suitable retirement insurance model, aiming to ensure that every person reaching retirement age has at least one source of income from the pension insurance system mind.

Typical multi-tiered retirement insurance models include the following:

- *The World Bank's multi-tier pension insurance model consists of 5 tiers (Wang et al., 2014)*, which is (i) Tier 0 for non-contributors, ensuring a minimum level of protection aimed at poverty reduction for the elderly, guaranteed by the state budget; (ii) The 1st floor is for compulsory participants with different levels of contribution depending on income, operating according to the mechanism of co-ordination; (iii) The 2nd floor is for compulsory participants with different payment levels depending on income, operating according to the mechanism of a symbolic personal account; (iv) Level 3 is for voluntary contributions in various forms but flexible and on demand. The 3rd floor compensates for the "forced" rigidity in the design of the 1st and 2nd floors; (v) The 4th floor supports financial or non-financial assistance for the elderly such as health care, housing).

- *The ILO pension insurance system consists of 4 tiers (Gillion, 2000; Duran, 2018)*, including (i) Floor 0 is the floor, aimed at poverty reduction, guaranteed by the state budget to support people with no income; (ii) Level 1 operates under the PAYG mechanism with a predetermined benefit (Defined Benefit); all workers are required to participate; publicly managed, the pension level is about 40-50% of the income as the basis for the average contribution for the years of contribution; (iii) Tier 2 is a tier that can be designed for compulsory or voluntary participation, operating on the principle of a defined Contribution; there is a ceiling on payment and is managed by a private organization; (iv) Level 3 is the voluntary participation layer; operating on the principle of personal savings accounts; There is no limit on the closing ceiling and is managed by a private organization.

- *The model of a multi-tiered pension system from the perspective of the Organization for Economic Cooperation and Development (OECD, 2011)* is generalized to include three layers: (i) The first tier is mandatory, typically the State budget countries guarantee income at an appropriate level for people who have reached the end of working age (Each country can choose to design policies according to the following 3 models: Basic pension, Social pension based on income verification or Minimum Pension); (ii) The 2nd floor is compulsory, characterized by the people's contribution to accumulate for old age, which can be provided by the State or privately (If provided by the State, there are 3 models: is a Defined Benefit Level, Accumulate Points or a Symbolic Personal Account; if provided by a private person, there are two models, namely Definite Benefit Level or Defined Contribution Rate); (iii) The 3rd floor is voluntary, characterized by people's contributions to accumulate for old age, provided by the private sector, there are 2 models that are defined benefit level or defined contribution rate.

These pension insurance models all have in common: (i) all models have a single tier for the elderly without income to fight poverty (wide coverage, dependent on the state budget) called social pension; (ii) floors for subjects who have to participate compulsory (can be separated into 2 sub-layers: according to PAYG or NDC model, managed by the state); (iii) voluntary contribution tier, including voluntary pension insurance, voluntary supplementary retirement insurance, and commercial insurance.

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4. RETIREMENT INSURANCE AND OLD-AGE BENEFITS IN VIETNAM

In Vietnam, there are pension insurance and old-age benefits, which are: (i) Monthly social allowance for the elderly in the social protection policy, (ii) The pension scheme in the category of the form of social insurance, (iii) The pension insurance in the form of commercial insurance. As follows:

4.1. Monthly social allowance

Social protection policies for the elderly are stipulated in the Law on Elderly No. 39/2009/QH12 issued on November 23, 2009; This policy includes a monthly social allowance for the elderly (similar to a social pension scheme), a payment source guaranteed by the state budget. The cases in which the elderly are entitled to monthly social allowances are specifically guided by Decree No. 20/2021/ND-CP stipulating social assistance policies for beneficiaries of social protection, which takes effect as of July 1, 2021, including:

- a) The elderly are in poor households, have no person with obligations and rights to serve or have someone with obligations and rights to serve but this person is receiving monthly social allowance;
- b) Elderly people from full 75 years old to 80 years old who belong to poor households or near-poor households that are not specified at Point A of this Clause who are living in communes and villages in ethnic minority areas and mountainous areas with special difficulties;
- c) Persons aged full 80 years or older who are not specified at Point a of this Clause and do not have a monthly pension, social insurance allowance, or monthly social allowance;
- d) The elderly are in poor households, have no people to take care of, have no obligation and right to take care of them, have no conditions to live in the community, and are eligible for admission to social assistance establishments but have someone to take care of them in the community."

According to the General Statistics Office's report, Vietnam currently has about 12 million elderly people; including over 1.9 million people aged 80 years and over. Currently, about 1.7 million elderly people are receiving monthly social allowances from the state budget (accounting for about 14.8% of the total number of elderly people); The standard level of social assistance applied from July 1, 2021, is 360,000 VND/month, accordingly, the monthly social allowance for the elderly has the lowest level of 360,000 VND/person/month and the highest is 1,080,000 VND/person/month.

4.2. Retirement regime in the form of social insurance

The retirement regime in the form of social insurance is specified in the Law on Social Insurance No. 58/214/QH13 issued on November 20, 2014, effective from January 1, 2016, including Compulsory retirement insurance, voluntary retirement insurance, and voluntary supplemental retirement insurance. These schemes are contribution-based retirement insurance schemes. As follows:

- Compulsory retirement insurance: According to the 2014 Law on Social Insurance, the compulsory retirement insurance regime is applied to those who are "Vietnamese citizens who are eligible to participate in social insurance association, including:
- a) Persons working under an indefinite term labor contract, a definite term labor contract, a seasonal labor contract, or a certain job with a term of from full 3 months to less than 12 months, including the labor contract signed between the employer and the legal representative of the person under the age of 15 by the labor law;
 - b) Persons working under labor contracts with a term of from full 1 month to less than 3 months;
 - c) Cadres, civil servants, and public employees;
 - d) National defense workers, public security workers, and people doing other jobs in cipher organizations;
 - đ) Officers and professional soldiers of the People's Army; officers, professional non-commissioned officers, officers and technical non-commissioned officers of the People's Public Security; people doing cipher work receive salaries like military personnel;
 - e) Non-commissioned officers and soldiers of the People's Army; non-commissioned officers and soldiers of the People's Public Security who serve definite-term; Military, police, and cipher students who are studying are entitled to living expenses;
 - g) Persons going to work abroad under the contract specified in the Law on Vietnamese workers working abroad under the contract;
 - h) The enterprise manager, the executive manager of the cooperative receiving salary;
 - i) Part-time workers in communes, wards, or townships."

The pension fund is jointly contributed by the employer and the employee. Employees participating in compulsory retirement insurance will be entitled to a monthly pension when they are eligible for retirement (full retirement age and full-time to pay social insurance contributions as prescribed by law).

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Voluntary retirement insurance: Employees who are not subject to compulsory retirement can participate voluntarily. According to current regulations, participants of voluntary pension insurance are Vietnamese citizens aged full 15 years or older and are not subject to compulsory retirement insurance; are entitled to a monthly pension when they reach the end of their working age and have a sufficient minimum contribution period. The pension fund is contributed by employees and partly supported by the state.

Voluntary supplementary pension scheme: Voluntary supplementary retirement program is a voluntary social insurance policy aimed at supplementing income for fund participants when they reach retirement age in the form of individual retirement accounts, invested and accumulated by the law. This type of insurance is independent of the above two types of insurance; applicable to all employees, employees participating in self-contribution, or with additional contributions from the employer. The contribution is put into the personal account and the employee is entitled to it after the end of working age.

By the end of 2022, Vietnam has 17.5 million people participating in compulsory and voluntary social insurance, accounting for 38.07% of the labor force age; about 3.3 million people receive monthly pensions and social insurance benefits in the form of social insurance; the average pension is about 5.4 million VND/month (of which the social insurance fund is paying for about 2.7 million people enjoying the monthly pension and social insurance benefits with the amount of nearly 14,475 billion VND/month; state budget payments to people who retired before 1995). The voluntary supplementary pension insurance scheme aims to meet the high pension needs of employees, independent of the compulsory pension insurance and voluntary pension insurance mentioned earlier. However, in reality, this mode has not been officially implemented yet.

4.3. Voluntary retirement insurance in the type of commercial insurance

Voluntary retirement of life insurance is specified in Circular No. 115/2013/TT-BTC of the Ministry of Finance guiding pension insurance and voluntary pension fund, issued on August 20, 2013; Circular No. 130/2015/TT-BTC of the Ministry of Finance amending and supplementing Circular No. 115/2013/TT-BTC, issued on August 25, 2015. Accordingly, retirement insurance is an insurance product. Life insurance is carried out by insurance enterprises to provide additional income for the insured at the end of working age. Retirement insurance includes retirement insurance for individuals and pension insurance for groups of employees. In the case of pension insurance for a group of employees (hereinafter referred to as group pension insurance), the insurance buyer is the employer, employees will receive all benefits of the insurance contract after a certain period as agreed between the parties and recorded in the insurance contract.

Vietnam's life insurance market currently has 18 insurers, of which only 6 are Prudential Vietnam, Bao Viet Life, Manulife, AIA Vietnam, Dai-ichi Vietnam, and PVI Sun Life. eligible to deploy voluntary retirement insurance products. According to the Vietnam Insurance Association, in 2021, the number of new retirement insurance policies in the whole market is 1,481, corresponding to the insurance amount of 247,913 million VND (in which, products individual insurance is 1,466 policies with the corresponding insurance amount is 195,552 million VND, group insurance products are 15 policies with the corresponding insurance amount is 1,233,710 million VND). By the end of 2021, the number of valid retirement insurance policies at the end of the period of the entire Vietnam life insurance market is 30,341 contracts, equivalent to the insurance amount of VND 4,295,289 million (of which, products individual insurance products are 30,220 policies with a corresponding insurance amount of VND 3,061,579 million, group insurance products are 121 policies with a corresponding insurance amount of VND 1,233,710 million).

5. POLICY DISCUSSION AND SUGGESTIONS

5.1. Discuss

Based on the results of the review, analysis, and comparison between the current retirement insurance and old-age benefits in Vietnam with the multi-tiered pension insurance models in the world, it can be seen that :

(i) The current pension system in Vietnam, although still single and fragmented, has different pension schemes, which is the foundation for the development of multi-tiered pension insurance. However, the protection coverage of the pension tiers is not enough to ensure that all workers at the end of working age have a pension, the provisions of the current policy have created a "policy gap" for people from 60 years old and up to under 80 years old who have neither pension nor poor household / no disability; These subjects are not entitled to monthly allowances, leading to difficulties in their old age (calculations from the General Statistics Office have shown that there are currently about 7 million elderly people who are not currently entitled to any policy any subsidy from the State budget or the Social Insurance fund).

(ii) Regulations on social welfare policies for the elderly separated from the pension insurance and monthly social allowance system are being implemented in the direction of the state budget being fully guaranteed. According to Hong, H. B. et al (2021), this policy regulation has led to limitations such as: due to lack of income control, many income earners are still entitled to the

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monthly social allowance, for example, incomes obtained when people participate in life insurance; people do not actively participate in retirement insurance because they think they have income when they get old; burden the state budget.

(iii) The rate of pension insurance coverage in the social insurance category is still low (Vietnam Social Insurance data shows that currently, only 38.07% of the labor force of the age group participates in social insurance). Many studies by international organizations have confirmed that social insurance, whether compulsory or voluntary, is the best tool to take care of elderly workers, but it is also the most difficult issue to implement. Even in developed countries, the situation of elderly people living in poverty due to a lack of social insurance has occurred in these countries. In Vietnam, currently, the number of elderly people with pensions accounts for only 15% of the total number of people who have reached the end of working age, the rest live on their children or accumulated assets, but this dependence is also very precarious. The International Labor Organization also predicts, if there is no support with the positive from the state budget, by 2030, Vietnam will have over 16 million elderly people without a pension, which creates a burden on the state budget, increases pressure on the social insurance fund, affect the achievement of the goal of ensuring old age security for employees.

(iv) At present, life insurance businesses do not focus on deploying retirement insurance products, most insurers ignore retirement insurance products (to meet the demand for retirement insurance complementary positions) but focus on other product lines. Life insurance businesses only focus their resources on deploying other product lines for retirement, such as traditional products, investment-linked products, health products, and complementary products. Data from the Vietnam Insurance Association shows that only 06/18 insurance businesses in the Vietnamese life insurance market have recorded retirement insurance business results, the proportion of insurance revenue retirement compared to other retirement products is very low, both new mining revenue and original premium revenue accounted for less than 1%.

5.2. Policy suggestions

International experience has shown that some countries have achieved success in universal coverage of some social security programs based on a combination of the contribution of social insurance programs and the social assistance program. Many countries around the world have defined the old age pension as the social pension layer in the multi-tiered social insurance system. China, Japan, and New Zealand have moved towards universal pension coverage (ISSA, 2018a); Thailand and Brunei are also very successful in universalizing pension insurance for the elderly with more than 80% of the elderly population enjoying retirement benefits (ISSA, 2018b). To achieve the goal of universal social insurance, specifically, all elderly people have a social pension according to the spirit of Resolution No. 28-NQ/TW issued by the 12th Central Committee of the Communist Party of Vietnam, issued on May 23, 2018, on reforming social insurance policies, some policy suggestions can be considered as follows:

(i) Continue to improve the legal system on social insurance and related laws

- Supplementing the social retirement benefit layer beside the basic social insurance layer (compulsory social insurance, voluntary social insurance), the additional pension insurance layer forms the social insurance system multi-story; at the same time, supplement regulations on the link between the social pension benefit layer and the basic social insurance layer to expand the beneficiaries of the social insurance regime.

- Adjusting to increase the retirement age according to the roadmap; gradually reducing the age for enjoying social pension benefits to ensure flexibility and suitability with the state budget in each period, thereby expanding the beneficiaries of social pension according to the roadmap.

- Re-adjust the regulations on the contribution levels of the subjects and the formula for calculating the pension, ensuring the principles of fairness, equality, sharing, and sustainability; increase the level of social pension allowance, ensuring the anti-poverty target for the elderly without pension.

- Strengthening policies to encourage low-income employees to participate in basic retirement insurance (support for payment costs and/or partial benefits); on the other hand, promulgating policies to encourage enterprises and employees to pay supplementary retirement benefits for employees by reducing corporate income tax and personal income tax.

- For retirement insurance or life insurance, it is necessary to adjust the appropriate commission policy, and research to increase the reasonable commission rate to both stimulate and create motivation for businesses and agents to exploit, and avoid affecting the insurance premium of the insured.

(ii) Improve the effectiveness and efficiency of state management in the implementation of retirement regimes

- Amending and supplementing functions and duties for the social insurance agency to be compatible with the transition to a multi-tiered pension insurance model (social pension, basic pension, supplementary pension).

- Enhance investment efficiency of retirement insurance funds, consider expanding into areas with high profitability.

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- Continue to modernize the management of social insurance, invest in the development of information technology and advanced management methods in the implementation of social insurance, and develop the personal account system.
- Building a database on social insurance, a set of criteria for evaluating the results of task performance and service quality of the social insurance agency; Develop a set of indicators to monitor and evaluate the implementation of layers of multi-tier pension insurance;
- Strengthening strict supervision and handling of violations in the implementation of retirement insurance products of life insurance enterprises, not allowing the deployment of other types of services other than retirement but taking the name trade is retirement, confusing participants.

(iii) Innovating, propagating, and disseminating policies and laws on social insurance in general and multi-tiered pension insurance in particular.

Promote information, propaganda, and focus on improving employees' understanding of social insurance policies, because this is an important factor in deciding participation in social insurance. It is necessary to establish information channels such as phone, internet, email, and Facebook to increase interaction with participants, promptly handle information related to policies and organize the implementation of social insurance policies.

Developing communication strategies and plans on multi-tier pension insurance: building a team of professional propagandists; renewing the form of propaganda based on selecting media companies to participate in propaganda; coordinating with commercial insurance enterprises in propagating and consulting participation in multi-tier pension insurance.

6. CONCLUSION

In the context of rapid population aging, building and implementing a multi-tiered retirement system to ensure old-age benefits for all elderly people is an inevitable development trend, bringing about universal social security. To ensure that all elderly people have a basic pension/social pension and achieve the goal of social security and equity and equality among workers, Vietnam needs a roadmap to change pension insurance system. It is necessary to have an overall pension system with three interlocking tiers, designed to complement each other to ensure the basic objectives of increasing coverage, ensuring minimum benefits, and ensuring efficient system financial results, including the universal social pension, compulsory contribution pension, and voluntary supplementary pension. Thereby, the elderly will be guaranteed a minimum standard of living as well as a level appropriate to the level of payment and income from these strata. The article focuses on analyzing and clarifying arguments about old age allowance, multi-tier pension insurance, and related issues. Based on the results of an overview, analysis, and comparison between the current retirement insurance and old-age benefits in Vietnam and the multi-tiered pension insurance models in the world, the authors propose some policy suggestions to develop and implement multi-tiered pension insurance in connection with the current context of population aging in Vietnam.

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