



**VIET NAM SOCIAL INSURANCE**



**SOCIAL INSURANCE FUND WITH THE  
EXTENSION OF MATERNITY LEAVE FOR  
FEMALE EMPLOYEES TO 6 MONTHS**

**April - 2012**



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# Overview of current maternity scheme (regulations of social insurance policy) 1

## - Coverage and conditions for entitlement:

- + Female employees in pregnancy;
- + Female employees giving birth; employees adopting a child less than four months old having at least 6 months of social insurance contributions for 12 months ;
- + Employees having an intrauterine device (IUD) insertion or taking sterilization measures.



## **Overview of current maternity scheme (regulations of social insurance policy) 3**

- + Female employees having birth are entitled to:
  - \* a 4-month leave if working under normal working conditions;
  - \* a 5-month leave if performing arduous work, working under a three-shift regime, work in regions with regional allowance coefficient of 0.7 or more, or officers of the armed or police forces
  - \* a 6-month leave if they are disable people with loss of working capacity of at least 21% .



# Overview of current maternity scheme (regulations of social insurance policy) 6

## - Levels of maternity benefit:

- + 100% of the average monthly salaries for 6 months.
- + a lump-sum allowance equivalent to 02 months' standard minimum salaries for each child born
- + leave duration is recorded into total social insurance contributions;
- + If only the father is social insurance holder and the mother dies after delivery, the father is entitled to maternity benefit of 02 months' standard minimum salaries for each child
- + convalescence & rehabilitation leave from 5 to 10 days if in weak health (25% or 40% of standard minimum salary/01 day)



# Overview of current maternity scheme (regulations of social insurance policy) 7

## - Regulation on social insurance fund for sickness and maternity benefits:

- + Fund sources: employees pay premium at the rate of 3% of employee's total salary.

- + Fund uses:

- \* payment for sickness benefit as regulated;
- \* payment for for maternity benefit as regulated;
- \* payment for convalescence & rehabilitation benefit as regulated;
- \* management costs (including payment fees).



# Overview of current maternity scheme (Implementation of maternity scheme) 3

## - Results of implementation of law on social insurance( 2007 – 2011):

Expenditure	Sickness	Maternity		Convalescence & rehabilitation	Management cost	TOTAL
		Total	of which: delivery			
- Number of holders:						44,375,453
- Receivable social insurance premium (million VND)						28,917,029
-Number of beneficiaries (people):	16,016,920	3,084,439	1,420,014	1,723,211		20,824,570
- % compared with number of holders :	36.1%	7%	3.2%	3.9%		47.0%
- Indemnity amount (million VND)	3,535.25	13,694.5	11,832,201	927,460	1.012.095	19,169,914
- % compared with receivable social insurance premium	12.23%	34	41.0%	3.2%	3,5%	66.3%
- Fund balance to December 31st, 2011 including interests from		47.4%				10,493,250



# Overview of current maternity scheme (Implementation of maternity scheme) 4

## - Remarks:

- + The number of beneficiaries of maternity benefit was not high (accounting for 7%) but higher than previous rates, 3.2% of which were insured mothers for delivery
- + Indemnity/contributions reached **66.3%** (of which indemnity for delivery accounted for 41%). The balance rate was 33.7%
- + For 2007 – 2011 period, fund balance was over 10 trillion **VND** ( double the expenditure of 2011).



# Overview of current maternity scheme

## (Implementation of maternity scheme) 5

### - **Reasons for the large balance of sickness and maternity funds:**

- + Some units and organizations did not pay sickness and maternity benefits, but made payment to employees on sick or maternity leave under normal salary scheme;
- + The regulation which states that employees with many years of social insurance contribution but not for 6 consecutive months in the 12 months preceding delivery are not entitled to maternity benefit is unreasonable.
- + The lump sum allowance for delivery is still low.
- + No regulation on referring of social insurance contribution during maternity leave to pension and survivor pension funds is available.
- + The mandated premium to social insurance fund at 3% of total salary fund is higher than benefit payment levels.



# Fund estimates if maternity leave is extended to 6 months(1)

- + Actual average duration of maternity leave: 135 days (4.5 months);
- + Duration of maternity leave is to be extended to 180 days (6 months);
- + Increase rate compared with current situation: 34%.

*If other benefits are kept the same while duration of paid maternity leave is extended to 6 months, the expected results would be as follows:*



# Fund estimates if maternity leave is extended to 6 months (2)

\* Calculated based on results obtained for 5 years (2007-2011)

Expenditure	Sickness	Maternity		Convalescence & Rehabilitation	Management cost	TOTAL
		Total	Of which: delivery			
- Number of holders:						<b>44,375,453</b>
- Amount receivable social insurance premium (million VND)						<b>28,917,029</b>
-Number of beneficiaries (people):	16,016,920	3,084,439	<b>1,420,014</b>	1,723,211		<b>20,824,570</b>
- % compared to number of holders :	36.1%	7%	<b>3.2%</b>	3.9%		<b>47.0%</b>
- Indemnity amount paid (million VND)	3,535,825	17,638,601	<b>15,776,268</b>	927,460	1.012.095	<b>23,113,981</b>
- % compared to receivable social insurance premium	12.23%	61.0%	<b>54.60%</b>	3.2%	3,5%	<b>80.0%</b>
- Fund balance to December 31st, 2011, including interests for investment (million VND)						<b>6,125,430</b>



# Fund estimates if maternity leave is extended to 6 months (2)

## \* Estimates for 2011 - 2030

### + Data as basis for estimation

- Number of social insurance holders according to pension fund estimates;
- Rate of premium contribution of 3% as stipulated by law on social insurance;
- The rate of employees having sick leaves covered by social insurance benefit to account for 45% the year's total number of social insurance holders (the current rate is 36.1%);
- The rate of insured employees for convalescence benefit to account for 5% of the year's total social insurance holders (the current rate is 3.9%) ;
- Actual average daily wage to account for 9% of the standard minimum salary;



## Fund estimates if maternity leave is extended to 6 months (2)

- Minimum salaries for 2012 to 2030 (pension fund estimates: to be increased by 16.5% per year between 2012 and 2015, by 10% per year between 2016 and 2015, and by 7% per year as of 2026;
  - The number of beneficiaries of maternity benefit will account for 8.5% of the year's total of social insurance holders (the current rate is 7%), with the number of insured mothers estimated at 3.5% of the year's total social insurance holder (current rate being 3.2%)
  - Maternity leave will be 6 months and other benefit levels remain the same.
- + **Result:** Annual average indemnity-premium contributions rate is 92% (with 8% in reserve)



# Remarks

Based on the fund estimates and the balance of the sickness and maternity funds to December 31st, 2011 (over 10,000 billion VND), if maternity leave policy for female employees were to be extended to 6 months, and presuming that the premium level is kept at 3% of the total salary (with no increase in the level of contribution), a fund balance would still be maintained and a fund reserve would remain mandatory ./.





**Thank you!**