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ANALYSIS OF IMPLEMENTATION OF FULLY FUNDED SCHEME IN THE PENSION SYSTEM OF CIVIL SERVANT EMPLOYEES IN INDONESIA

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ABSTRACT

One expenditure item that is often considered to burden the APBN is the personnel expenditure item. This expenditure item is given to Civil Servants (PNS) related with their duty to provide public services. In that personnel expenditure, the portion of pension expenditure is still the dominant expenditure item. Under these circumstances, the idea of managing pension payments came so as not to overload the APBN that could eventually provide additional fiscal space for the government. One of the way presented is to change the pension funding scheme from the pay as you go system (defined benefits), the current system, to a fully funded system (defined contribution).

The problems of the research were how the pay as you go scheme on civil servant pension system work, can Indonesia eligible to implement fully funded scheme to civil servant pension system, and how is Indonesia's readiness to implement fully funded scheme on the civil servant pension system. Using a questionnaire and interviews to sources who understand the pension system of Civil Servants in Indonesia, the authors concluded that Indonesia can implement fully funded to the Civil Servant pension system. However when it comes to readiness, Indonesia can be said not ready to implement fully funded scheme of civil servant pension system.

Keyword: *Personnel Expenditure, Pension Expenditure, Pension Funding Scheme*

