

**Project “Social Dimension of Sustainable Green Growth in Vietnam”
SOCIAL IMPACT ASSESSMENT REPORT**

**DRAFT REPORT
SOCIAL AND GENDER IMPACT ASSESSMENT
OF ARTICLE 60 AND ARTICLE 77
LAW ON SOCIAL INSURANCE**

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Executive summary

For its objective by 2020 to be attainable, which is to basically provide full coverage of the social security towards expansion of groups of workers to be covered by the social insurance system and more inclusive participation of farmers and informal workers in the voluntary social insurance scheme², the Law on Social Insurance adopted in 2014 has provided a set of relevant provisions, including Article 60 and Article 77 regulating conditions on which workers are entitled to lump-sum payment of social insurance benefits, i.e. (i) they have reached retirement age but paid social insurance premiums for under full 20 years or paid social insurance premiums for less than full 15 years and do not continue to participate in the voluntary social insurance scheme; or (ii) they settle abroad; or (iii) they are suffering from a fatal disease.

However, before the 2014 Law on Social Insurance came into effect, a number of groups of workers in Southern Vietnam had proposed that both options of receiving lump-sum payment of social insurance benefits and having duration of social insurance premium payment reserved shall be made available as previously stipulated in the 2006 Law on Social Insurance. To promote flexibility for lump-sum payment of social insurance benefits, address the needs of workers who have short duration of social insurance premium payment, are unable to continue their participation in the social insurance system and wish to be entitled to monthly pensions, and reflect recommendations or inputs from People's Committee of Ho Chi Minh City, Chairperson of the Central Committee of the Vietnam Fatherland Front, the Vietnam General Confederation of Labor as well as the Government³, on June 22, 2015, the National Assembly adopted Resolution No. 93/2015/QH13 on the implementation of the policy on lump-sum payment of social insurance benefits for workers.

² Resolution No. 15-NQ/TW dated June 01, 2012 of the Central Committee of the Communist Party of Vietnam on social policies for the period 2012-2020.

³ The booklet titled "Introduction on the Resolution No. 93/2015/QH13 by the National Assembly on the implementation of the policy on lump-sum payment of social insurance benefits for workers" by the Department of Legal Dissemination and Education, Ministry of Justice.

Under the Resolution No. 93/2015/QH13, the workers are entitled to receive lump-sum payment of social insurance benefits as per request if their duration of social insurance premium payment is less than full 20 years and they discontinue paying social insurance premiums after one-year leave, for those participating in the compulsory social insurance scheme, or have stopped to pay social insurance premiums, for those participating in the voluntary social insurance scheme.

To assess the social and gender impacts of the policy on lump-sum payment of social insurance benefits as defined in Articles 60 and 77 of the 2014 Law on Social Insurance, the GIZ-funded Project “Social Dimension of Sustainable Green Growth in Vietnam” (hereafter referred to as the Project) had coordinated with MOLISA’s Department for Social Insurance to undertake both qualitative and quantitative analysis and evaluation of this policy.

The study put its primary emphasis on analyzing the impacts on groups of workers directly regulated by Article 60 and Article 77 who have been engaged in either compulsory or voluntary social insurance schemes. It employed both qualitative and quantitative methods which included literature review and field surveys. Specifically, the surveys were conducted in one urban district and one rural district in both Hanoi and Ho Chi Minh City, and one district in Bac Giang and Long An Province with a total of 207 interviewees.

The promulgation of Articles 60 and 77 is aimed to encourage workers to reserve their period of social insurance premium payment for gradual accumulation to retain their rights to future monthly pensions after retirement, and maintain the coverage of social insurance system. Therefore, the social and gender impact assessment of the provisions at Articles 60 and 77 of the 2014 Law on Social Insurance is to affirm the positive impacts of the policy while defining its limitations and respective solutions to overcome these limitations for wide consensus in the policy implementation as well as improvement of the policies on social insurance.

The impact assessment study identified the affected groups of workers before the enforcement of Articles 60 and 77 under the 2014 Law on Social Insurance, which include the following:

- *Mainly workers who lost their jobs in the sector covered by compulsory social insurance - that is, the payment of social insurance premiums is shared by the employer, were unlikely to find a new job in this sector and had limited financial capacity to participate in the voluntary social insurance scheme which would require them to fulfill all payment obligations should they wish to maintain the same level of premium payment as before.*

- *Women workers tended to receive lump-sum payment of social insurance benefits more than males. The decision by women workers to apply for lump-sum payment of social insurance benefits was greatly influenced by gender roles placed on them.*

- *Most of the workers who received lump-sum payment of social insurance benefits worked in the non-public sector, with 2,306,042 (76 %) in a total of 3,049,706 workers who received a lump-sum payment in the period 2013 - 2017. Compared with female colleagues, the number of men workers who received lump-sum payment of social insurance benefits was generally smaller, but particularly much higher in the public sector and voluntary social insurance scheme. Since 2017 in particular, there has been a surge in the number of applicants for lump-sum payment of social insurance benefits in the voluntary social insurance scheme.*

- *Most of the workers who enjoyed the lump-sum payment of social insurance benefits were aged 20 to 39, accounting for 69% of those receiving a lump-sum payment in the period 2013-2017, specifically: it was 11 % of workers aged 35 to 39, 14 % of those aged from 20 to 24, 19 % of those from 30 to 34 and 25 % of those from 25 to 29 years of age which was the largest age group to have received lump-sum payment of social insurance benefits. It is noteworthy that there was a quite high proportion of workers in the public sector who were aged between 55 and 59 or over 60 and received a lump-sum payment. These workers usually had a low number of years of social insurance premium payment, reached the retirement age and were unable to pay voluntary social insurance premiums for them to be eligible for monthly pensions.*

- *Overall, the level of education and technical expertise of those who received lump-sum payment of social insurance benefits was low as the majority did not complete high school education or receive vocational training, accounting for 82.13% of the interviewees at 4 survey sites, i.e. Hanoi, Bac Giang, Long An and Ho Chi Minh City. Among these, the*

proportion of workers with lower secondary education was highest - 41.06 %, followed by those with high school education, i.e. 19.81 % of respondents. It was, however, interesting to see that those with university degrees still accounted for 5.31% of the total number of respondents who received lump-sum payment of social insurance benefits.

The entitlement to social insurance benefits in general and pension benefits in particular will be denied when the workers receive lump-sum payment of social insurance benefits. The coverage of the social insurance system will thus be narrowed in terms of the number of both contribution payers and beneficiaries of social insurance benefits, which presents numerous challenges to efforts to expand the coverage and participants of social insurance system.

It was further found in the assessment that the 20-year duration of social insurance premium payment as an eligibility condition for monthly pension benefits was too long and irrelevant with the ability to create and retain jobs of the economy. This condition, coupled with a difficult economic situation, has discouraged many workers - who are concerned about their immediate needs - from fulfilling their contribution obligations to the system for future entitlement to pension benefits.

Social insurance policies and legislation alone cannot provide a completely satisfactory answer to the quest for lump-sum payment of social insurance benefits as the workers are facing such problems as employment, investment and migration. A comprehensive solution which can cover issues related to labor, employment, migration, investment and finance is of high importance.

Social insurance policies and legislation must be adapted to the socio-economic development conditions as well as demographic characteristics of each country. However, many adjustments and changes, which are produced in parallel with the workers' efforts to accumulate social insurance contributions for their future benefits but not thoroughly communicated in terms of the purpose and objectives, have exerted enormous negative impacts on their trust in the social insurance system and policies. Besides, the positive aspects of Articles 60 and 77 in the 2014 Law on Social Insurance are not correctly and well understood by the social insurance participants - the system members, which would result in their exit of the system through the door of lump-sum payment of social insurance benefits.

Currently, an integrated communication strategy is still missing to reduce the number of workers receiving lump-sum payment of social insurance benefits for the sake of their future pension benefits in particular as well as maintenance and development of the social insurance system coverage in general. Direct exchanges and consultations between social insurance participants and agencies are limited due to the pressure of the Single Window system while a lack of appropriate communication materials has led to lack of knowledge and understanding on social insurance policies and legislation which, in turn, has had negative psychological impacts on the workers when the changes occur.

It was also confirmed in the impact assessment study that Articles 60 and 77 in the 2014 Law on Social Insurance, which are aimed to maintain and develop the coverage of the social insurance system by discouraging the participants of social insurance schemes, both compulsory and voluntary, to take the option of lump-sum payment, but to reserve their duration of social insurance premium payment for future retirement benefits, are fully relevant with international standards and consistent with legislation set by other countries that introduce similar policy of lump-sum payment of social insurance benefits.

To maintain and expand the coverage of social insurance, protect long-term benefits such as pension benefits for the workers, and make sure that the objectives of social security policies and Articles 60 and 77 in the 2014 Law on Social Insurance will be attainable, the following solutions must be introduced for synchronous implementation:

1. Legislation:

- It is needed to drive early issuance of a regulation which sets the workers' duration of social insurance premium payment to be as low as full 10 years as an eligibility condition for monthly pension benefits. This will give the workers a hope to receive pension benefits in their retirement, build their trust in the system, and incentivize them to fulfill contribution obligations for their own social security.

- It is necessary to have a policy to enable workers who were or are participating in social insurance schemes, either compulsory or voluntary, to take loans from their social insurance contributions (of up to 50% of the total contribution of workers and their employers) to reduce the economic burden placed on them, especially young women workers when they have lost or left their jobs to deliver their gender roles.

2. Legal propaganda and dissemination:

- A legal provision or a policy itself cannot be labeled successful until it has obtained the consent of the target groups under its coverage. Therefore, the legal propaganda and dissemination must be placed at the center of the process of formulation and improvement of policies and laws. The public shall be informed and consulted effectively (through socio-political organizations, social organizations, social-occupational organizations) on the purpose and objectives of proposed adjustments and changes to relevant laws and policies to be adopted. This will help create broad consensus in the society from proposal to promulgation of such policies or laws, and have the workers well-prepared when the policies and laws are officially adjusted or revised.

- An integrated communication strategy for the expansion of participants in the social insurance system, including a plan to minimize cases where lump-sum payment of social insurance benefits is requested, must be jointly delivered by the national body for social insurance and public social insurance agencies at all levels to raise public awareness on the purpose and significance of accumulated contributions for future pension benefits, creating broad consensus from the public in general and social insurance participants in particular on the expected adjustments and changes to the social insurance legislation, including adjustments and changes to the policy on lump-sum payment of social insurance benefits.

I. IDENTIFICATION OF PROBLEMS

1.1. Policy making context

For its objective by 2020 to be attainable, which is to basically provide full coverage of the social security towards expansion of groups of workers to be covered by the social insurance system and more inclusive participation of farmers and informal workers in the voluntary social insurance scheme⁴, the Law on Social Insurance adopted in 2014 has provided a set of relevant provisions, including Article 60 and Article 77 regulating conditions on which workers are entitled to lump-sum payment of social insurance benefits, i.e. (i) they have reached retirement age but paid social insurance premiums for under full 20 years or paid social insurance premiums for less than full 15 years and do not continue to participate in the voluntary social insurance scheme; or (ii) they settle abroad; or (iii) they are suffering from a fatal disease.

However, before the 2014 Law on Social Insurance came into effect, a number of groups of workers in Southern Vietnam had proposed that both options of receiving lump-sum payment of social insurance benefits and having duration of social insurance premium payment reserved shall be made available as previously stipulated in the 2006 Law on Social Insurance. To promote flexibility for lump-sum payment of social insurance benefits, address the needs of workers who have short duration of social insurance premium payment, are unable to continue their participation in the social insurance system and wish to be entitled to monthly pensions, and reflect recommendations or inputs from People's Committee of Ho Chi Minh City, Chairperson of the Central Committee of the Vietnam Fatherland Front, the Vietnam General Confederation of Labor as well as the Government⁵, on

⁴ Resolution No. 15-NQ/TW dated June 01, 2012 of the Central Committee of the Communist Party of Vietnam on social policies for the period 2012-2020.

⁵ The booklet titled "Introduction on the Resolution No. 93/2015/QH13 by the National Assembly on the implementation of the policy on lump-sum payment of social insurance benefits for workers" by the Department of Legal Dissemination and Education, Ministry of Justice.

June 22, 2015, the National Assembly adopted Resolution No. 93/2015/QH13 on the implementation of the policy on lump-sum payment of social insurance benefits for workers.

Under the Resolution No. 93/2015/QH13, the workers are entitled to receive lump-sum payment of social insurance benefits as per request if their duration of social insurance premium payment is less than full 20 years and they discontinue paying social insurance premiums after one-year leave, for those participating in the compulsory social insurance scheme, or have stopped to pay social insurance premiums, for those participating in the voluntary social insurance scheme.

To assess the social and gender impacts of the policy on lump-sum payment of social insurance benefits as defined in Articles 60 and 77 of the 2014 Law on Social Insurance, the GIZ-funded Project “Social Dimension of Sustainable Green Growth in Vietnam” (hereafter referred to as the Project) had coordinated with MOLISA’s Department for Social Insurance to undertake both qualitative and quantitative analysis and evaluation of this policy.

1.2. Policy making objectives

The promulgation of Articles 60 and 77 is aimed to encourage workers to reserve their period of social insurance premium payment for gradual accumulation to retain their rights to future monthly pensions after retirement, and maintain the coverage of social insurance system.

II. POLICY IMPACT ASSESSMENT

Since this policy has been implemented, the policy impact assessment as presented below has been carried out by the evaluation team after promulgation of the policy.

2.1. Identification of problems

The provisions on the enjoyment of lump-sum payment of social insurance benefits were first introduced in the provisional regulation on social insurance regimes issued in 1961, which states that a lump-sum payment of social insurance benefits shall be made to a worker who is forced to resign due to working capacity

loss. The lump-sum payment of social insurance benefits is calculated on a month's salary for every working year, but shall be at least equal to two months' salary, including allowances and child benefits (if any)⁶.

The Regulation on Social Insurance later issued in 1995 stipulates that the workers who are unemployed after leaving previous jobs but have not reached retirement age to receive monthly pensions will be entitled to a lump-sum payment of social insurance benefits or may wait until they reach their retirement age to enjoy monthly pension benefits. The lump-sum payment of social insurance benefits shall be on average one month's base salary for each year of social insurance premium payment⁷.

The 2006 Law on Social Insurance provides more detailed eligibility conditions for the workers to request for a lump-sum payment of social insurance benefits, including:

- They have reached the retirement age while having paid social insurance premiums for less than twenty years;
- They have suffered from working capacity decrease of at least 61% while having paid social insurance premiums for less than twenty years;
- They discontinue their payment of social insurance premiums after one-year leave while having paid social insurance premiums for less than twenty years;
- They settle abroad;
- Officers, non-commissioned officers and soldiers of the armed forces on definite term services when they are demobilized from the army or leave their job but are ineligible for enjoying retirement pension⁸. The basis for calculation of the lump-sum payment of social insurance benefits under this Law has increased from

⁶ Article 40 of the Decree No. 218/CP dated December 27, 1961 by the Government promulgating the provisional regulation on social insurance regimes applicable to public employees and workers.

⁷ Article 28 of the Decree No. 12/CP dated January 26, 1995 by the Government promulgating the Regulation on Social Insurance.

⁸ Article 55 and Article 73 of the 2006 Law on Social Insurance

average one to 1.5 month's base salary for each year of social insurance premium payment⁹.

Grounded on the amendment of the 2016 Law on Social Insurance, the 2014 Law on Social Insurance nullifies previously eligible cases where the workers have suffered from working capacity decrease of at least 61% or discontinue their payment of social insurance premiums after one-year leave and have paid social insurance premiums for less than twenty years, while additionally allowing the workers who are suffering from a fatal disease to be entitled to lump-sum payment of social insurance benefits¹⁰. The basis for calculation of the lump-sum payment of social insurance benefits for the years of premium payment prior to 2014 under this Law has increased from average 1.5 to 2 month's base salary for each year of social insurance premium payment¹¹.

However, on June 22, 2015, the National Assembly passed the Resolution No. 93/2015/QH13 to revalidate cases where the workers are entitled to a lump-sum payment if they discontinue their payment of social insurance premiums after one-year leave and have paid social insurance premiums for less than twenty years as prescribed by the 2006 Law on Social Insurance. Thus, in principle, this promotes continued compliance with the 2006 Law on Social Insurance and Articles 60 and 77 of the 2014 Law on Social Insurance have not actually implemented. *The eligible cases for lump-sum payment of social insurance benefits in different time periods since 1961 are summarized in Table 1.*

⁹ Article 56 and Article 74 of the 2006 Law on Social Insurance

¹⁰ Article 60 and Article 77 of the 2014 Law on Social Insurance

¹¹ Article 60 and Article 77 of the 2014 Law on Social Insurance

Table 1: Eligible cases for lump-sum payment of social insurance benefits from 1995 to present

	1995 Regulation on Social Insurance	2006 Law on Social Insurance	2014 Law on Social Insurance	Resolution No. 93/2015/QH13	Decree No. 115/2015/ND-CP and Decree No. 134/2015/ND-CP
Eligible applications for lump-sum payment of social insurance benefits					
1. The worker has not reached retirement age to receive monthly pensions	✓				
2. The worker has reached the retirement age but not yet met the requirement on duration of social insurance premium payment		✓	✓		✓
3. The worker has suffered from working capacity decrease of at least 61% while having paid social insurance premiums for less than twenty years		✓			
4. The worker discontinues paying social insurance premiums after one-year leave and requests for a lump-sum payment		✓		✓	✓
5. The worker settles abroad.		✓	✓		✓
6. The worker is suffering from a fatal disease			✓		✓
7. Officers, non-commissioned officers and soldiers of the armed forces when they are demobilized from the army or leave their job but are ineligible for enjoying retirement pension		✓	✓		✓
Number of months of average monthly base salary or wages for social insurance contribution per single year of social insurance premium payment to calculate the lump-sum payment					

For the years of social insurance premium payment prior to 2014	1 month	1.5 month	1.5 month	1.5 month	1.5 month
For the years of social insurance premium payment after 2014			2 month	2 month	2 month

The changing provisions in the legislation on lump-sum payment of social insurance benefits in different time periods since 1961 are presented in Annex 1.

From an international perspective, the Social Security (Minimum Standards) Convention, 1952 (No. 102) and the Invalidity, Old-Age and Survivors' Benefits Convention, 1967 (No. 128) of the International Labor Organization (ILO) require its Member States to “*secure to the persons protected*” the provision of old-age benefit on a regular basis (monthly or annually) in accordance with the number of years of their contribution or employment or permanent residence, without touching upon lump-sum payment of social insurance benefits - a modality deemed totally inappropriate to secure its members protected against socio-economic shocks and difficulties, leading to the loss or drastic reduction of their income in old age.

In the world, there are only a few countries with old-age pension schemes on the basis of contributions which allow lump-sum payment of social insurance benefits if the workers are not eligible for regular pensions according to law. Summary provisions on the enjoyment of lump-sum payment of social insurance benefits in some countries in the world are presented in Annex 2.

In general, a lump-sum payment of social insurance benefits is only released when the workers reach their retirement age (*similar to provisions at Articles 60 and 77 of the 2014 Law on Social Insurance*) but are eligible for pensions on a regular (monthly, quarterly or annual) basis in order to refund entire or partly contributions they have made during their employment. The duration of social insurance contribution for old-age pension benefits is only 10 or 15 years, compared with the eligibility criteria of 20 years applied in Vietnam. In addition, workers are encouraged to continue to pay social insurance premiums to be entitled to old-age pension benefits in the future, as in the case of China.

2.2. Problem solving goals

The social and gender impact assessment of the provisions at Articles 60 and 77 of the 2014 Law on Social Insurance is to affirm the positive impacts of the policy

while defining its limitations and respective solutions for wide consensus in the policy implementation as well as improvement of the policies on social insurance.

2.3 Social and gender impact assessment of Articles 60 and 77

2.3.1 Assessment methods

The study put its primary emphasis on analyzing the impacts on groups of workers directly regulated by Article 60 and Article 77 who have been engaged in either compulsory or voluntary social insurance schemes.

It employed both qualitative and quantitative methods which included literature review and field surveys.

- *Literature review:* The literature review included:

- Data and information provided by the MOLISA's Department of Social Insurance and Vietnam Social Security;

- Reports from provincial governments and stakeholders on the implementation progress of Articles 60 and 77 in the 2014 Law on Social Insurance;

- Mass media reports on responses of groups of workers regulated by Article 60 and Article 77 in the 2014 Law on Social Insurance;

- *Field surveys:* The surveys were conducted using questionnaire interviews to collect necessary information, which was not available in literature review, for in-depth analysis of the social and gender impacts of Articles 60 and 77 in the 2014 Law on Social Insurance on workers. Details on the surveys are presented in Annex 3.

Due to the time and resource constraints, the impact assessment report will focus on the following specific areas:

+) Analysis of characteristics of different groups of workers who received lump-sum payment of social insurance benefits: by gender, sector, age group, professional qualification and duration of social insurance premium payment. Gender mainstreaming approach was adopted in analyzing these factors.

+) Analysis of the factors influencing the decision to request for lump-sum payment of social insurance benefits: administrative procedures; financial needs for

investment in business, coverage of family or children’s schooling expenses; payment of debt, living expenses, medical care costs; shift to commercial insurance; overseas settlement; saving; poor understanding of workers on policies and legislation; lack of confidence of workers in the policy.

+ Impacts on public social insurance agencies in the settlement of lump-sum payment of social insurance benefits.

2.3.2 Affected groups of workers

• Receivers of lump-sum payment of social insurance benefits

According to statistics of the Vietnam Social Security, more than 3 million workers received lump-sum payment of social insurance benefits from 2013 to 2017, meaning that it was more than half a million workers to obtain such lump-sum payment annually, on the basis of valid social insurance regulations before adoption of the 2014 Law on Social Insurance (*refer to details in Table 1*). This is too much of a mass exit to be filled by efforts of the social insurance sector to expand the participants of social insurance system.

Table 1: Statistics on lump-sum payment of social insurance benefits between 2013-17

Unit: person(s)

	2013	2014	2015	2016	2017	Total
Number of receivers of lump-sum payment	601,202	713,175	644,666	523,632	567,031	3,049,706

Source: Department of Social Insurance - Ministry of Labor, Invalids and Social Affairs, 2018.

Notes: This data does not include Nghe An and Ha Tinh.

Survey results from four provinces/ cities, i.e. Hanoi, Bac Giang, Ho Chi Minh and Long An, further showed an upward trend between 2014 and 2017 (*refer to Table 2*).

<p>Table 2. Delivery of the policy on lump-sum payment of social insurance benefits between 2014-17 in four survey sites</p>

<i>Unit: person(s)</i>				
Year	HANOI	BAC GIANG	LONG AN	. CITY
2014	13,440	11,671	13,440	–
2015	15,350	10,320	15,350	78,354
2016	16,865	10,975	16,865	79,446
2017	20,720	10,957	20,720	88,341

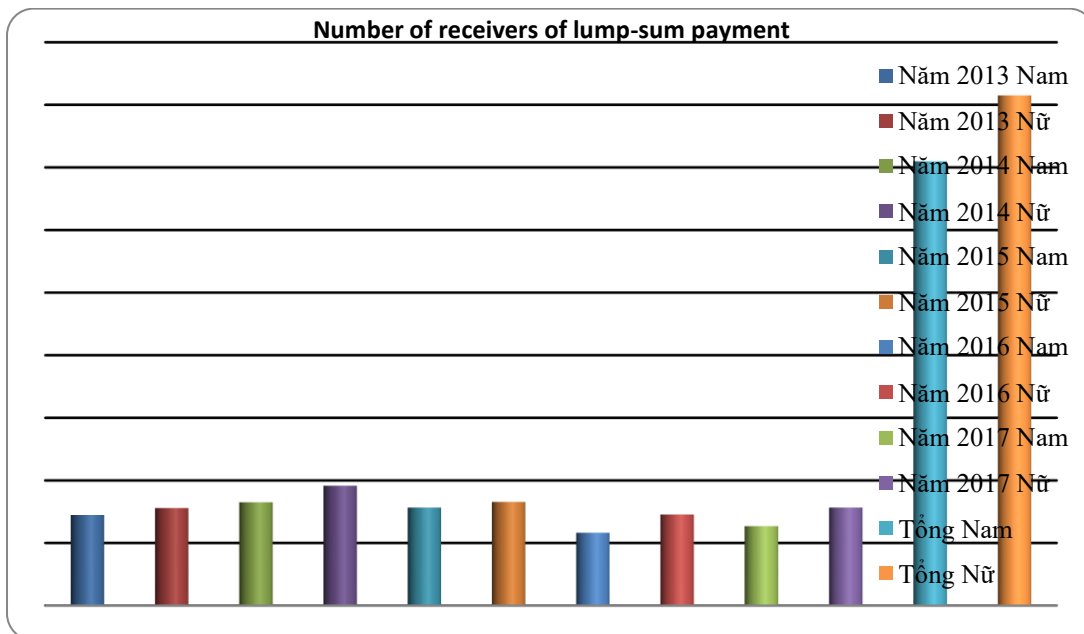
Source: Hanoi, Bac Giang, Long An and Ho Chi Minh Social Security, 2018.

The entitlement to social insurance benefits in general and pension benefits in particular will be denied when the workers receive lump-sum payment of social insurance benefits. The coverage of the social insurance system will thus be narrowed in terms of the number of both contribution payers and beneficiaries of social insurance benefits, which presents numerous challenges to efforts to expand the coverage and participants of social insurance system.

• **More popular trend for women to receive lump-sum payment of social insurance benefits compared to men**

Overall, more women received lump-sum payment of social insurance benefits compared to men for all years under the study (Figure 1).

Figure 1: Statistics on lump-sum payment of social insurance benefits by gender between 2013 - 2017



Source: Department of Social Insurance - Ministry of Labor, Invalids and Social Affairs, 2018.

Notes: This data does not include Nghe An and Ha Tinh.

This trend is also reflected in the report data of 4 local governments (*refer to Table 3*). The survey results in four provinces also showed that 15.46% of the respondents (all women) decided to take lump-sum payment as they had to resign to give birth, take care of children or elderly parents and could not define exact timing of their return to work in the sector covered by compulsory social insurance. It is evident that the decision by women workers to apply for lump-sum payment of social insurance benefits was greatly influenced by gender roles placed on them. Childbirth, childrearing, taking care of sick family members; gender discrimination in the labor market due to women’s pregnancy, childbirth and childrearing; and a lack of early childhood education services and facilities in industrial parks, export processing zones or neighborhoods all left women workers with no choice but to leave their jobs and request for lump-sum payment of social insurance benefits.

“Left my job to stay home and take care of my kids and elderly parents-in-law. When my kids go to kindergarten, I will return to work” (*One*

female worker in Long An, born in 1991, who has 7 years and 7 months of contribution to compulsory social insurance)

Table 3. Delivery of the policy on lump-sum payment of social insurance benefits in four survey sites

Unit: person(s)

Year	HANOI		BAC GIANG		LONG AN		HCMC	
	Male	Female	Male	Female	Male	Female	Male	Female
2014	6,498	6,942	3,287	8,384	6,498	6,942	–	–
2015	7,286	8,064	3,188	7,132	7,286	8,064	36,908	41,446
2016	8,056	8,809	3,500	7,475	8,056	8,809	36,613	42,833
2017	10,222	10,498	4,095	6,862	10,222	10,498	42,040	46,301

Source: Hanoi, Bac Giang, Long An and Ho Chi Minh Social Security, 2018.

• **More workers in non-public sector to receive lump-sum payment compared with those working in the public sector.**

The report data show that most of the workers who received lump-sum payment of social insurance benefits worked in the non-public sector, with 2,306,042 (76 %) in a total of 3,049,706 workers.

Compared with female colleagues, the number of men workers who received lump-sum payment of social insurance benefits was generally smaller, but particularly much higher in the public sector and voluntary social insurance scheme (Table 4).

It is noteworthy that, from 2013 - 2015, there were a large number of workers, both women and men, to receive lump-sum payment of social insurance benefits and work in both public and non-public sectors while, between 2016 and 2017, this trend was constant for the non-public sector but significantly negative for the public sector. Since 2017 in particular, there has been a surge in the number of applicants for lump-sum payment of social insurance benefits in the voluntary social insurance scheme. This may be due to the fact that job placements in the public sector are more

stable and that voluntary social insurance scheme is no longer attractive to social insurance participants.

Table 4: Statistics on lump-sum payment of social insurance benefits by gender, sector and social insurance scheme between 2013 - 2017

Unit: person(s)

	Public sector		Non-public sector		Voluntary social insurance	
	Male	Female	Male	Female	Male	Female
2013	85,696	56,876	203,882	254,739	6	3
2014	126,913	131,074	203,348	251,825	10	5
2015	99,965	77,015	213,398	254,260	17	11
2016	53,182	41,063	179,640	249,745	0	2
2017	39,023	31,814	214,059	281,146	615	374
TOTAL	404,779	337,842	1,014,327	1,291,715	648	395

Source: Department of Social Insurance - Ministry of Labor, Invalids and Social Affairs, 2018.

Notes: This data does not include Nghe An and Ha Tinh.

Although there were no separate sets of data for the public and non-public sectors at provincial level, the survey results showed that, from 2014 to 2017, the number of persons receiving lump-sum payment of social insurance benefits in Hanoi, Bac Giang and Long An tended to increase with both men and women in either compulsory or voluntary social insurance, except Bac Giang where the number of female receivers of such lump-sum payment showed an downward trend (Refer to Table 5). This trend needs to be analyzed as the number of women workers who are employed and participating in social insurance scheme may be not high, and it is unlikely that the understanding of women is higher than that of men on impacts of lump-sum payment on their future entitlement to old-age pensions.

- For compulsory social insurance scheme:

Statistical data from Ha Noi, Bac Giang and Long An showed that the number of women receiving lump-sum payment of social insurance benefits was always higher than that of men in the same period of assessment. In Bac Giang in particular, the number of female beneficiaries of lump-sum payment was about 1.7 to 2.5 times as high as that of males. In Long An, it was from 1.3 to 1.5 times higher in favor of female workers. This can be explained by the fact that, in these provinces, there are many female-labor-intensive industries or businesses while the rate of labor mobility or job loss among women workers is quite high.

“After 12 years of employment, I lost my job due to the company going bankrupt. Finding a job at 35 years of age seems to be most challenging for workers, especially women. It would be too long to wait until I can receive pension benefits while my contributions will be like an idle fund if I discontinue my premium payment” (A female worker from Bac Giang, born in 1982, who has 8 eights participating in compulsory social insurance)

Table 5: Statistics on lump-sum payment of social insurance benefit gender and social insurance scheme between 2014-2017

Unit: person(s)

Year	Hanoi		Bac Giang		Long An	
	Male	Female	Male	Female	Male	Female
COMPULSORY SOCIAL INSURANCE						
2014	6,373	6,823	3,270	8,364	6,521	8,962
2015	7,042	7,707	3,137	7,077	7,123	9,351
2016	7,854	8,585	3,464	7,426	7,355	10,676
2017	9,943	10,269	4,068	6,836	8,374	10,542
VOLUNTARY SOCIAL INSURANCE						
2014	125	119	17	20	144	51
2015	244	357	51	55	191	72
2016	202	224	36	49	129	42
2017	279	229	27	26	65	34

Source: Hanoi, Bac Giang, Long An and Ho Chi Minh Social Security, 2018.

- *For voluntary social insurance scheme:*

- According to statistics of Hanoi Social Security, the number of receivers, both men and women, of lump-sum payment of social insurance benefits increased between 2014 and 2017, in which the number of male beneficiaries of lump-sum payment in each year during this period was always higher than that of females. Meanwhile, the number of persons in Long An and Bac Giang, both men and women, who received lump-sum payment of social insurance benefits was highest in 2015, i.e. one year before the enforcement of the 2014 Law on Social Insurance, before showing a negative trend.

• Lump-sum social insurance beneficiaries by age group

According to Vietnam Social Security agency, statistics showed that most of lump-sum social insurance beneficiaries are in the age group of 20-39, accounting for 69% of the total lump-sum social insurance beneficiaries in the period of 2013-2017, as detailed below: it was 11 % of workers aged 35 to 39, 14 % of those aged from 20 to 24, 19 % of those from 30 to 34 and 25 % of those from 25 to 29 years of age which was the largest age group to have received lump-sum payment of social insurance benefits.

By employment area and types of social insurance, it is significant that relatively high rates of lump-sum social insurance beneficiaries were seen in public sector with those aging from 55 to 59 and over 60. The late participation in the compulsory social insurance scheme is the most likely reason. This results from the expansion of the scope of applicable entities to cover individuals working under different types of work permits, including those that used to be out of the coverage of the compulsory social insurance. These workers usually had a low number of years of social insurance premium payment, reached the retirement age and were unable to pay voluntary social insurance premiums for them to be eligible for monthly pensions.

Statistics revealed that in non-public sector, the proportion of women receiving lump-sum payment of social insurance benefits was higher than that of men in most age groups, except for groups of 45-49, 50-54 and over 60. In contrast, compared with female colleagues, the number of men workers receiving lump-sum payment of social insurance benefits in the public sector and voluntary social insurance benefits was higher in most age groups, except for groups of 20-24 and 15-19 (Table 7 and Table 8).

Survey conducted in Hanoi, Bac Giang, Long An and Ho Chi Minh City produced similar results to those reported by social security agencies at both central and local level (Table 9).

Table 6: Statistics on lump-sum payment of social insurance benefits by age, sector and social insurance scheme between 2013 - 2017

Unit: Person %

Age group	Public sector		Non-public sector		Voluntary social insurance		TOTAL	
	Persons	%	Persons	%	Persons	%	Persons	%
15 - 19	828	0%	3,888	0%	0	0%	4,716	0%
20 - 24	39,760	5%	398,816	17%	22	2%	438,598	14%
25 - 29	102,113	14%	650,420	28%	129	12%	752,662	25%
30 - 34	102,394	14%	488,167	21%	208	20%	590,769	19%
35 - 39	64,674	9%	261,738	11%	191	18%	326,603	11%
40 - 44	42,238	6%	157,215	7%	155	15%	199,608	7%
45 - 49	32,023	4%	97,647	4%	96	9%	129,766	4%
50 - 54	57,813	8%	62,986	3%	80	8%	120,879	4%
55 - 59	118,710	16%	64,631	3%	101	10%	183,442	6%
Over 60	182,068	25%	120,534	5%	61	6%	302,663	10%
<u>TOTAL</u>	<u>742,621</u>	<u>100%</u>	<u>2,306,042</u>	<u>100%</u>	<u>1043</u>	<u>100%</u>	<u>3,049,706</u>	<u>100%</u>

Source: Department of Social Insurance - Ministry of Labor, Invalids and Social Affairs, 2018.

Notes: This data does not include Nghe An and Ha Tinh.

Table 7: Statistics on lump-sum payment of social insurance benefits by gender, age, sector and social insurance scheme between 2013 - 2017

Unit: person(s)

Age group	BY SECTOR						TOTAL	
	Public sector		Non-public sector		Voluntary social insurance			
	Male	Female	Male	Female	Male	Female	Male	Female
15 - 19	334	494	1,162	2,726	0	0	1,496	3,220
20 - 24	17,871	21,889	126,551	272,265	11	11	144,433	294,165
25 - 29	55,411	46,702	261,713	388,707	70	59	317,194	435,468
30 - 34	60,010	42,384	219,661	268,506	111	97	279,782	310,987
35 - 39	38,740	25,934	121,890	139,848	105	86	160,735	165,868
40 - 44	26,272	15,966	76,649	80,566	96	59	103,017	96,591
45 - 49	20,133	11,890	51,160	46,487	65	31	71,358	58,408
50 - 54	26,934	30,879	34,542	28,444	68	12	61,544	59,335
55 - 59	66,313	52,397	30,518	34,113	65	36	96,896	86,546
Over 60	92,761	89,307	90,481	30,053	57	4	183,299	119,364
<u>TOTAL</u>	<u>404,779</u>	<u>337,842</u>	<u>1,014,327</u>	<u>1,291,715</u>	<u>648</u>	<u>395</u>	<u>1,419,754</u>	<u>1,629,952</u>

Source: Department of Social Insurance - Ministry of Labor, Invalids and Social Affairs, 2018.

Notes: This data does not include Nghe An and Ha Tinh.

Table 8: Statistics on lump-sum payment of social insurance benefits by gender, age, sector and social insurance scheme between 2013 - 2017

Unit: Person %

Age group	Public sector				Non-public sector				Voluntary social insurance			
	Male	% male	Female	% female	Male	% male	Female	% female	Male	% male	Female	% female
15 - 19	334	40%	494	60%	1,162	30%	2,726	70%	0		0	
20 - 24	17,871	45%	21,889	55%	126,551	32%	272,265	68%	11	50%	11	50%
25 - 29	55,411	54%	46,702	46%	261,713	40%	388,707	60%	70	54%	59	46%
30 - 34	60,010	59%	42,384	41%	219,661	45%	268,506	55%	111	53%	97	47%
35 - 39	38,740	60%	25,934	40%	121,890	47%	139,848	53%	105	55%	86	45%
40 - 44	26,272	62%	15,966	38%	76,649	49%	80,566	51%	96	62%	59	38%
45 - 49	20,133	63%	11,890	37%	51,160	52%	46,487	48%	65	68%	31	32%
50 - 54	26,934	47%	30,879	53%	34,542	55%	28,444	45%	68	85%	12	15%
55 - 59	66,313	56%	52,397	44%	30,518	47%	34,113	53%	65	64%	36	36%
Over 60	92,761	51%	89,307	49%	90,481	75%	30,053	25%	57	93%	4	7%
TOTAL	404,779	55%	337,842	45%	1,014,327	44%	1,291,715	56%	648	62%	395	38%

Source: Department of Social Insurance - Ministry of Labor, Invalids and Social Affairs, 2018.

Notes: This data does not include Nghe An and Ha Tinh.

Table 9: Number of receivers of lump-sum payment of social insurance benefits by age group, gender and survey site

Unit: Person %

	Hanoi			Bac Giang			HCMC			Long An			TOTAL			
	Male	Female	Total	Male	Female	Total	Male	Female	Total	Male	Female	Total	Male	Female	Total	Proportion by age group in total
20 - 24	0	0	0	3	2	5	3	4	7	2	2	4	8	8	16	7.73%
25 - 29	2	9	11	3	4	7	4	8	12	5	4	9	14	25	39	18.84%
30 - 34	4	4	8	6	9	15	3	9	12	1	5	6	14	27	41	19.81%
35 - 39	1	5	6	5	9	14	6	14	20	3	5	8	15	33	48	23.19%
40 - 44	0	1	1	4	1	5	8	9	17	1	2	3	13	13	26	12.56%
45 - 49	0	1	1	1	1	2	6	4	10	0	2	2	7	8	15	7.25%
50 - 54	3	5	8	0	0	0	0	2	2	1	1	2	4	8	12	5.80%
55 - 59	0	0	0	0	0	0	3	2	5	1	0	1	4	2	6	2.90%
Over 60	0	0	0	0	0	0	2	0	2	2	0	2	4	0	4	1.93%
Total	<u>10</u>	<u>25</u>	<u>35</u>	<u>22</u>	<u>26</u>	<u>48</u>	<u>35</u>	<u>52</u>	<u>87</u>	<u>16</u>	<u>21</u>	<u>37</u>	<u>83</u>	<u>124</u>	<u>207</u>	<u>100.00%</u>

Source: Hanoi, Bac Giang, Long An and Ho Chi Minh Social Security, 2018.

The survey showed that in these four cities and provinces, lump-sum social insurance beneficiaries were likely seen in the 20-49 age group, accounting for 89.37% of the total surveyed, as following: for the age groups of 20-24 and 45-49, each accounted for over 7% or 7.73% and 7.25% respectively; the 40-44 age group accounted for 12.56%; the age groups of 25-29 and 30-34 accounted for 18.84% and 19.81% respectively. The 35-39 age group had the largest share, with 23.19%. In most age groups, except for the 50-54 and 55-59, women outnumbered men. The prevalence of female beneficiaries of lump-sum payment in the age groups of 25-29, 30-34; and 35-39 can be explained by the fact that women in these groups are also in their childbearing age, usually quitting job for childbearing. The high rates of dismissal seen in over-35-years-old female laborers, which has been reported recently on newspapers, is another reason.

• **Lump-sum social insurance beneficiaries by technical training and qualification**

There are no data on technical training and qualification of lump-sum social insurance beneficiaries collected in reports of central and local social security agencies. Therefore, assessment of impact was based on the analysis of data collected from the survey conducted in four localities, including Hanoi, Bac Giang, Long An and Ho Chi Minh City.

The survey indicates that in general, lump-sum beneficiaries had low educational attainment. Most of them had not completed high school or received vocational training, accounting for 82.13% of respondents. Among these, the proportion of workers with lower secondary education was highest - 41.06 %, followed by those with high school education, i.e. 19.81 % of respondents.

Lower rates of lump-sum benefits were often seen in those with professional and technical training than in those who had not completed high school or vocational training. It was, however, interesting to see that those with university degrees still accounted for 5.31% of the total number of respondents who received

lump-sum payment of social insurance benefits. In particular, in this education level, women outnumbered men (8 women vs. 3 men). Detailed information on qualifications and technical background of respondents are displayed in Table 10.

Table 10: Number of receivers of lump-sum payment of social insurance benefits by level of education and technical expertise, gender and survey site

Unit: Person %

	Hanoi			Bac Giang			HCMC			Long An			TOTAL			
	Male	Female	Total	Male	Female	Total	Male	Female	Total	Male	Female	Total	Male	Female	Total	Proportion by age group in total
No formal training	0	0	0	0	0	0	0	1	1	0	0	0	0	1	1	0.48%
Below primary	0	2	2	0	1	1	3	5	8	1	0	1	4	8	12	5.80%
Primary	0	0	0	2	1	3	3	8	11	4	5	9	9	14	23	11.11%
Lower secondary	4	12	16	7	13	20	11	18	29	6	14	20	28	57	85	41.06%
Elementary vocational	0	1	1	1	1	2	3	2	5	0	0	0	4	4	8	3.86%
Upper secondary	1	4	5	6	5	11	9	9	18	5	2	7	21	20	41	19.81%
Intermediate vocational	4	1	5	4	0	4	1		1	0	0	0	9	1	10	4.83%
Professional technical secondary education	0	1	1	0	1	1	2	4	6	0	0	0	2	6	8	3.86%
Collegiate vocational	0	2	2	0	1	1	0	0	0	0	0	0	0	3	3	1.45%
Collegiate	0	1	1	2	1	3	1	0	1	0	0	0	3	2	5	2.42%
Higher education	1	1	2	0	2	2	2	5	7	0	0	0	3	8	11	5.31%
Total	10	25	35	22	26	48	35	52	87	16	21	37	83	124	207	100.00%

Source: Hanoi, Bac Giang, Long An and Ho Chi Minh Social Security, 2018.

• **Laborers with short duration of social insurance premium payment, being incapable of following voluntary social insurance to be entitled to monthly pension in the future.**

Data collected in four following localities - Hanoi, Bac Giang, Long An and Ho Chi Minh City - showed that most laborers had been applying for lump-sum social insurance allowance based on their working terms in sectors covered by the compulsory social insurance scheme - which also involves contributions from employers.

Those laborers decided to request lump-sum social insurance allowance resulted from their joblessness in formal sector after a short period of social insurance premium payment, and their financial incapacity for continued contribution to social insurance fund through voluntary social insurance scheme though they immediately got jobs in informal sector (accounting for 92.75% of respondents);

“My company had implemented payroll reduction policy, and I was then assigned to new but inappropriate task, so I decided to quit my job to work from home. I have thought a lot before deciding to claim lump-sum social insurance allowance since it takes quite a long time to reach my retirement age while I am thirsty of money... I understand that I can participate in voluntary social insurance scheme but its contribution rate is too high for me to afford” (*A female worker in Ho Chi Minh City, born in 1974, who has 18 years participating in compulsory social insurance*)

Table 11 indicated that those who had paid social insurance premium for 5 to 10 years took the largest share of requests for lump-sum payment of social insurance benefits (36.23% of the surveyed), followed by those with 1 to less than 3 years (24.15%) and those from 3 to less than 5 years (20.77%).

As many as 11.59% of respondents who had paid social insurance premium for 10 to under 15 years, and 3.38% of those who had paid social insurance premium from 15 years had been applying for lump-sum allowance. In other countries, they

have different qualifying periods to be entitled to the payment of old-age pension benefits when laborers reach retirement age. Social Security (Minimum Standards) Convention in 1952 (No. 102) and the Invalidity, Old-Age and Survivors' Benefits Convention, 1967 (No. 128) of The International Labor Organization states a reduced benefit to person who has completed a qualifying period of 15 years or 10 years of contribution or employment.

Table 11: Number of receivers of lump-sum payment of social insurance benefits based on the number of years of compulsory social insurance contribution, gender and survey site

Unit: Person %

	Hanoi			Bac Giang			. HCM CITY			Long An			TOTAL			
	Male	Female	Total	Male	Female	Total	Male	Female	Total	Male	Female	Total	Male	Female	Total	Proportion by age group in total
Under 1 year	1	1	2	1	1	2	1	2	3	0	1	1	3	5	8	3.86%
1 - 3 years	0	7	7	8	6	14	7	11	18	4	7	11	19	31	50	24.15%
3 - 5 years	3	7	10	5	9	14	4	10	14	3	2	5	15	28	43	20.77%
5 - 10 years	6	6	12	7	7	14	13	19	32	8	9	17	34	41	75	36.23%
10 - 15 years	0	4	4	1	3	4	9	4	13	1	2	3	11	13	24	11.59%
Over 15 years	0	0	0	0	0	0	1	6	7	0	0	0	1	6	7	3.38%
Total	10	25	<u>35</u>	22	26	<u>48</u>	35	52	<u>87</u>	16	21	37	83	124	<u>207</u>	100.00%

Source: Hanoi, Bac Giang, Long An and Ho Chi Minh Social Security, 2018.

It is interesting to note that up to 8.70% of respondents said that since they were young with short duration of premium payment, they were not entitled to monthly pension. Therefore, they decided to apply for lump-sum payment of social insurance benefits.

“Getting married and living far from parents, having children to take care of. My life is so hard to do everything by myself. I need money to earn my living. I am jobless now since being a worker in an electronic components manufacturer no longer fits me. Short duration of social insurance premium payment does not allow me to be ineligible to receive pension benefits. I wish that I could participate in the voluntary social insurance scheme. I have been in dilemma before making decision to request lump-sum payment. What a pity. I wish that the Government would make changes to the policy of social insurance payment so that those with short duration of premium payment like me can enjoy pension benefits; then I would no longer request a lump-sum payment” (*A female worker in Hanoi, born in 1984, who has 10 years of contribution to the social insurance scheme.*

Meanwhile, 2.42% of respondents indicated that they ***were about to retire or reached retirement age, but their duration of premium payment was too short*** (less than 15 years). Therefore, they decided to request a lump-sum payment of social insurance benefits;

“I’m too old so I resign, but I fail to reach qualifying period of premium payment, so I request a lump-sum payment” (*One male worker in Ho Chi Minh City, born in 1951, who has 12 years participating in compulsory social insurance*)

One considerable concern is the popularity of multi-lump-sum payment receivers across surveyed areas (*14.01% of the interviewees*) (Table 12). Most of lump-sum social insurance beneficiaries who have requested lump-sum payment several times are migrant labors from rural to urban areas. Especially, the number of women receiving lump-sum payment at least twice was three times higher than that

of men. Female respondents said that they usually requested lump-sum payment after they took work leave for childbirth and then childcare. They would start looking for a new job when their children grew up.

“I have heard about voluntary social insurance since I received lump-sum allowance several times. The first time was in Binh Thuan Province after having paid social insurance premium for two years. The second time was also in Binh Thuan with two years of premium payment. This time, I received social insurance benefits in Binh Tan after having paid for two years and eight months (*a female labor in Ho Chi Minh City, born in 1988*)

Table 12: Number of receivers of lump-sum payment of social insurance benefits based on quantity of receipt, gender and survey

Unit: Person

	Hanoi			Bac Giang			. HCM CITY			Long An			TOTAL			Proport age gro total
	Male	Female	Total	Male	Female	Total	Male	Female	Total	Male	Female	Total	Male	Female	Total	
Received lump-sum payment once	9	25	34	21	21	42	29	44	73	15	14	29	74	104	178	85.99
Received lump-sum payment twice or more	1	0	1	1	5	6	6	8	14	1	7	8	9	20	29	14.01
Total	10	25	<u>35</u>	22	26	<u>48</u>	35	52	<u>87</u>	16	21	<u>37</u>	83	124	<u>207</u>	100.0

Source: Hanoi, Bac Giang, Long An and Ho Chi Minh Social Security, 2018.

- **Some factors that influence decision-making to enjoy lump-sum payment of social insurance benefits.**

Data collected in 4 localities showed that there were diversified factors urging labors to request for a lump-sum payment, depending on personal circumstances. Apart from the above mentioned factors, the following factors have a great impact on the employee's decision to receive a lump-sum payment of social insurance benefits.

- ***Administrative procedures:*** Those who applied for lump-sum payment at least twice said that administrative procedures for social insurance benefits are quite simple, easy to understand, and being processed promptly, creating favorable conditions for public services' users.

“The procedures are very simple. Submitting your request for lump-sum social insurance payment, getting your appointment and coming back on appointment date to receive your payment” (One female worker in Ho Chi Minh City, born in 1981, who has 4 years and 11 months of contribution to compulsory social insurance).

In addition, adjustments in the calculation of lump-sum payment of social insurance benefits, in which, since 2014, each year of payment qualifies 2 times, instead of 1.5 times, the average monthly income, has encouraged employees to request for this payment. This explained the trend reported in local reports that since 2016, it has witnessed increasing number of receivers of lump-sum payment.

- ***Being in need of money for doing business, raising families or for children's schooling*** after losing jobs has been listed by 28.02% of respondents as reason for applying lump-sum payment. Expenditure on business was mainly for setting up home-based businesses such as opening grocery stores, online stores, food stores, hairdresser's, or buying sewing machines for home-based sewing group, or for investment in animal husbandry (shrimp farming, fish pond training). Family living expenses include house building (single-storey house), house repair and maintenance, means of transportation purchase (motorbike).

“It is more profitable to save lump-sum social insurance payment in bank. I saved more than 50 million VND to open a grocery store” (A female worker in Bac Giang, born in 1970, who has 14 years of contribution to compulsory social insurance)

- **Payment of debt, living expenses:** 7.25% of respondents used lump-sum social insurance allowance to pay off debt;

“The lump-sum payment is not that much, but I have no other choice but apply for it to pay my debt” (A female worker in Bac Giang, born in 1987, who has 2 years of participation in compulsory social insurance)

4.35% of respondents decided to apply for lump-sum payment of social insurance benefits to **cover health care costs for chronic or serious diseases**;

“ I suffer from chronic pneumonia so I have to resign, but I am in need of money for medical treatment. After Tet, I will work as a freelancer. I think that I will have higher income since I am good enough to simultaneously work with different machines. But I am not quite sure if I am eligible to participate in compulsory social insurance scheme. Voluntary social insurance premium is too expensive for me to afford” (A male worker in Long An, born in 1975, who has paid social insurance premium for 6 years and 9 months)

- **To shift to commercial insurance:** 2.90% of respondents decided to apply for lump-sum payment of social insurance benefits to shift to commercial insurance;

“We didn’t participate in social insurance scheme to shift to commercial insurance. We have been back to work but no longer join the social insurance scheme but the commercial insurance scheme because we have no trust in social insurance scheme” (A female worker in Ho Chi Minh City, born in 1996, who has 1 year participating in compulsory social insurance)

- ***Settling abroad*** is one of the cases prescribed by law to be entitled to lump-sum payment of social insurance benefits. However, only 1.93% of respondents claims this reason;

- ***Savings***: A very small proportion (1.45% of respondents) said they put their lump-sum social insurance payment in saving accounts to make profits.

Apart from these above-mentioned factors, 17.39% of respondents provided different reasons explaining their decision to apply for lump-sum payment. They are single but considerable cases, as following:

- ***The lack of knowledge on social insurance policy of labors*** has led them to rely on informal information from their acquaintances, colleagues, and sometimes employers to decide to apply for lump-sum payment;

“I do not know anything about social insurance. But I heard that I could apply for lump-sum payment of my social insurance benefits, so I applied. I thought that this sum of money, though little, could help my family since I have heart disease, not in good health” (A female worker in Ho Chi Minh City, born in 1985, who has paid compulsory social insurance premium for 5 years and has been jobless for 5 years)

- ***Employees have lost their trust in social insurance policy*** due to its frequent changes in short term. When there are policy changes, they are also not fully informed about the necessity and the content of new regulations.

“I currently no longer work for Mai Linh company. I heard that in the future, if you apply for lump-sum payment of social insurance benefits, you might only receive what you yourself have contributed to. If it is true, I might lost my money when the policy changes. Also, I need money now” (A male labor in Hanoi, born in 1987, who has paid compulsory social insurance premium for nine years)

In general, for those who have applied for lump-sum payment of social insurance benefits, this sum of money is considered as a large benefit gained from

their employment in formal sector, not an accumulated savings guaranteed by the Government to assist them when getting old - a vulnerable period - through the enjoyment of monthly pension. Therefore, whenever “a considerable benefit” is available, the labors would “reap” it immediately. Only 4 out of 50 respondents who received lump-sum payment wished to pay it back for continued contribution and 5 out of 157 respondents who were applying for lump-sum payment changed their mind after discussing with the group of specialists on impact assessment.

“I feel regret to receive the lump-sum payment. I want to pay it back for continued contribution to voluntary social insurance scheme. But I failed to do that” (A female worker in Long An, born in 1982, who has paid compulsory social insurance premium for 11 years and 4 months)

As many as half of the respondents (103/207) have no information on the voluntary social insurance scheme and the government’s policy on assisting labors to contribute to the voluntary social insurance scheme, particularly in Ho Chi Minh City and Long An Province.

In addition, those who have received lump-sum payment of social insurance benefits lack knowledge on relevant regulations on their future accumulation of pension entitlements such as closing current social insurance book, or accumulating their working period in different companies. This has led to the fact that one employee can hold various social insurance books at one time (some even have 4). These people were worried that if they did not request for a lump-sum payment after ceasing their job, they would “lose all”.

Significantly, it is common that when requesting for closing social insurance book, employees receive reminders from employers, with goodwill, about procedures and their rights to withdraw money from their pensions in a lump-sum. However, this “reminder” is misunderstood by employees as a warning that they would “lose all of their money” if they do not apply for lump-sum payment after applying for unemployment insurance.

- After discussing with Social Security agencies at provincial and district level, the group of specialists found that labors have limited opportunity to communicate directly with social insurance officials to thoroughly understand the social insurance policy in general and social insurance benefits when requesting lump-sum payment in particular. This results from the implementation of one-stop shop mechanism, putting officials under pressure, making them unable to spend sufficient time to communicate with citizens.

There is almost no communication material on the significance of the participation in social insurance system, including voluntary social insurance scheme.

“You know, many people would love to enjoy retirement benefits. It is just because they do not know about this policy as well as the nature and benefits of social insurance” (A male worker in Hanoi, born in 1964, who has paid social insurance premiums for 9 years)

Available communication materials are not effective, failing to provide sufficient information on rights and obligations of participants (such as the financial support of the Government to assist those participating in voluntary social insurance scheme). The language in use is also quite technical, causing confusion for the readers.

“Vietnam Social Security Agency should learn from private life insurance agencies in the way they reach their clients” (A female worker in Bac Giang, born in 1982, who has paid social insurance premium for 8 years)

The lack of comprehensive communication strategy has led to ineffective communication in which policy has not been publicized at the right time, with sufficient information, evoking negative public responses. For example, too much discussion on possible changes in social insurance policy, including the suggestion to increase retirement age, or changing the calculation of lump-sum payment in which only counts the 8% share of employees' contributions, or the numerous

articles overstating the situation of social insurance debt of private businesses without proper punishment. These has led to the thought that employees should withdraw money at a lump-sum to avoid being disadvantaged.

“The increase of retirement age will reinforce women’s tendency to receive lump-sum social insurance payment” (A female worker in Ho Chi Minh City, born in 1974, with 18 years of social insurance contribution)

- Impacts on Social Insurance Agency when addressing requests of lump-sum payment

Addressing requests for lump-sum payment of social insurance benefits has placed officials of social security agencies under pressure, increasing workloads for the one-stop shop agencies, wasting resources of these agencies, particularly when addressing cases with short duration of premium payment (less than 2 years) or cases that request for lump-sum payment more than two times.

III. CONCLUSIONS AND PROPOSAL OF SOLUTIONS TO ADDRESS THE IMPACTS OF ARTICLE 60 AND ARTICLE 77 OF THE 2014 LAW ON SOCIAL INSURANCE

3.1. Conclusions

1. Articles 60 and 77 in the 2014 Law on Social Insurance, which are aimed to maintain and develop the coverage of the social insurance system by discouraging the participants of social insurance schemes, both compulsory and voluntary, to take the option of lump-sum payment, but to reserve their duration of social insurance premium payment for future retirement benefits, are fully relevant with international standards and consistent with legislation set by other countries that introduce similar policy of lump-sum payment of social insurance benefits.

2. The Resolution No. 93/2015/QH13 dated June 22, 2015 by the National Assembly has revalidated cases where the workers are entitled to a lump-sum payment if they discontinue their payment of social insurance premiums after one-

year leave and have paid social insurance premiums for less than twenty years, which, *in principle, promotes continued implementation of provisions on lump-sum payment in the 2006 Law on Social Insurance* or, in another word, allows young workers with short duration of premium payment to leave the system, creating negative impacts on efforts of the country to expand the coverage and participants of both compulsory and voluntary social insurance schemes.

3. Before the enforcement of Articles 60 and 77 of the 2014 Law on Social Insurance, the lump-sum payment of social insurance benefits had started and showed an upward trend. The workers who have been applying for lump-sum payment of social insurance benefits can be described as below:

- Mainly workers who lost their jobs in the sector covered by compulsory social insurance - that is, the payment of social insurance premiums is shared by the employer, were unlikely to find a new job in this sector and had limited financial capacity to participate in the voluntary social insurance scheme which would require them to fulfill all payment obligations should they wish to maintain the same level of premium payment as before.

- Women workers tended to receive lump-sum payment of social insurance benefits more than males. The decision by women workers to apply for lump-sum payment of social insurance benefits was greatly influenced by gender roles placed on them.

- Most of the workers who received lump-sum payment of social insurance benefits worked in the non-public sector, with 2,306,042 (76 %) in a total of 3,049,706 workers who received a lump-sum payment in the period 2013 - 2017. Compared with female colleagues, the number of men workers who received lump-sum payment of social insurance benefits was generally smaller, but particularly much higher in the public sector and voluntary social insurance scheme. Since 2017 in particular, there has been a surge in the number of applicants for lump-sum payment of social insurance benefits in the voluntary social insurance scheme.

- Most of the workers who enjoyed the lump-sum payment of social insurance benefits were aged 20 to 39, accounting for 69% of those receiving a lump-sum payment in the period 2013-2017, specifically: it was 11 % of workers aged 35 to 39, 14 % of those aged from 20 to 24, 19 % of those from 30 to 34 and 25 % of those from 25 to 29 years of age which was the largest age group to have received lump-sum payment of social insurance benefits. It is noteworthy that there was a quite high proportion of workers in the public sector who were aged between 55 and 59 or over 60 and received a lump-sum payment. These workers usually had a low number of years of social insurance premium payment, reached the retirement age and were unable to pay voluntary social insurance premiums for them to be eligible for monthly pensions.

- Overall, the level of education and technical expertise of those who received lump-sum payment of social insurance benefits was low as the majority did not complete high school education or receive vocational training, accounting for 82.13% of the interviewees at 4 survey sites, i.e. Hanoi, Bac Giang, Long An and Ho Chi Minh City. Among these, the proportion of workers with lower secondary education was highest - 41.06 %, followed by those with high school education, i.e. 19.81 % of respondents. It was, however, interesting to see that those with university degrees still accounted for 5.31% of the total number of respondents who received lump-sum payment of social insurance benefits.

The entitlement to social insurance benefits in general and pension benefits in particular will be denied when the workers receive lump-sum payment of social insurance benefits. The coverage of the social insurance system will thus be narrowed in terms of the number of both contribution payers and beneficiaries of social insurance benefits, which presents numerous challenges to efforts to expand the coverage and participants of social insurance system.

4. The 20-year duration of social insurance premium payment as an eligibility condition for monthly pension benefits was too long and irrelevant with the ability to create and retain jobs of the economy. This condition, coupled with a difficult

economic situation, has discouraged many workers - who are concerned about their immediate needs - from fulfilling their contribution obligations to the system for future entitlement to pension benefits.

5. Social insurance policies and legislation alone cannot provide a completely satisfactory answer to the quest for lump-sum payment of social insurance benefits as the workers are facing such problems as employment, investment and migration. A comprehensive solution which can cover issues related to labor, employment, migration, investment and finance is of high importance.

6. Social insurance policies and legislation must be adapted to the socio-economic development conditions as well as demographic characteristics of each country. However, many adjustments and changes, which are produced in parallel with the workers' efforts to accumulate social insurance contributions for their future benefits but not thoroughly communicated in terms of the purpose and objectives, have exerted enormous negative impacts on their trust in the social insurance system and policies. Besides, the positive aspects of Articles 60 and 77 in the 2014 Law on Social Insurance are not correctly and well understood by the social insurance participants - the system members, which would result in their exit of the system through the door of lump-sum payment of social insurance benefits.

7. Currently, an integrated communication strategy is still missing to reduce the number of workers receiving lump-sum payment of social insurance benefits for the sake of their future pension benefits in particular as well as maintenance and development of the social insurance system coverage in general. Direct exchanges and consultations between social insurance participants and agencies are limited due to the pressure of the Single Window system while a lack of appropriate communication materials has led to lack of knowledge and understanding on social insurance policies and legislation which, in turn, has had negative psychological impacts on the workers when the changes occur.

3.2. Proposal of solutions to address the impacts of Article 60 and Article 77 of the 2014 Law on Social Insurance

From perspectives of those who have been applying for lump-sum payment of social insurance benefits:

Proposals from perspectives of those who have been applying for lump-sum payment of social insurance benefits are usually relevant to their specific circumstances, including:

- The duration of social insurance premium payment as an eligibility condition for old-age pension benefits should be shortened as even a low pension benefit package might provide some assurance for workers to stay in the system rather than to receive a lump-sum payment.

“Personally, I think that the duration of employment or, in your words, social insurance premium payment should not be too long to enjoy old-age pension benefits. That should be short enough as even a small pension is a better option for a lot of people and doing so would discourage application for lump-sum payment of social insurance benefits” (a male worker from Hanoi, born in 1964, who has 9 years of contribution to social insurance scheme)

- In case of job loss, a worker may be entitled to a loan from his social insurance contributions for his living until he lands a new job, which would encourage them not to request for lump-sum payment of social insurance benefits.

- The policy should be consistent; all changes to the policy should be widely communicated in terms of the purpose and objectives before official issuance to build the workers’ trust in the system.

- It is necessary to have support policies in place so that childrearing women workers can continue to work, paying special attention to childcare support services and facilities for early childhood education. By doing so, female workers are able to stay at their jobs and, at the same time, take care of their children, without a need to request for lump-sum payment of social insurance benefits.

- The government support level for social insurance contributions to the workers participating in voluntary social insurance scheme should be more adequate

so that they can maintain their previous level of premium payment while looking for a new job. This, in turn, would encourage them to stay in the system and actively look for employment opportunities.

Recommendations from the evaluation team

To maintain and expand the coverage of social insurance, protect long-term benefits such as pension benefits for the workers, and make sure that the objectives of social security policies and Articles 60 and 77 in the 2014 Law on Social Insurance will be attainable, the following solutions must be introduced for synchronous implementation:

1. Legislation:

- It is needed to drive early issuance of a regulation which sets the workers' duration of social insurance premium payment to be as low as full 10 years as an eligibility condition for monthly pension benefits. This will give the workers a hope to receive pension benefits in their retirement, build their trust in the system, and incentivize them to fulfill contribution obligations for their own social security.

- It is necessary to have a policy to enable workers who were or are participating in social insurance schemes, either compulsory or voluntary, to take loans from their social insurance contributions (*of up to 50% of the total contribution of workers and their employers*) to reduce the economic burden placed on them, especially young women workers when they have lost or left their jobs to deliver their gender roles.

2. Legal propaganda and dissemination:

- A legal provision or a policy itself cannot be labeled successful until it has obtained the consent of the target groups under its coverage. Therefore, the legal propaganda and dissemination must be placed at the center of the process of formulation and improvement of policies and laws. The public shall be informed and consulted effectively (through socio-political organizations, social organizations, social-occupational organizations) on the purpose and objectives of proposed adjustments and changes to relevant laws and policies to be adopted. This will help create broad consensus in the society from proposal to promulgation of such policies or laws, and have the workers well-prepared when the policies and laws are officially adjusted or revised.

- An integrated communication strategy for the expansion of participants in the social insurance system, including a plan to minimize cases where lump-sum payment of social insurance benefits is requested, must be jointly delivered by the national body for social insurance and public social insurance agencies at all levels to raise public awareness on the purpose and significance of accumulated contributions for future pension benefits, creating broad consensus from the public in general and social insurance participants in particular on the expected adjustments and changes to the social insurance legislation, including adjustments and changes to the policy on lump-sum payment of social insurance benefits.

IV. ANNEXES

ANNEX 1: THE CHANGING PROVISIONS IN THE LEGISLATION ON LUMP-SUM PAYMENT OF SOCIAL INSURANCE BENEFITS IN DIFFERENT TIME PERIODS

1. Decree No. 218/CP dated December 27, 1961 by the Government promulgating the provisional regulation on social insurance regimes applicable to public employees and workers.

Article 40. - The public employees and workers who have worked for less than 5 consecutive years but have to leave their jobs due to working capacity loss shall receive a lump-sum payment which is calculated on a month's salary for every working year but shall be at least equal to two months' salary, including allowances and child benefits (if any).

2. Decree No. 12/CP dated January 26, 1995 by the Government promulgating the Regulation on Social Insurance.

Article 28. The employee, who ceases to work when he/she has not reached the age required for a monthly pension as stipulated in Articles 25 and 26 of this Regulation, shall be given a one-time allowance representing a month of the average monthly salary which has been used as basis for computing his/her level of social insurance premiums for each year covered by social insurance, or he/she may wait till he/she reaches the retirement age to enjoy the monthly pension.

3. The Law on Social Insurance No. 71/2006 / QH11 dated June 29, 2006, effective from January 01, 2007.

Article 55. Lump-sum social insurance benefit for persons ineligible for enjoying retirement pension (for compulsory social insurance)

1. Laborers specified at Points a, b, c and f, Clause 1, Article 2 of this Law are entitled to lump-sum social insurance benefit when falling into one of the following cases:

a) They have reached the retirement age specified in Clause 1, Article 50 of this Law while having paid social insurance premiums for less than twenty years;

b) They have suffered from working capacity decrease of at least 61% while having paid social insurance premiums for less than twenty years;

c) The worker discontinues paying social insurance premiums after one-year leave and requests for a lump-sum payment

d) The worker settles abroad.

2. Laborers specified at Points d and e, Clause 1, Article 2 of this Law are entitled to a lump-sum social insurance benefit when they are demobilized from the army or leave their job but are ineligible for enjoying retirement pension.

Article 56. Levels of lump-sum social insurance benefit

The level of lump-sum social insurance benefit shall be calculated based on the number of years of paying social insurance premiums; for each year, laborers are entitled to one month and a half of the average monthly salary or remuneration on which social insurance premiums are based.

Article 73. Lump-sum social insurance benefit for persons ineligible for monthly retirement pension (for voluntary social insurance)

Laborers are entitled to a lump-sum social insurance benefit when falling into one of the following cases:

1. Men who are full sixty years old or women who are full fifty five years old fail to have full twenty years of paying social insurance premiums, except for cases specified in Clause 2, Article 70 of this Law.

2. They discontinue paying social insurance premiums and wish to receive lump-sum social insurance benefit while failing to have full twenty years of paying social insurance premiums;

3. The worker settles abroad.

Article 74. Levels of lump-sum social insurance benefit

The level of lump-sum social insurance benefit shall be calculated on the basis of the number of years of paying social insurance premiums; for each year, laborers are entitled to one month and a half of the average monthly income on which social insurance premiums are based.

4. The Law on Social Insurance No. 58/2014 / QH13 dated November 20, 2014, effective from January 01, 2016.

Article 60. Lump-sum social insurance (for compulsory social insurance)

1. Employees defined in Clause 1, Article 2 of this Law are entitled to a lump-sum social insurance allowance upon their request when falling in one of the following cases:

a) They have reached the retirement age specified in Clause 1, 2 or 4, Article 54 of this Law but have paid social insurance premiums for under full 20 years, or the age specified in Clause 3, Article 54 of this Law but have paid social insurance premiums for under full 15 years and do not continue paying voluntary social insurance premiums;

b) The worker settles abroad.

c) They get a fatal disease, such as cancer, poliomyelitis, dropsy cirrhosis, leprosy, serious tuberculosis, or HIV infection progressing into AIDS, or other diseases as prescribed by the Ministry of Health;

d) Employees defined at Points dd and e, Clause 1, Article 2 of this Law who are demobilized or cease working without being eligible for pension.

2. The lump-sum social insurance allowance shall be calculated based on the number of years of social insurance premium payment; for each year of payment it must equal:

a) 1.5 times the average monthly salary on which social insurance premiums are based, for the years of payment prior to 2014;

b) 2 times the average monthly salary on which social insurance premiums are based for the years of payment since 2014;

c) For a period of social insurance premium payment of under 1 year, the social insurance allowance must equal the paid premium amount but not exceed 2 times the average monthly salary on which social insurance premiums are based.

3. The lump-sum social insurance allowance specified in Clause 2 of this Article is exclusive of the State's monetary support for payment of voluntary social insurance premiums, except the case specified at Point c, Clause 1 of this Article.

4. The time for enjoying the lump-sum social insurance allowance is the time stated in decisions of social insurance agencies.

Article 77. Lump-sum social insurance (for voluntary social insurance)

1. Employees defined in Clause 4, Article 2 of this Law are entitled to a lump-sum social insurance allowance upon their request when falling in one of the following cases:

a) They satisfy the age requirement specified at Point a, Clause 1, Article 73 of this Law but have paid social insurance premiums for under 20 years and do not continue paying social insurance premiums;

b) The worker settles abroad.

c) They get a fatal disease, such as cancer, poliomyelitis, dropsy cirrhosis, leprosy, serious tuberculosis, or HIV infection progressing into AIDS, or other diseases as prescribed by the Ministry of Health.

2. The lump-sum social insurance allowance shall be calculated based on the number of years of social insurance premium payment; for each year of payment it must equal:

1.5 times the average monthly income on which social insurance premiums are based, for the years of payment prior to 2014;

2 times the average monthly income on which social insurance premiums are based, for the years of payment since 2014;

c) In case the period of social insurance premium payment is under 1 year, the social insurance allowance must equal the paid premium amount but must not exceed 2 times the average monthly income on which social insurance premiums are based.

3. The lump-sum social insurance allowance for the subjects eligible for the State's support under Clause 2 of this Article is exclusive of the State's monetary support for payment of voluntary social insurance premiums, except the case specified at Point c, Clause 1 of this Article.

4. The time for enjoying the lump-sum social insurance allowance is the time stated in decisions of social insurance agencies.

5. The social insurance regime for employees covered by voluntary social insurance and currently on pension who settle abroad shall be implemented under Clauses 1 and 2, Article 65 of this Law.

5. Resolution No.: 93/2015/QH13 dated June 22, 2015 by the National Assembly on the implementation of the policy on lump-sum payment of social insurance benefits for workers

Article 1.

1. Employees are entitled to have their period of social insurance premium payment reserved to be eligible for pension in order to ensure their livelihood after retirement in accordance with the 2014 Law on Social Insurance.

One year after leaving their jobs, for employees participating in compulsory social insurance, or after stopping to make social insurance contributions, for persons participating in voluntary social insurance, employees participating in compulsory social insurance and persons participating in voluntary social insurance whose social insurance payment period is less than 20 years will be entitled to receive lump-sum social insurance benefits if they so request.

2. The lump-sum social insurance benefits for persons participating in compulsory social insurance shall be calculated based on the number of years of social insurance premium payment with each year equaling:

a) 1.5 times the average monthly salary on which social insurance premiums are based, for the period prior to 2014;

b) 2 times the average monthly salary on which social insurance premiums are based, for the period from 2014 onward.

3. The lump-sum social insurance benefits for persons participating in voluntary social insurance shall be calculated based on the number of years of social insurance premium payment with each year equaling:

a) 1.5 times the average monthly income on which social insurance premiums are based, for the period prior to 2014;

b) 2 times the average monthly income on which social insurance premiums are based, for the period from 2014 onward.

6. Decree No.: 115/2015/ND-CP dated November 11, 2015 by the Government providing detailed stipulations on a number of articles of the Law on Social Insurance on compulsory social insurance

Article 8. Lump-sum social insurance

1. Each employee defined in Clause 1 and Clause 2 Article 2 of this Decree is entitled to a lump-sum social insurance payout upon request if they fall in any of the following cases:

a) They reach the statutory retirement age specified Clauses 1, 2 and 4 Article 54 of the Law on Social insurance but has paid social insurance for under 20 years or he/she reaches the statutory retirement age specified Clause 3 Article 54 of the Law on Social insurance but has paid social insurance for under 15 years and does not continue paying voluntary social insurance;

b) They have not paid social insurance for under 20 years and does not continue paying social insurance after 1-year work ceasing.

c) They settle abroad;

d) They get a fatal disease, such as cancer, poliomyelitis, dropsy cirrhosis, leprosy, serious tuberculosis, or HIV infection progressing into AIDS, or other diseases as prescribed by the Ministry of Health.

2. The lump-sum social insurance payout shall be calculated based on the number of years of social insurance payment; for each year of payment they are entitled to:

a) 1.5 times the average monthly salary on which social insurance premiums are based, for the period prior to 2014;

b) 2 times the average monthly salary on which social insurance premiums are based, for the period from 2014 onward.

c) For a period of social insurance premium payment of under 1 year, the social insurance allowance must equal the paid premium amount but not exceed 2 times the average monthly salary on which social insurance premiums are based.

3. The lump-sum social insurance allowance specified in Clause 2 of this Article is exclusive of the State's monetary support for payment of voluntary social insurance premiums, except the case specified at Point d, Clause 1 of this Article.

4. The time for enjoying the lump-sum social insurance allowance is the time stated in decisions of social insurance agencies.

5. The claim for lump-sum social insurance payout shall be prescribed in Article 109 and Clauses 3 and 4 Article 110 of the Law on Social insurance.

6. Decree No.: Decree No. 134/2015/ND-CP dated December 29, 2015 providing detailed stipulations on a number of articles of the Law on Social Insurance on voluntary social insurance

Article 8. Lump-sum social insurance

1. Voluntary social insurance participants are entitled to lump-sum social insurance payout under Article 77 of the Law on Social Insurance and the Resolution No. 93/2015/QH13 of the National Assembly dated June 22, 2015, on implementing the policy on lump-sum social insurance payout to the employees.

2. An application for lump-sum social insurance payout shall be processed in accordance with Article 109 of the Law on Social Insurance.

3. Applications for lump-sum social insurance payout shall be processed in accordance with Clause 3 and Clause 4, Article 110 of the Law on Social Insurance.

ANNEX 2: ACCUMULATED RATES IN CALCULATING OLD-AGE PENSION OF THE SELECTED COUNTRIES

No	Country	Content
1	CHINA	The old-age pension is the average monthly local wage in the previous year plus the average individual monthly wage used to calculate contributions, divided by two. The result is multiplied by <i>1% for each year of contributions</i> .
2	INDONESIA	The old-age pension: <i>1% of the insured's average adjusted annual earnings divided by 12, multiplied by the number of years of contributions is paid.</i>
3	KAZAKHSTAN	<p>The old-age solidarity pension: 60% of the insured's average monthly earnings in the best three consecutive years after 1995 plus <i>1% of earnings for each year exceeding 25 years (men) or 20 years (women) of work is paid.</i></p> <p>The maximum monthly old-age solidarity pension is 75% of the insured's average monthly earnings in the best three consecutive years after 1995.</p>
4	LAOS	<p>Old-age pension: For private sector employees and self-employed persons, the pension is the <i>insured's total pension points multiplied by the estimated average insured earnings</i> of all insured persons in the calendar year preceding retirement <i>multiplied by 2%.</i></p> <p>The number of pension points earned each year equals the insured's average earnings divided by the year's average insured earnings of all insured persons. Pension points are credited for periods when other benefits are received.</p>
5	PAKISTAN	Old-age pension: <i>2% of the insured's average monthly earnings</i> in the last 12 months <i>multiplied by the number of years of contributions</i> is paid.
6	THÁI LAN	<p>Old-age pension (social insurance, formal-sector system): 20% of the insured's average monthly wage in the last 60 months before retirement is paid.</p> <p>Old-age pension increment: The old-age pension is increased by <i>1.5% of the insured's average monthly wage</i> in the last 60 months <i>for each 12-month period of contributions</i> exceeding 180 months.</p>

No	Country	Content
7	ALBANIA	The full monthly pension is the ratio of the insured's contributions to the number of contributions required for a full pension in the current year (35 years and eight months in 2016) multiplied by the amount of the old-age social pension, <i>plus 1% of the insured's average covered earnings</i> used to calculate contributions <i>for each year of coverage</i> .
8	BULGARIA	Old-age pension (social insurance): <i>1.1% of the income basis for each year of contributions</i> is paid. The basis is determined by multiplying the ratio of the insured's average monthly earnings to the national average monthly earnings for the same period by the national average monthly contribution income over the 12 calendar months before the pension is awarded.
9	CZECH REPUBLIC	Old-age pension: The monthly pension consists of a flat-rate amount of 2,440 koruna and an earnings-related amount of <i>1.5% of the personal assessment base for each year of coverage</i> . The personal assessment base is the average gross earnings during the insured's working career (only earnings since 1986 are taken into account).
10	HUNGARIA	The pension is 33% of the insured's average earnings for the first 10 years of coverage <i>plus 2% for each additional year from 11 to 25 years of coverage plus 1% for each additional year from 26 to 36 years of coverage plus 1.5% for each additional year from 37 to 40 years of coverage plus 2% for each year exceeding 40 years of coverage</i> .
11	BA LAN	The pension is the sum of 24% of the base amount, <i>1.3% of the insured's earnings multiplied by the number of contribution years, and 0.7% of the insured's earnings multiplied by the number of eligible noncontributory years</i> . The insured's earnings used to calculate the pension are either those in 10 consecutive calendar years chosen by the insured from the 20 years before the year of the claim or in 20 years selected from the total coverage period.

No	Country	Content
12	SLOVENIA	<p>Old-age pension: The monthly pension is 26% (men) or 29% (women) of the insured's average adjusted earnings for the first 15 years of contributions plus 1.25% (men) or 1.41% (women) of average adjusted earnings for each additional year of coverage (from 2017, 1.25% for both men and women).</p> <p>The insured's average adjusted earnings is the monthly average of the best consecutive 22-year period (gradually rising by one year a year until reaching 24 years by 2018) of contributions after January 1, 1970.</p>
13	SPAIN	<p>Old-age pension (social insurance): 50% of the insured's earnings is paid for the first 15 years of contributions, plus 0.21% for each additional month of contributions up to 163 additional months and 0.19% for each additional month from 164 to 246 months.</p> <p>Earnings are based on the insured's earnings in the last 19 years (rising by one year each year until reaching 25 years in 2022). The earnings period used to calculate benefits may be adjusted to account for certain noncontributory periods, such as time spent caring for a dependent child.</p> <p>An additional 5% of the old-age pension is paid to women with two children; 10% with three children; and 15% with at least four children.</p>
14	TURKEY	<p>The pension is the insured's average monthly earnings over the entire working life multiplied by the accrual rate.</p> <p>Average monthly earnings are the insured's total earnings divided by the total days of paid contributions, multiplied by 30.</p> <p>The accrual rate is 2% of average earnings for each 360-day contribution period (reduced proportionately for periods of less than 360 days), up to 90%.</p>
15	UKRAINE	<p>Old-age pension (social insurance): 1% (1.35% in practice) of the wage base is paid for every full year of covered employment. The pension is paid monthly.</p> <p>The wage base is based on the average national wage in the 36 months preceding the year of retirement and the insured's earnings.</p>

No	Country	Content
16	CHILE	<p>Old-age pension (social insurance): The monthly benefit is 50% of the insured's base wage plus 1% of the base wage for each 50-week period of contributions exceeding 500 weeks for wage earners; 1/35 of the insured's base salary multiplied by the number of years of contributions for salaried employees.</p> <p>The base wage or salary is the insured's average monthly wage or salary in the last five years, with the first two years adjusted for wage or salary changes.</p> <p>Salaried woman's child supplement: 1/35 of the insured's base salary is paid for each dependent child; 2/35 of the base salary if a widow.</p>
17	CUBA	<p>Old-age pension (social insurance): 60% of the insured's average monthly earnings in the best five of the last 15 years of employment plus 2% of average monthly earnings for each year of employment exceeding 30 years is paid.</p>
18	PERU	<p>Old-age pension (SNP, social insurance): 30% to 45% of the insured's average monthly earnings in the last 60 months, according to the insured's age on June 14, 2002 (30% if younger than age 31, 35% if aged 31 to 39, 40% if aged 40 to 49, or 45% if older than age 49), plus 2% of average monthly earnings for each additional year of contributions exceeding 20, up to 100%, is paid to persons born after December 31, 1946.</p> <p>50% of the insured's reference salary plus 4% of the reference salary for each additional year of contributions exceeding 20 years is paid to men born after December 18, 1932, and women born after December 18, 1937, but before January 1, 1947.</p>

No	Country	Content
19	EGIPT	<p>Base old-age pension: Up to 2.2% (2.5% for arduous work or 2.8% for dangerous work) of the insured's reference monthly base earnings is paid for each year of contributions, up to 36 years.</p> <p>The reference monthly base earnings are the insured's average monthly base earnings in the last two years or in the five years before the last two years multiplied by 1.5, whichever is lower. If the contribution period before the last two years is less than five years, the reference monthly base earnings are the insured's average monthly base earnings in the last two years or in the years of contribution before the last two years multiplied by 1.1 for each year of contribution before the last two years, whichever is lower.</p>
20	ETHIOPIA	<p>Old-age pension: 30% of the insured's average monthly basic salary in the three years before retirement plus 1.25% (civilian) or 1.65% (military and police) of the insured's average monthly basic salary for each year of service exceeding 10 years is paid, up to 70%.</p>
21	NIGER	<p>Old-age pension: The pension is 20% of the insured's average monthly covered earnings for the first 15 years of coverage plus 1.33% for each additional 12 months of coverage before January 1, 2012, plus 30% of the insured's average monthly covered earnings for the first 15 years of coverage plus 2% for each additional 12 months of coverage starting January 1, 2012.</p>
22	ZIMBABWE	<p>Old-age pension: The pension is 1.33% of the insured's monthly covered earnings in the month before retirement multiplied by the number of years of contributions up to 30 years plus 1% of monthly covered earnings multiplied by the number of years of contributions exceeding 30 years.</p>

Sources: Social Security Programs throughout the World.

[https://www.ssa.gov/policy/docs/progdesc/ssptw/;](https://www.ssa.gov/policy/docs/progdesc/ssptw/)

Note:

- Asian countries
- European countries
- American countries
- African countries

ANNEX 3: INTRODUCTION ON THE SURVEYS OF IMPLEMENTATION OF ARTICLE 60 AND ARTICLE 77 UNDER THE 2014 LAW ON SOCIAL INSURANCE

1. Survey objectives: The surveys were conducted to collect necessary information, which was not available in literature review, for in-depth analysis of the social and gender impacts of Articles 60 and 77 in the 2014 Law on Social Insurance on workers. The information needed for impact assessment included:

- General background information about the workers, including their gender, age, marital status, and level of education and technical expertise;

- Data on employment of the workers, including type of work, category of economic activity, income, number of years of employment in which social insurance contribution (both compulsory and voluntary) is made;

- Data on the workers' decision to claim lump-sum payment of social insurance benefits, including the rationale for their claims, their understanding on the social insurance policies; and

- The workers' proposals related to the regulations on lump-sum payment of social insurance benefits.

2. Survey target respondents: To obtain information as listed above, the surveys focused on the following two groups of respondents:

Group 1: Persons who had received lump-sum payment of social insurance benefits for 6 months or more; and

Group 2: Persons who were preparing the application for lump-sum payment of social insurance benefits.

3. Survey scope:

- *Timing:* There was no time constraint for collection of information stated above for persons who had received and were requesting for lump-sum payment of social insurance benefits.

- *Location:* The surveys were conducted in one urban district and one rural district in both Hanoi and Ho Chi Minh City, and one district in Bac Giang and Long An Province, specifically:

- Hanoi: Dong Da and Dong Anh district.

- Ho Chi Minh City: Binh Tan and Binh Chanh district.

- Bac Giang: Viet Yen district.

- Long An: Ben Luc District.

4. Survey contents: The survey contents were presented in the questionnaires for the selected target groups as attached in Annex 2.

5. Methods of delivery: The surveys as part of the policy impact assessment were delivered through close collaboration and coordination between the evaluation team and the Department of Social Insurance under the Ministry of Labor, Invalids and Social Affairs, Vietnam Social Security and public social insurance agencies at provincial and district levels in surveyed provinces. The surveys were conducted separately for each selected target group.

a) For persons who are preparing the application for lump-sum payment of social insurance benefits: The survey was conducted at the desk for submitting the application for lump-sum payment and designated place to receive such lump-sum payment at the office of local social insurance agencies or the district-level post offices in surveyed provinces.

b) For persons who received lump-sum payment of social insurance benefits: A list of persons who had received lump-sum payment of social insurance benefits for six months or more was prepared by the district-level Social Security and sent to the evaluation team one week prior to the interviews with specific quantity as follows:

- Hanoi and - Ho Chi Minh City: 45 persons/ city;
- Bac Giang and Long An 23 persons/ province.

Initially, the evaluation team planned to invite all target respondents who had received lump-sum payment of social insurance benefits to office of the district-level Social Security for the survey, but this proved unsuccessful. Then, the evaluation team, using the lists of persons as provided, contacted directly by phone to each respondent to arrange for interviews. However, not many people were willing for such interviews, so the evaluation team were required to visit each of them personally.

c). Survey duration:

For Hanoi and two provinces of Bac Giang and Long An, the survey was conducted for two days in each target province/ city. For Ho Chi Minh City only, the survey was conducted for 3 days.

During the process, the evaluation team first held meetings with each provincial and district Social Security in the target province/ city to understand the overall picture on the delivery of lump-sum payment of social insurance benefits, focusing on the following issues: the tendency in claims for lump-sum payment, shared characteristics of receivers of lump-sum payment, procedures and difficulties in handling of requests for lump-sum payment, recommendations of the policy enforcement agencies to policy making agencies regarding regulations on lump-sum payment. In the next step, the team visited the district Social Security or post offices to conduct random interviews.

7. Features of survey samples

The size of survey samples was planned from the beginning to be 200 persons who had received or were applying for lump-sum payment of social insurance benefits. With the assumption that the proportion of workers participating in social insurance system and enjoying old-age pension benefits in Hanoi and Ho Chi Minh City was much higher than that in Bac Giang and Long An provinces, the evaluation team planned a corresponding survey sample and questionnaires to be distributed as follows:

No.	Province/City	Receivers of lump-sum payment of social insurance benefits	Existing applicants for lump-sum payment of social insurance benefits
1	. Hanoi	40 people	25 people
2	Bac Giang	20 people	15 people
3	Ho Chi Minh City	40 people	25 people
4	Long An	20 people	15 people
Total		120 people	80 people

However, after delivery of the survey in Hanoi (both for testing of questionnaires and collection of actual data) and together with difficulties in reaching persons who had received lump-sum payment for at least 6 months as well as duration limit for surveys (2 days per province/city), the evaluation team decided not to fix the proportion between the two groups of respondents as well as the number of interviewees in each province/city, but to adopt random interviews at the local level.

Statistics on the number of interviewees in field surveys are as follows:

No.	Province/City	Receivers of lump-sum payment of social insurance benefits <i>person(s)</i>		Existing applicants for lump-sum payment of social insurance benefits <i>person(s)</i>	
		<i>Male</i>	<i>Female</i>	<i>Male</i>	<i>Female</i>
1	. Hanoi	0	0	10	25
2	Bac Giang	5	7	17	19
3	Ho Chi Minh City	11	16	24	36
4	Long An	5	6	11	15
Total		21	29	62	95

