

Retirement Protection Gaps Study across Asia

Case study on China, Japan, Singapore and Indonesia

Shinichi Kamiya

Nanyang Business School

9th September, 2025



Research Motivation

Macro Factors

- Increased life expectancy
- Extending retirement age
- Medical innovations and rising medical & healthcare costs
- Unsustainable family-based care systems:
 - Declining birth rates and increased labor mobility
- Instability in employment relationships:
 - Triggered by the fourth industrial revolution (AI advancement manufacturing)

Country-Specific Factors

- China: Transition from pay-as-you-go to partially individual accumulation systems, fast aging and collapse of family-based care.
- Japan: Super-aging population and gaps in care services
- Indonesia: Huge gaps in social protection

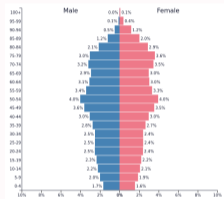
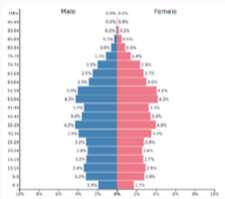
Demographic changes

China
Rapid aging, shrinking youth

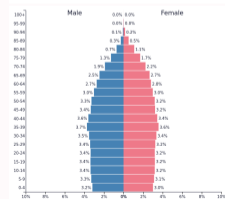
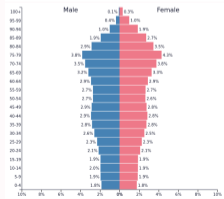
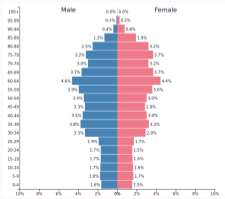
Japan
Hyper-Aged

Indonesia
Late-expanding phase

2024



2050



Source:
WHO

Impact of Demographic Changes: Delayed Retirement Age

Country	Retirement Age	Targeted Retirement Age	Main Reform Measures	Life Expectancy
China	Before 2025: Male 60, Female 50/55	2040: Male 63, Female 55(blue-collar)/ 58(white-collar)	Starting 2025, gradual retirement delay, extending by 1 month every 2/4 months	Female: 80.88 Male: 75.37
Japan	Starting from 2021: incentive bases measures to extend from 65 to 70	70	Mandatory continuous employment. Abolition of retirement age	Female: 87.14 Male: 81.09
Singapore	2024: 63	2030: 65	Raising statutory retirement and re-employment ages to ensure continued employment for older workers	Female: 85.2 Male: 80.7
Indonesia	2024: 58	2042: 65	Extending by 1 year every 3 years	Female: 73.4 Male: 69.2

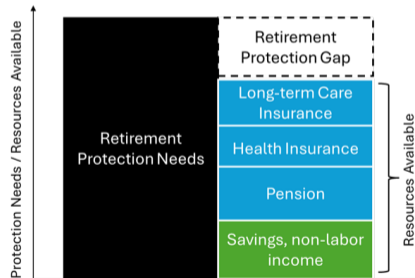
Defining the Retirement Protection Gap

Macro perspective

- **Coverage rate** ⇒
Accessibility, Inclusiveness, and Maturity
- **Contributions vs. benefits** ⇒
Affordability and welfare levels
- **Replacement or reimbursement rate** ⇒
Adequacy
- **Financial sustainability of contributions/funding** ⇒
Long-term sustainability

Micro perspective

- Shortfall between needs (daily living, medical, long-term care) and financial resources



Pension System

Coverage ratio (% of total population)

	Coverage ratio (% of total population)		
	China	Japan	Indonesia
First Pillar <i>Government-led</i>	76%	54%	16%
Second Pillar <i>Employer-led</i>	7%	34%	1%
Third Pillar <i>Individual-led</i>	4%	19%	0.4%

Source:

China: 2023 Annual Statistical Bulletin on the Development of Human Resources and Social Security

Japan: 2022 Ministry of Health, Labour and Welfare: Overview of the Employees' Pension Insurance and National Pension System and Current Status of Private Pension Systems

Indonesia: 2024 from BPJS Ketenagakerjaan, Taspen, Asabri data

Health insurance

Coverage ratio (% of total population)

	Coverage rate (% of population)		
	China	Japan	Indonesia
Public	95.0%	99.1%	90.7%
Private	53.1%	65.7%	5.1%

Source:

China: National Healthcare Security Administration's 2023 Statistical Report on the Development of Healthcare Security, with data up to the end of 2023. Data on private health insurance comes from the National Financial Regulatory Administration, with data up to the end of 2024.

Japan: Basic Data on Medical Insurance-Status of Medical Expenses- in FY2022

Indonesia: BPJS Kesehatan 2022 & life insurance for health statistik perasuransian OJK 2022

Long-term care insurance

Long-term care coverage ratio (% of total population)

	Coverage rate		
	China	Japan	Indonesia
Public	13.0%	60.9%	Does not have a LTC system at the national level
Private	0.3%	9.5%	0.0%

Source:**China:**

- Public LTC insurance: *2023 National Report on the Development of the Aging Cause*, (data as of end-2023). Private LTC insurance: Insurance Association of China (data up to March 2020)

Japan:

- Ministry of Health, Labour and Welfare (2021) *Outline of Long-Term Care Insurance System 2022* Japan Institute of Life Insurance: *Survey on Life Protection*

Pension System Comparison

	China		Japan		Indonesia		
Name	Urban Employee Basic Pension	Urban and Rural Resident Basic Pension	Basic old-age pension (1st tier)	Old-age pension (2nd tier)	Old Age Benefit (JHT)	Retirement Savings (THT)	Pension Guarantee (JP)
Relationship	Mutually exclusive and parallel		Two-tier structure		JHT and THT are mutually exclusive and each forms a two-tier system with JP.		
Target Group	Employee (Mandatory) Urban flexible (Voluntary)	Farmers and Urban residents 16+ (Voluntary)	Citizens 20-59 (Mandatory)	Employees under 70	Enterprise employees	Civil Servants, Military, Police	Civil Servants, Military, Police, Private & SOE
Monthly Pension (USD)	438	28	356	917	Lump-sum 7,960	Lump-sum 2,220	Private: 25-295 Civil: 152 Military: 170
% of per capital income	91%	6%	25%	65%	141 months	39 months	Private: 41-521% Civil: 268% Military: 300%

The reference base for China is the national per capita disposable income, while for Japan and Indonesia it is the income of the population aged 65 and above. Data reference period – China: 2023–2024; Japan: 2022; Indonesia: 2023–2024.

Health Insurance Comparison

	China		Japan			Indonesia
Name of Plans	Urban Employee Basic Medical insurance	Urban Rural Resident Basic Medical insurance	National Health Insurance	Employee's Health Insurance	Late-Stage Senior Citizen's Health Care System	National Health Insurance
Relationship between Plans	Mutually exclusive and parallel		Multi-tier structure			
Characteristic	Mandatory	Voluntary	Mandatory			Mandatory
Target Group	Employees Flexible workers	Urban and rural residents	Self-employed farmers Unemployed Dependents	Employees Dependents	Elderly aged 75+ and 65+ with certified disability	All residents
Coverage ratio (% of population)	26.3%	68.3%	22.4%	61.9%	14.7%	90.73%
Average annual per capita premiums (USD)	272	36	524	575–911	312	48
Average out-of-pocket ratio	15.2%	31.4%		19.0%	8.0%	61.8%

Note: China – Average out-of-pocket ratio for inpatient care; Japan – Combined with National Health Insurance and Employee's Health Insurance.

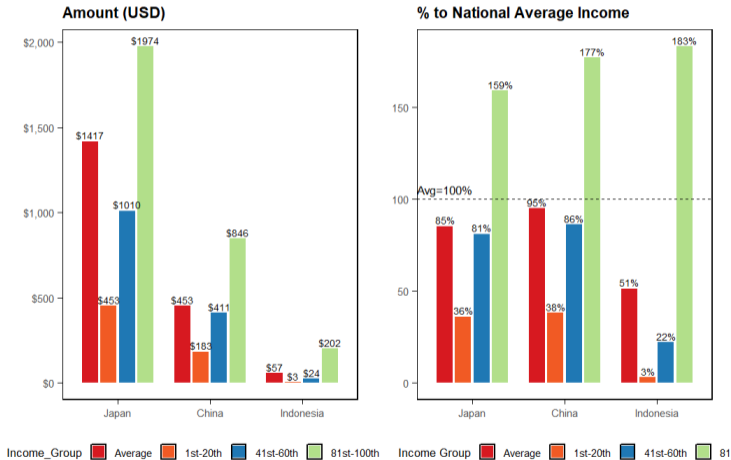
Data reference period – China: 2023–2024; Japan: 2022; Indonesia: 2023–2024.

Public LTC Insurance Comparison

Aspect	China	Japan
Target Population	Severely disabled employees and residents(Grade 3, 4, 5). Disability level is assessed based on: <ul style="list-style-type: none"> • Activities of Daily Living (ADL) • Cognitive Ability • Sensory and Communication Ability Grades: 0 (normal) to 5 (severe III). Grades 3–5 are eligible for benefits.	Covers individuals requiring support or nursing care. Assessed by local government: <ul style="list-style-type: none"> • Aged 65+: needing daily living assistance • Aged 40–64: with specific conditions (e.g., terminal cancer, rheumatoid arthritis)
Contribution	Individual: 50%; Employer/Gov't: 50% e.g., Beijing: \$25 per capita/year	Individual: 50%; Government: 50% Age 65+: \$40 per month (national average) Age 40 to 64: 0.795% * monthly salary
Reimbursement Rate	Suggested: 70%	70–90% (income-dependent)
Benefit Amount	e.g., Beijing: Maximum \$417 per capita/month	Average: \$1106 /month

Data reference period – China: 2023–2024; Japan: 2024. Source

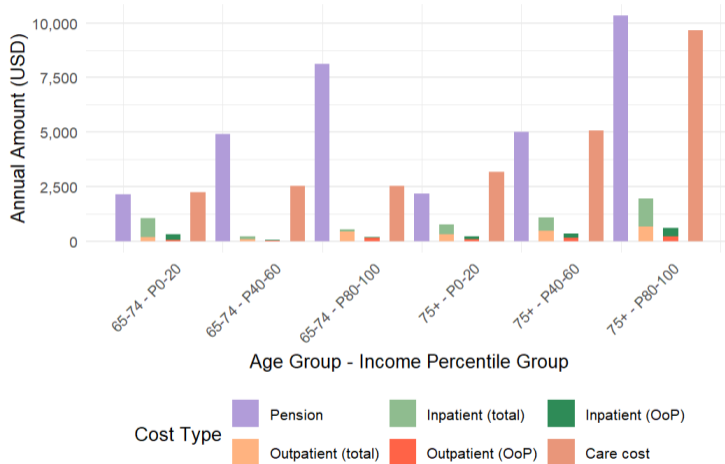
Retirement Income Comparison



Retirement Income Source Comparison

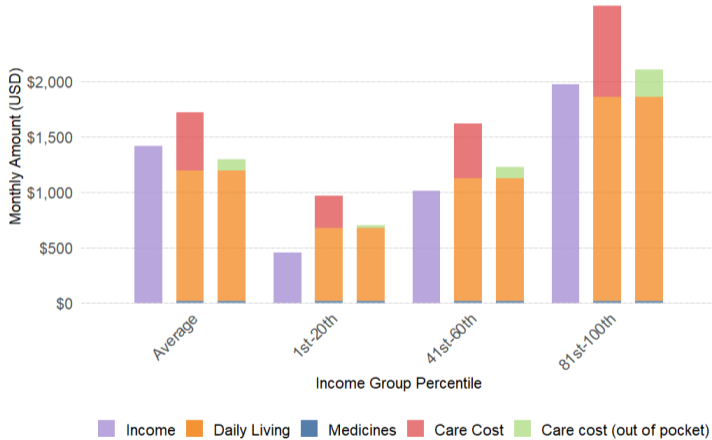
	China		Japan	Indonesia
	Urban	Rural		
Public pension	68%	43%	50%	20%
Private occupational pension			2%	5%
Capital Income	20%	10%	8%	0.3%
Work	8%	37%	40%	29%
Family transfers	4%	11%	—	46%

Pension and Healthcare Costs in China



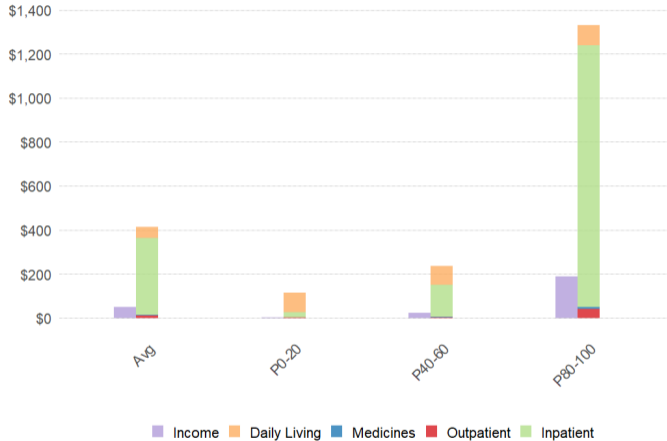
Data source: Chinese Longitudinal Healthy Longevity Survey (2018)

Income and Expenditure in Japan (Age 65+)



Data source: 2022 Household Survey by Statistics Bureau

Income and Expenditure in Indonesia (Age 65+)



By Age Group and Income Percentile

Data source: Indonesia Family Life Survey, Wave 5 (2014/2015)

Thank you!