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Article

Adequacy of the Pension System: A Qualitative Interview of Indonesian Civil Service Pensioners in Kapuas Regency

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Abstract: Around three million pensioners receive the Indonesian civil service pension benefit. This benefit is the main source of income for the majority of civil service pensioners. This paper examines the adequacy of this pension benefit from the perspective of pensioners in Kapuas Regency. Through qualitative research, fifteen semi-structured interviews were conducted to investigate the role of pension benefits in maintaining the interviewees' lifestyles and standards of living. All the interviewees perceived that the pension benefit could cover their basic needs, but for most of them, it only covered 25% of their total expenditures. Despite this, the replacement rate of the take-home pay from the pension benefit is still acceptable based on the ILO standard. While some can adjust to life with basic needs, others choose to find another source of income after retirement. Therefore, although the amount is still higher than the poverty line and the minimum wage, the findings suggest the retirement rate is considered meager.

Keywords: adequacy; perception; civil service pensioners; pension system; Indonesia

JEL Classification: H5; H6; H55



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1. Introduction

Civil service roles are among the preferred occupations for Indonesians, mainly due to this country's age pension scheme (Pikiran Rakyat 2023). Indonesia is still striving to establish a mandatory public pension system to ensure social security for all its citizens (Hadi et al. 2023). However, civil servants in Indonesia were provided with civil service pension (CSP) plans in 1956, when the President signed legislation about pension spending. Law No. 11/1969 is now in force, so the CSP regulations have changed once again (Muliati 2013).

The pay-as-you-go plan, based on the Defined Benefit (DB) scheme is used in Indonesia's CSP plan. An Indonesian civil servant is eligible to receive employee pension benefits if they have worked for the government for twenty years or more and are fifty years of age or older. In Indonesia's CSP plan, the pension basis for computing the pension benefit is the employee's basic salary for the preceding month, as determined by the relevant salary laws. As long as the monthly benefit for employees does not surpass 75% of their primary pension benefits, they will receive 2.5% of the basic pension for each term of service (Hadi et al. 2022). The CSP benefits are not indexed for inflation; the pension benefits increase when the government regulates the increase in civil servants' salaries.

Currently, around three million pensioners receive CSP payments (KORPRI 2024). For the majority of them, this pay is the most significant source of income (Hadi et al. 2022).

The question is whether this payment can be expected to fulfill the needs and well-being of these pensioners/retirees. A study by [Moeis et al. \(2022\)](#) indicated the need for more financial security for these Indonesian pensioners.

Providing adequate support is a crucial objective of many retirement income schemes. Since the beginning, there has been no uniform concept of the corresponding definition, measures, or threshold ([OECDiLibrary 2023](#)). This is partly because of the different views on how people adjust their consumption due to changes in their incomes. The [European Commission \(2018\)](#) describes adequacy in three ways. The first is defined according to the ability of the pension income to help pensioners avoid poverty. According to the second definition, adequacy is determined by the ability to replace the income earned before retirement. The third definition defines adequacy according to the retirement period that can be covered ([European Commission 2018](#)). Policymakers commonly employ two techniques to determine adequacy: a certain threshold of income, where it is considered appropriate, or based on pre-retirement income, specifically a percentage replacement ratio (RR) ([PLSA 2016](#)).

The current pension scheme for civil servants provides a monthly retirement payout with a maximum monthly payment of IDR 4,779,900 (EUR 283.52) ([Government Regulation Number 8 Year 2024](#)). This is higher than the minimum-wage level in this study's focus area, Kapuas Regency (IDR 3,261,700/EUR 193.47) but less than the level in Indonesia's capital city, Jakarta (IDR 5,067,381/EUR 300.58) ([Keputusan Gubernur Kalimantan Tengah Nomor No. 188.44/552/ 2023](#); [Keputusan Gubernur DKI Jakarta Nomor No. 818 2023](#)). Furthermore, the benefit from these programs is likely to be less than the recipient's current income. According to the permanent income hypothesis (PIH), this will result in civil servants smoothing their consumption and being more inclined to save or gather assets to prevent their quality of life from falling after retirement. The pension benefits may also be inadequate to depend on and cause people to descend below the poverty line (PL) ([Andersen 2021](#)).

The issue of CSP benefits in this region has recently become more prominent. While the issue of civil servant income was allegedly the reason for the corruption of public officials that brought down the Soeharto era in 1998, the decentralization in 2001 brought a different dimension to this issue since the appointment and management of civil servants have been partly transferred to the local government ([Yunan et al. 2023](#); [Vidyattama 2021](#)). While their pension benefits are currently paid by the central government, it is considering shifting the responsibility to the local governments, who have the authority to recruit and pay their salaries ([Kencana 2022](#); [Vidyattama 2021](#)). Therefore, it is crucial to understand the attitudes and behaviors concerning the adequacy of the current pension plans at the local level since their perceptions have never been mapped. In addition, these attitudes and behaviors at the district level may affect the pension plans and their impact on the level of development in this area ([Park and Hewings 2007](#); [Burger 2014](#); [Batabyal and Nijkamp 2017](#)).

Previous research conducted by [Ananta et al. \(2021\)](#) used a simulation method at the carried out at the national level concerning the adequacy of CSP programs. They found the planned system (which will be converted from defined benefit to defined contribution) is inadequate for providing income in old age. This study aims to look at the pensioners' perspectives on the adequacy of Indonesia's CSP in Kapuas Regency. The issue of pension benefits is crucial for Kapuas Regency, as almost half of the civil servants are nearly of retirement age, while being outside of Indonesia's population center, Java-Bali, means fewer alternative job opportunities. In addition, this area is considered to have a lower cost of living than other regencies in Central Kalimantan and a low PL that prevents better opportunities from being given to pensioners to adjust their consumption ([BPS-Statistics Indonesia 2023b](#)).

Furthermore, according to the [World Bank \(2008\)](#), well-designed pension programs seek equilibrium between three key indicators: affordability, sustainability, and adequacy. Sustainability and adequacy are two sides of the same coin. Without the other, neither can exist meaningfully. Ultimately, reforms must seek a proper balance between the

two objectives (European Commission 2010). Regarding sustainability, Indonesian CSP spending increases annually and places strain on the country's national budget (Hadi et al. 2022). The amount spent on pensions in 2023 was IDR 142.7 trillion (EUR 8,522,413,744). As for the Indonesian national budget, it represented 5.8% of the government's income, which was IDR 2443.6 trillion (EUR 145,906,631,406) (*Anggaran Pendapatan dan Belanja Negara (Indonesian National Budget) (2024)*). As a result, although Indonesia's CSP system is unsustainable (Hadi et al. 2022), the Indonesian government should maintain its pledge to improve pension adequacy for pensioners.

CSP benefits are not inflation-indexed, and the Indonesian government did not raise civil servants' salaries from 2020 to 2023, raising critical issues about how well the CSP system protects civil service pensioners from poverty. Therefore, the research questions of this study focus on three main issues concerning the adequacy of the current Indonesian CSP program.

Q1: Do the benefits of the existing pay-as-you-go program meet retired civil servants' financial needs in Kapuas Regency?

Q2: Can Kapuas Regency pensioners retain their pre-retirement quality of life?

Q3: How do pensioners in Kapuas Regency respond to the present pension system?

This article provides some important insights into CSP benefits in Indonesia. Therefore, the findings of this article could serve as a good reference for national pension policy. The policy implications of this study could be useful not only for readers but also the government of Indonesia (Indonesian policymakers).

This article was organized into five sections to achieve its objectives. Section 1 of this research begins with an introduction, a description of the aim of this study, and the research questions that will be addressed. Section 2 provides a relevant literature review that focuses on the adequacy of the pension system. Section 3 explains the data-gathering and analysis processes. The findings and a discussion are then provided in Section 4, followed by the Conclusions.

2. Literature Review

2.1. The Objectives of Pension Systems

Almost every country now has an old-age pension system, whose primary function is to provide financial security for older people, prevent exploitation, and reduce injustice in old age (ILO 2018). The pension system serves two functions for individuals: consumption smoothing and insurance (Barr 2011). The consumption-smoothing function refers to ensuring a person's pre-retirement quality of life is maintained after retirement (leveling out spending during the transition from employment to retirement). On the other hand, the insurance function protects people from experiencing poverty in their old age. In other words, the primary goal of the pension system is to provide financial stability to older people, which includes alleviating poverty and smoothing individual spending (Barr 2018; OECD 2018).

2.2. Assessing Adequacy

A minimum income standard is a standard for socially acceptable money. The oldest method operates according to reference budget standards to which people can adjust their consumption (Deeming 2017). Reference budgets are indicatively priced baskets of goods and services that represent assumed living standards. High-quality comparable reference budgets can support the widescale monitoring of income adequacy, particularly minimum income systems (Goedemé et al. 2015). There are several methods for determining an appropriate threshold. One strategy is to define a 'basket' that includes items necessary for sustaining an appropriate standard of living in retirement—either a basic set of goods to avoid poverty or an enhanced collection of goods to achieve a certain quality of life above and beyond the PL (PLSA 2016).

Traditionally, food (including water), shelter, and clothing are mentioned as urgent necessities (Denton 1990). In addition to food, water, clothing, and shelter, numerous

modern lists emphasize the “basic needs” of transportation, sanitation, education, and healthcare. The International Labour Organization (ILO) put forth the most commonly acknowledged statement of necessities that was widely disseminated via the ILO book *Employment, Growth, and Basic Needs* (Hoadley 1981).

The minimum income standard can be represented by the PL, commonly measured in two ways: absolute and relative PLs. To be above the absolute PL, a household or person must be able to acquire or fulfill only the most basic necessities, sustaining a minimum level of existence. The absolute PL is defined based on a person’s basic needs (Jolly 1976), particularly the cost of these necessities (World Bank 2005). The basket of commodities and services that families can purchase is used to identify poor individuals (Corak 2006). Similarly, this can be used to identify the adequacy of the pension benefit.

The relative PL is based on the standard of living for a specific income distribution and defines the minimum standard of living as a percentage of the common standard of living. This means the consumption pattern depends on society’s or a country’s standard of living (OECD 2013; UNICEF 2005). Relative PLs are established based on the period and location in which they are utilized and the level of life. European studies on poverty often focus on sub-populations in society, e.g., the working population (Bruder et al. 2012) or the elderly. The EU indicators for determining relative PLs are 50% and 60% of median income (European Commission 2011). The chosen strategy has a crucial impact on social policy assessment (Hagenaars and Praag 1985). It includes determining the adequate level of pension pay, as Ebbinghaus (2021) shows how different pension systems across Europe affect poverty rates in the continent. Similarly, Jacques et al. (2021) compared the poverty rates of the elderly to the per capita public pension spending of 27 European countries. In Australia, Saunders and Wong (2011) showed how the Pension Review reduced deprivation among older people after Tanton et al. (2009) indicated that tweaking the benefits for older people living in couple households can considerably reduce the poverty rate.

The main goal of pension systems is to ensure that retirement does not significantly decline material living standards since the permanent income theory postulates that people cannot just adjust their consumption patterns and are affected by their levels of consumption before retirement (Chybalski and Marcinkiewicz 2016). The RR, the ratio of retirement income to income before retirement, is one statistic for this. Avoiding a reduction in material living standards in retirement does not necessitate a 100% RR because retirement is linked with, among other things, lower expenses relating to travelling to work, lower durable consumption, and no pension contributions (Andersen 2021). It should be emphasized that the RR is calculated based on earnings. Pension coverage may also be measured in terms of pension wealth compared to income. Whereas the RR outlined above provides a snapshot, pension wealth provides a statistic on overall resources available for retirement. The present value of the predicted pension benefit flow is pension wealth (Andersen 2021). The International Labour Office Number C102—Social Security (Minimum Standards) Convention requires the minimum replacement rate to be 40% of previous incomes after 30 years of contributions (International Labour Office Number C102-Social Security (Minimum Standards) Convention 1952).

2.3. Consumption Adjustment

Financial stability and consumption smoothing cannot be separated from the adjustment process that people engage in due to their changing incomes throughout their lives. There are three main hypotheses for how people adjust their patterns of consumption—absolute income, relative income, and permanent income. The absolute income hypothesis refers to Keynes’ consumption function. Consumption is a steady function of current disposable income (income after taxes). Duesenberry (1949) developed the relative income hypothesis (RIH) by highlighting the relevance of interdependent preferences and habitual behavior based on relative income. He contended that an individual’s consumption decisions are impacted by their place in the household income distribution. This is supported by Drakopoulos (2020), who showed that an individual’s average propensity to consume

(APC) is affected by their place in the income distribution. Meanwhile, [Friedman \(1957\)](#) proposed the PIH. Accordingly, the primary connection made by the PIH is that permanent consumption is proportionate to permanent income, which corresponds to a generally constant APC. PIH is a theory that ties an individual's consumption at any point in time to their lifetime total income ([Aguiar and Hurst 2008](#)).

These consumption pattern hypotheses are crucial for assessing the adequacy of pension benefits. [Chybalski and Marcinkiewicz \(2016\)](#) argue that such an assessment should begin with ascertaining the focus of adequacy, whether it is on income or consumption patterns, and their smoothing pattern based on PIH is crucial in connecting these two aspects. They argue that the smoothing pattern is the basis for using the RR as an adequacy measure for pension benefits as people already start saving since they know their income from pension benefits will not be as high. [Jedynak \(2020\)](#) states that one's ability to save oneself is variable due to different socioeconomic and demographic conditions, as suggested by RIH. Hence, pension gaps could be different in different societies. Furthermore, [Stoller and Stoller \(2003\)](#) highlighted the importance of health factors in determining this adequacy. However, we did not use health factors to assess the adequacy of CSP benefits in this article.

2.4. The Regional Development Factors

The plan to hand over the management of the CSP plan to the local government may also affect and be affected by the level of development in a district. Based on the PI hypothesis, [Park and Hewings \(2007\)](#) argue that this arrangement may affect the propensity of older people to stay in the labor force to maintain the same level of consumption. The decision regarding the CSP plan may also affect the migration pattern between districts. This in turn will affect the level of demand and wages in this area. [Park and Hewings \(2007\)](#) concluded that an increase in the age of retirement can improve the average welfare of an area. Nevertheless, [Önder and Schlunk \(2019\)](#) point out that although the decision on pension payments can govern the decision to migrate, the cost of living, local amenities, and property values also play an important role.

Regional conditions may also affect the number of benefits in retirement. The age structure of a population and the living standard in the area will affect the levels of benefits, and in the case of saving-based retirement income, the financial decision is often affected by the cultural and social factors in the area ([Burger 2014](#)). The gender factor and how long an individual has worked in an occupation may also affect the spatial pattern of retirement income, especially between the city and urban areas ([Vidyattama et al. 2013](#)). Regional factors will also play a role when the local government manages the CSP, given that different districts have different fiscal capacities. They can even play a role when the CSP is paid by the central government, as the CSP plan is based on the salaries of civil servants, who are controlled by the local government ([Vidyattama 2021](#)). [Batabyal and Nijkamp \(2017\)](#) also note that the expectations in an area may affect the pattern of saving, which adds to or even determines the pension system that can be applied.

3. Research Methods

Although the main analysis is based on interviews, it is necessary to have other thresholds to analyze the statements in the interview further. To assess whether the pension benefit from the current program is adequate for a certain region, such as Kapuas Regency, the first methodology applied in this study was to compare the benefits received by various civil servant retirees to the standard minimum to fulfill their consumption needs. This was carried out by using the local absolute PL, the compatible relative PL, and the RR of the current income. While Indonesia has set the absolute PL at the local level, the relative PL is rarely used. This article utilizes regional minimum wages as a proxy for the reason discussed below. Following this discussion, we provide an analysis of their adjustment plans, if any. This will be performed by conducting in-depth interviews about the adequacy of the CSP program.

3.1. Adequacy Assessment Threshold

In the adequacy analysis in this article, we used secondary data obtained from Badan Pusat Statistik/The Central Statistics Agency (BPS-Statistics). To assess the adequacy of the pension program, the benefits were compared to various thresholds, including the Indonesian PL. BPS Statistics sets the official PL for Indonesia (Priebe 2017). The PL indicates the minimum financial needs required to satisfy the necessities of life (BPS-Statistics Indonesia 2023b). BPS determines poverty using per capita consumption expenditure to cover basic food and non-food needs based on data from the National Socioeconomic Survey (Susenas) conducted in March and September (Priebe 2017; BPS-Statistics Indonesia 2023b).

The March Susenas covered 300,000 households and provided poverty figures for 34 provinces and 514 districts/cities at the country level, while the September Susenas covered 75,000 households and provided figures only at the province level (BPS-Statistics Indonesia 2023a). Data were collected through interviews with members of households selected as samples using a Consumption and Expenditure questionnaire (BPS-Statistics Indonesia 2023a).

As stated, the PL is classified into two categories: food PL (FPL) and non-food PL (NFPL). The FPL is the absolute bare minimum of food expenditures, equaling 2100 kilocalories per person per day. The fundamental commodities bundle contains 52 commodities (fish, grains, meat, tubers, eggs, milk, nuts, vegetables, fruit, oils, fats, etc.). The Non-Food PL (NFPL) is the absolute bottom line for non-food necessities such as housing, clothing, education, and health care. The essential non-food commodity bundle includes 51 goods in cities and 47 in rural regions (BPS-Statistics Indonesia 2023a).

In March 2023, the Indonesian national PL was around IDR 550,000 (EUR 32.62) per person per month, comprising around 74% FPL and 26% NFPL. This is an increase of 9% from the previous year. The provincial PL for Central Kalimantan is higher than the national one, at IDR 596,184 (EUR 35.36), which increased from IDR 548,816 (EUR 32.55) in 2022, while the level for Kapuas Regency was lower than the national level, at IDR 424,066 (EUR 25.15), in 2022. While the number for 2023 has not been published, we use the estimate based on the increase at the provincial level: IDR 460,667 (EUR 27.32). We also need to consider the PL at the household level, considering that income may be used for household consumption. In 2023, the coefficient used by the Central Bureau of Statistics was 4.71, bringing the household PL in Kapuas to IDR 2,169,741 (EUR 128.7) (BPS-Statistics Indonesia 2023a).

Another threshold that used to assess the adequacy of the benefit is the minimum wage as a proxy for the relative PL. Based on Indonesian central government regulation number 51 issued in the year 2023, the minimum wage was set such that it was at least higher than the average consumption expenditure per person. Therefore, the minimum wages have a basis similar to that of the relative PL. In 2022, the average expenditure per capita in Kapuas Regency was IDR 11,377,000 (EUR 674.84) per year or IDR 948,000 (EUR 56.23) a month. Following the 9.35% increase at the national level, the average consumption expenditure in Kapuas Regency was estimated to be IDR 1.04 million (EUR 61.69) per person per month (BPS-Statistics Indonesia 2023b). The 2023 minimum wage set for Kapuas Regency by the Central Kalimantan provincial government at IDR 3,261,700 (EUR 193.47) per month fulfills that requirement.

In addition, the minimum wage, as a relative PL, can also be seen as the proportion of average income. Information on the average wage in Indonesia can be sourced from the Indonesian Labour Force Survey (Sakernas), which only covers the income from the formal labor force. The provincial government sets the minimum wage in Indonesia, and the lowest minimum wage in Indonesia is in Central Java, amounting to IDR 1,958,169 (EUR 116.15) per month. This is 65% of the average national income according to Sakernas. Nevertheless, the value is 90% of the average income of Central Java province. It is similar to the minimum wage for Central Kalimantan, which is around 90% of the average wage in the province. Therefore, we can use the minimum wage for Kapuas Regency as a proxy for the relative PL.

The last assessment measure for pension benefits is the RR of current income. To analyze this, we need to understand the structure of the income or salary for civil servants. This is because the salary system for government employees in Indonesia uses a combination scale, with one scale giving the same salary, known as the basic salary, for employees in the same rank regardless of the type of job or the level of responsibility, while the other scale is determined based on an employee's level of responsibility and type of job. The ranks/levels of Indonesian civil servants are classified into four categories according to Government Regulation Number 7 Year 1977: level I, from I/a to I/d; level II, from II/a to II/d; level III, from III/a to III/d; and level IV, from IV/a to IV/e.

The basic salary in Indonesia is considered low and has been argued to be the reason for corruption in the past (Simanungkalit 2013; Tjiptoherijanto 2018). Simanungkalit (2013) argued that the basic salary of civil servants of the lowest rank can only fulfill 54% of needs for a family consisting of two adults and two children. Furthermore, Tjiptoherijanto (2018) showed that the basic salary scale is not as diversified across ranks as it is in the private sector. The second scale is the various standardized allowances such as family allowances, structural allowances (based on structural positions), functional allowances (based on functional allowances), and special allowances for civil servants working in remote areas. Tjiptoherijanto (2018) argued that this scale was deliberately made unequal, with a large gap, especially for functional positions, to attract talented candidates to fill the roles and prevent corruption, as people in special positions have are more capable of engaging in corrupt activities. In addition, the second scale also provides an opportunity for certain departments and local governments to provide additional allowances to their officials (Simanungkalit 2013). Overall, the average salaries of the public sector in Indonesia are still higher than those of the private sector but only due to higher education levels, as the private sector wage level is higher for each education level starting from a bachelor's degree and above (Tjiptoherijanto 2018).

3.2. Qualitative Analysis (Interview)

In this study, we performed qualitative research to develop a theory to obtain in-depth information about a real-life situation. This research dataset was derived from primary sources, specifically in-depth interviews. In-depth, semi-structured, open-ended interviews were conducted in Kapuas Regency, Kalimantan Tengah (Central Kalimantan) province, Indonesia, to gather qualitative data (see Figure 1 for the location).



Figure 1. The location of the case study: Kapuas Regency.

Fifteen exploratory, semi-structured interviews were conducted to help discover and describe the diversity of thoughts and attitudes of pensioners about the adequacy of CSP plans. The authors chose the retirees based on their grades and latest positions before retiring. A total of 15 interviewees were evaluated, involving 5 females and 10 males. Two interviewees corresponded to level II, five interviewers corresponded to level III, and

eight interviewees corresponded to level IV. The interview methodology and tools were cleared by the Ethics Committee on Social Studies and Humanities National Research and Innovation Agency (NRIA) with clearance letter number: 213/KE.01/SK/03/2024.

This personal interview technique allowed for the coverage of significant topics (according to the purpose of this study) throughout each interview and a structure in which respondents could offer extra information and descriptions regarding the phenomena of interest. The authors contacted eligible pensioners and encouraged them to participate in this study. An interview protocol was employed. Assurances were made regarding ethical conduct and the taking of measures to preserve interviewee anonymity and confidentiality. It is also worth noting that the researchers avoided group discussions during the interviews.

The authors elected to use Kapuas Regency as a case study because it is not a big regency and the living cost is the lowest compared to other regencies in Central Kalimantan (BPS-Statistics Indonesia 2023b). This regency also has a relatively low PL (see Table 1 below). This indicates relatively low prices; hence, the living cost in the area with respect to the PL in Indonesia was calculated based on a certain combination of goods and services, as discussed in Section 3.1. This allowed us to focus more on how the former civil servants adjusted their consumption patterns to their situation rather than under the condition that the cost of living is certainly beyond their means.

Table 1. Poverty line based on regency/city in Kalimantan Tengah (Central Kalimantan).

Regency/City	Poverty Line Based on Regency/City (Rupiah/Capita/Month)					
	2020		2021		2022	2022
	IDR	EUR	IDR	EUR	IDR	EUR
Kotawaringin Barat	397,883	23.60	418,388	24.82	476,297	28.25
Kotawaringin Timur	446,039	26.46	467,551	27.73	510,290	30.27
Kapuas	332,999	19.75	345,272	20.48	424,066	25.15
Barito Selatan	433,787	25.73	450,706	26.73	481,352	28.55
Barito Utara	504,430	29.92	525,236	31.16	563,393	33.42
Sukamara	522,601	31.00	568,578	33.73	619,116	36.72
Lamandau	479,514	28.44	539,744	32.02	588,591	34.91
Seruyan	504,264	29.91	529,892	31.43	571,049	33.87
Katingan	474,056	28.12	498,487	29.57	553,082	32.81
Pulang Pisau	395,989	23.49	411,258	24.39	454,933	26.99
Gunung Mas	438,881	26.03	456,984	27.11	479,550	28.45
Barito Timur	517,183	30.68	534,896	31.73	571,786	33.92
Murung Raya	492,693	29.22	510,939	30.31	550,105	32.63
Palangka Raya	435,008	25.80	456,276	27.06	485,800	28.82
Kalimantan Tengah	485,635	28.81	506,982	30.07	548,816	32.55

Source: BPS-Statistics for East Kotawaringin. Garis Kemiskinan Menurut Kabupaten/Kota (Rupiah/Kapita/Bulan), 2020–2022.

In addition, this regency was also chosen for this case study because it has a proportion of civil servants relatively similar to that of the population at the national level. In 2022, the number of civil servants in the Local Government of Kapuas Regency was 5684, with 71.52% holding university degrees (BPS-Statistics of Kapuas Regency 2023). According to the National Civil Service Agency (2023), the number of civil servants in the local government of Kapuas Regency in October 2023 was 5070 persons. Meanwhile, the population of Kapuas Regency in 2022 was 416.2 thousand people. Therefore, the proportion of civil servants in the population of Kapuas Regency in 2022 is 1.36%.

In comparison, the proportion of local, both provincial and district, government officials in Indonesia is 1.4%. According to BPS-Statistics Indonesia (2023b), the number of civil servants in Indonesia in 2022 was 3,890,579 persons, and according to National Civil Service Agency (2023), the number of civil servants in Indonesia in October 2023, as described in Table 2, was 3,765,010 persons. Meanwhile, the population of Indonesia in

2022 was 275 million people ([BPS-Statistics Indonesia 2023b](#)). Therefore, the situation in Kapuas Regency is still comparable with the average situation in Indonesia.

Table 2. Number of civil servants, with details regarding rank and length of service.

Level	Central Government		Regional Government		Kapuas Regency	
	Number	(%)	Number	(%)	Number	(%)
I	2356	0.3	16,556	0.6	8	0.2
II	170,904	18.4	397,757	14.0	409	8.1
III	582,733	62.7	1,735,971	61.2	2823	55.7
IV	173,647	18.7	685,086	24.2	1830	36.1
Total	929,640	100.0	2,835,370	100.0	5070	100.0

Source: [National Civil Service Agency \(2023\)](#). Civil Servants Statistics October 2023.

Furthermore, as seen in Table 3, most Indonesian civil servants in Kapuas Regency are between the ages of 51 and 60 years old. In the next ten years, they will probably become new pensioners, and the central government has to prepare the budget for them. The number of civil servant pensioners is projected to rise year by year and will most likely surpass the number of civil servants over the next five years if there is no recruitment of new civil servants. [TASPEN \(2023\)](#) projected 354 new pensioners in 2022 and 394 new pensioners in 2023, bringing the total number of retirees in Kapuas Regency to 4172 as of November 2023, with pension payments of IDR 12,321,244,082 (EUR 730,855).

Table 3. Civil Servants by Age in Kapuas Regency.

Age	Number
21–30	183
31–40	886
41–50	1705
51–60	2296
Total	5070

Source: [National Civil Service Agency \(2023\)](#). Civil Servants Statistics October 2023.

4. Results and Discussion

4.1. Pension Benefits Compared to the PL

According to Tables 4 and 5, the PL for Kapuas Regency in 2022 was IDR 424,066 (EUR 25.15) per individual and IDR 1,840,446 (EUR 109.17) for a poor household based on the average number of household members in Indonesia (4.34). The PL for Kapuas Regency was the lowest among the regencies in Kalimantan Tengah (Central Kalimantan) Province. The maximum pension benefits for level I (IDR 2,176,100/EUR 129.07) and level II (IDR 3,094,200/EUR 183.53) ([Government Regulation Number 8 Year 2024](#)) were only slightly higher than the PL for Kapuas Regency. Furthermore, the maximum pension benefit of level I (IDR 2,176,100/EUR 129.07) is less than the PL in Central Kalimantan (IDR 2,381,861/EUR 141.28) and Indonesia (IDR 2,592,657/EUR 153.79) (Table 4). The maximum benefits for levels III and IV are higher, amounting to IDR 3,885,600/EUR 230.48 and IDR 4,779,900/EUR 283.52, respectively.

The discussion above shows the pension benefit would help prevent civil service pensioners in Kapuas Regency from falling below the PL. However, for around 1% of pensioners receiving the highest level I pension payment (Table 2), the difference is only around IDR 335,654 (EUR 19.91); and they will be living in poverty in other regencies in Central Kalimantan. This is illustrated by Table 5, which shows that the pension benefits of all interviewees in Kapuas Regency are above the PL. Nonetheless, the pension benefit of F is slightly more than the poverty threshold across Indonesia (around 9%). Meanwhile, L and O (at level II) are somewhat higher than the poverty level in Indonesia (around 12%

more). If they relocate to other parts of Indonesia and food or non-food prices rise by more than 12%, they may fall into poverty.

Table 4. Comparison of PLs for poor households in Kapuas Regency, Central Kalimantan Province, and Indonesia.

Regency/Province/Country	Poverty Line		The Average Number of Members of a Poor Household	PL for Poor Households	
	(IDR/Capita/Month)	EUR/Month		(IDR/Capita/Month)	EUR/Month
Kapuas	424,066	25.15	4.34	1,840,446	109.17
Kalimantan Tengah	548,816	32.55	4.34	2,381,861	141.28
Indonesia (September 2022)	535,547	31.77	4.34	2,324,274	137.87
Indonesia (March 2023)	550,458	32.65	4.71	2,592,657	153.79

Source: [BPS-Statistics of East Kotawaringin \(2023\)](#). Garis Kemiskinan Menurut Kabupaten/Kota (Rupiah/Kapita/Bulan), 2020–2022; [BPS-Statistics Indonesia \(2023a\)](#). Profil Kemiskinan di Indonesia Maret 2023. Berita Resmi Statistik Nomor 47/07/Th. XXVI, 17 July 2023.

Table 5. Pension benefits of interviewees versus PL.

No.	Code	Grade	Family Members	Pension Benefits	EUR	PL Kapuas	PL Central Kalimantan	PL Indonesia
1	F	IV/a	>5	2,846,700	168.86			
2	L	II/d	>5	2,909,300	172.57			
3	O	II/d	Not answered	2,909,300	172.57			
4	H	III/a	>5	3,331,300	197.60			
5	G	III/b	3	3,477,100	206.25			
6	K	III/b	>5	3,477,100	206.25			
7	A	III/d	3	3,772,100	223.75			
8	J	III/d	5	3,885,600	230.48	IDR 1,840,446 (EUR 109.17)	IDR 2,381,861 (EUR 141.28)	IDR 2,592,657 (EUR 153.79)
9	B	IV/a	4	3,936,800	233.52			
10	D	IV/a	5	3,936,800	233.52			
11	C	IV/a	5	4,050,000	240.23			
12	I	IV/b	>5	4,093,300	242.80			
13	E	IV/b	>5	4,221,300	250.39			
14	M	IV/c	>5	4,272,600	253.44			
15	N	IV/e	>5	4,779,900	283.53			

Source: [Government Regulation Number 8 Year \(2024\)](#). [BPS-Statistics Indonesia \(2023a\)](#). Profil Kemiskinan di Indonesia Maret 2023. Berita Resmi Statistik Nomor 47/07/Th. XXVI, 17 Juli 2023.

4.2. Pension Benefits Compared to the Minimum Wage

Using the minimum wage as a threshold for relative poverty, Table 6 shows that those who corresponded to the last level on level II/d for serving as civil servants in Kapuas Regency for 30 years only received a pension benefit: IDR 2,909,300 (EUR 172.57). This is far below the minimum wage in Kapuas Regency (IDR 3,261,700/EUR 193.47) (Table 6). Therefore, their benefits are less than the average consumption expenditure per person and less than the relative PL in Kapuas Regency. Furthermore, the maximum pension benefits for level III and IV pensioners are IDR 3,885,600/EUR 230.48 and IDR 4,779,900/EUR 283.52. However, these income levels vary among pensioners; some have a minimal amount. According to the interviews, some pensioners at level III received less than the minimum wage. Among our interviewees, one female level IV pensioner received less than the minimum wage partly due to her length of service as a civil servant, confirming how gender-based employment and salary patterns in an area may affect the retirement benefit. Therefore, this person actually received less than a counterpart at level III.

Table 6. Pension benefits of interviewees versus the minimum wage.

No.	Code	Grade	Pension Benefits	EUR	Minimum Wage in Kapuas Regency
1	F *	IV/a	2,846,700	168.86	IDR 3,261,700 (EUR 193.47)
2	L *	II/d	2,909,300	172.57	
3	O *	II/d	2,909,300	172.57	
4	H	III/a	3,331,300	197.60	
5	G	III/b	3,477,100	206.25	
6	K	III/b	3,477,100	206.25	
7	A	III/d	3,772,100	223.75	
8	J	III/d	3,885,600	230.48	
9	B	IV/a	3,936,800	233.52	
10	D	IV/a	3,936,800	233.52	
11	C	IV/a	4,050,000	240.23	
12	I	IV/b	4,093,300	242.80	
13	E	IV/b	4,221,300	250.39	
14	M	IV/c	4,272,600	253.44	
15	N	IV/e	4,779,900	283.53	

Note: * a pension benefit lower than the minimum wage.

4.3. Replacement Ratio

The next assessment method consisted of analyzing the RR of pension benefits. Based on Table 7, the RR of interviewees is between 44% and 60% of the take-home pay (THP) amount. The table shows that 15 of the 15 interviewees had an RR above 40%, as recommended by ILO. Pensions are given to civil servants in Indonesia to help them satisfy the requirements for a decent living during retirement and as an award for the services provided; therefore, the current pension system provides a reasonable replacement of income according to the ILO standards. The THP as described in Table 7 does not include regional performance allowance since the interviewees became pensioners before the regulation concerning regional performance allowance.

Table 7. Pension benefits compared to basic salary, THP, and RR.

No.	Code	Grade	Basic Salary (IDR)	EUR	Total Allowance (IDR)	EUR	THP (IDR)	EUR	Pension Benefits (IDR)	EUR	RR
1	N	IV/e	6,373,200	378.04	4,431,928	262.89	10,805,128	640.93	4,779,900	283.53	44.24%
2	F	IV/a	4,483,100	265.92	1,457,314	86.44	5,940,414	352.37	2,846,700	168.86	47.92%
3	L	II/d	3,877,500	230.00	1,372,530	81.41	5,250,030	311.42	2,909,300	172.57	55.41%
4	M	IV/c	5,687,200	337.35	1,810,888	107.42	7,498,088	444.76	4,272,600	253.44	56.98%
5	H	III/a	4,435,500	263.10	1,400,650	83.08	5,836,150	346.18	3,331,300	197.60	57.08%
6	G	III/b	4,623,200	274.23	1,426,928	84.64	6,050,128	358.88	3,477,100	206.25	57.47%
7	K	III/b	4,623,200	274.23	1,426,928	84.64	6,050,128	358.88	3,477,100	206.25	57.47%
8	A	III/d	5,022,500	297.92	1,532,830	90.92	6,555,330	388.84	3,772,100	223.75	57.54%
9	B	IV/a	5,235,000	310.52	1,562,580	92.69	6,797,580	403.21	3,936,800	233.52	57.91%
10	D	IV/a	5,235,000	310.52	1,562,580	92.69	6,797,580	403.21	3,936,800	233.52	57.91%
11	C	IV/a	5,399,900	320.31	1,585,666	94.06	6,985,566	414.36	4,050,000	240.23	57.98%
12	J	III/d	5,180,700	307.30	1,403,978	83.28	6,584,678	390.58	3,885,600	230.48	59.01%
13	I	IV/b	5,456,400	323.66	1,442,576	85.57	6,898,976	409.23	4,093,300	242.80	59.33%
14	O	II/d	3,877,500	230.00	1,012,530	60.06	4,890,030	290.06	2,909,300	172.57	59.49%
15	E	IV/b	5,628,300	333.85	1,466,642	87.00	7,094,942	420.85	4,221,300	250.39	59.50%

Sources: [Government Regulation Number 5 Year \(2024\)](#). [Government Regulation Number 8 Year \(2024\)](#). Presidential Decree Number 26 for the Year 2007. Presidential Decree Number 12 for the Year 2006.

Despite this, the result that most of the pension benefits are close to or below the minimum wage level and, hence, average income can also indicate that while the RR from the benefit is reasonable ([Chybalski and Marcinkiewicz 2016](#)), the THP itself is not particularly high. Only 1 of 15 interviewees had a last salary that was almost twice the

minimum wage, and he was already in the highest rank of civil servants and likely to hold a structural position. In addition, the higher the level and the further the civil servant's salary is from the PL, the lower the RR they have from the pension benefit. This is especially due to the allowance system discussed in Section 3. Therefore, although the amount becomes more adequate, it also means the adjustment becomes more difficult for those with a higher salary level. This was further analyzed through in-depth interviews.

4.4. Adequacy and Adjustment

To learn about adequacy, we asked the interviewees about the extent to which their CSP benefits covered their basic needs (such as food and lodging) and their advanced needs (such as entertainment and travel). The adjustments of the interviewees were further analyzed through the lens of the three income hypotheses.

According to Table 8, all the interviewees believed their pension benefits would be sufficient to meet their basic needs. The ability of a CSP to allow one to meet their basic needs suggests the system can keep people out of poverty. Nevertheless, 86.67% (13/15) of the interviewees commented that their pension only met their basic needs. Only 2 of the 15 interviewees said it covered continuous or advanced needs. These two participants had the highest RRs, at around 59% of their incomes, and the same grades before retiring but were different genders. Their benefits are among the upper half of the interviewees, as they are both from level IV but not the highest.

Table 8. Perceptions of interviewees about financial feeds.

No.	Code	Gender	Grade	Pension Benefits (IDR)	EUR	RR	Financial Needs
1	F	Female	IV/a	2,846,700	168.86	47.92%	Basic
2	L	Male	II/d	2,909,300	172.57	55.41%	Basic
3	O	Male	II/d	2,909,300	172.57	59.49%	Basic
4	H	Male	III/a	3,331,300	197.60	57.08%	Basic
5	G	Female	III/b	3,477,100	206.25	57.47%	Basic
6	K	Male	III/b	3,477,100	206.25	57.47%	Basic
7	A	Female	III/d	3,772,100	223.75	57.54%	Basic
8	J	Male	III/d	3,885,600	230.48	59.01%	Basic
9	B	Male	IV/a	3,936,800	233.52	57.91%	Basic
10	D	Male	IV/a	3,936,800	233.52	57.91%	Basic
11	C	Male	IV/a	4,050,000	240.23	57.98%	Basic
12	I	Male	IV/b	4,093,300	242.80	59.33%	Continuous/Advanced
13	E	Female	IV/b	4,221,300	250.39	59.50%	Continuous/Advanced
14	M	Female	IV/c	4,272,600	253.44	56.98%	Basic
15	N	Male	IV/e	4,779,900	283.53	44.24%	Basic

The interviewees further discussed their pre-retirement quality of life in Kapuas Regency and their response to the present pension situation. It was revealed that the interviewees' expenditures had varied widely before their retirement. However, most of them (both male and female interviewees) had foreseen and prepared for the reduction in income, albeit only to fulfill basic needs after retirement in Kapuas. "My monthly pension is enough for daily needs", said one of the female interviewees, who had an RR of 56%. She realized her pension could not cover advanced needs. "However, it would be difficult if I became ill and had no personal savings". This shows that this reduction in income needed to be prepared for even though her RR was still above the recommended 40% ratio. This is partly because the salary itself, especially the basic salary, was low, according to another female interviewee, who had an RR of 47.92%. She only received pension benefits of around IDR 2,846,700 (EUR 168.86) below the minimum wage in Kapuas Regency (IDR 3,261,700/EUR 193.47). She stated, "Because my pension is too low, I must be minimalist with my needs. However, it is preferable to have a modest pension than none at all. In general, I am satisfied with my life". The consumption-smoothing patterns were also

captured from several male interviewees. In addition to the previous mention of saving, one interviewee stated, “Although my salary was low, I planned my pension when I worked as a civil servant and saved a little money to have a better life”. Another male interviewee stated, “We should save our money to have a better pension life; however, it is impossible to do that with a low salary”.

The issue of a low salary also came up in the discussion of how much the pension benefit could cover the participants’ current expenditures. Despite the RR being higher than the 40% threshold set by the ILO, most of the interviewees said they could only cover 25% of their monthly expenditures. This means their previous salary had not fully covered their expenditure either. Pensioners from levels I and II are more likely to meet RR objectives but have an inadequate working-life income before and after retirement. Low-income pensioners (levels I and II) are more likely to rely on the state’s income offered through the CSP plan benefit. They will have fewer opportunities to convert their wealth into income (or to use it to reduce expenses, such as those related to real estate). Meanwhile, pensioners at the highest level (IV/e) have a “comfortable” living standard when working, especially due to the allowance of a certain structural position. By their own admission, this group of pensioners found it difficult to enjoy a similar standard of living during retirement since they will have a low RR. They will be unable to maintain their pre-retirement standard of living. One of the interviewees with a relatively high pre-retirement income focused more on the items that they will need to let go than on their saving strategy before retirement.

Therefore, pensioners may have other sources of income in place to supplement their retirement income. One of the interviewees who had just retired revealed that they worked for a private company to cover their monthly expenses, stating, “My pension benefit is insufficient; it only covers less than 25% of the monthly cost. Therefore, now I am working for a private company”. Some of the interviewees still had bank loans during retirement since their income did not cover the expenditures from when they became civil servants. These loans can also be seen as another attempt to smooth their consumption by depending on more than just pension benefits. This smoothing may also be affected by the need to provide regular financial support to other family members, as stated: “I have to support my family every month, although only a small amount”. This is a crucial factor, as most aged pensions operate under the assumption that they will not have any dependent children in their families (Tanton et al. 2009).

According to the European Commission (2018), pensions are not the only type of financial support people rely on as they age. Many people accumulate wealth (including via home ownership) during their working lives (European Commission 2018). Although we found that several of the pensioners had savings, as shown above, the low income of civil servants makes saving difficult. One form of relief for our interviewees in Kapuas Regency was that they owned homes. According to Table 9, nearly all the pensioners (12 of the 15 interviewees) lived in their own houses. They probably bought their houses when working as civil servants for the Kapuas government. As in studies such as those by Saunders and Wong (2011) and Jacques et al. (2021), 3 of the 15 interviewees who had not secured home ownership thought that it was not possible to do so under their current conditions. Previously, two struggled to buy a house as single parents, while another one sold his home to cover his health problems in the past, stating, “I had a house before, but I had to sell it because of an accident a few years ago. Now, I do not have money to buy a new one”. Another member of this group stated, “Since I do not have a house, I have to arrange my pension for house rent payment. So, the pension benefit is not enough”. One interviewee indicated that the issue of housing is a crucial element if the government wants to reform the system: “Agree if the government will reform the pension system because some pensioners still do not have a living house (unwealthy)”.

Table 9. Home ownership of interviewees.

No.	Code	Gender	Grade	Pension Benefits (IDR)	EUR	Home Ownership	
						Before Retiring	After Retiring
1	F	Female	IV/a	2,846,700	168.86	Yes	Yes
2	L	Male	II/d	2,909,300	172.57	Yes	Yes
3	O	Male	II/d	2,909,300	172.57	Yes	Yes
4	H *	Male	III/a	3,331,300	197.60	Yes	No
5	G *	Female	III/b	3,477,100	206.25	Yes	No
6	K	Male	III/b	3,477,100	206.25	Yes	Yes
7	A *	Female	III/d	3,772,100	223.75	Yes	No
8	J	Male	III/d	3,885,600	230.48	Yes	Yes
9	B	Male	IV/a	3,936,800	233.52	Yes	Yes
10	D	Male	IV/a	3,936,800	233.52	Yes	Yes
11	C	Male	IV/a	4,050,000	240.23	Yes	Yes
12	I	Male	IV/b	4,093,300	242.80	Yes	Yes
13	E	Female	IV/b	4,221,300	250.39	Yes	Yes
14	M	Female	IV/c	4,272,600	253.44	Yes	Yes
15	N	Male	IV/e	4,779,900	283.53	Yes	Yes

Note: * the pensioners have no home to live in when they retire.

The adjustment, or lack thereof for some, shows that behavior cannot be identified with only one income hypothesis. Most of the interviewees indicated that they were willing to adjust their consumption to the conditions considered basic given their retirement income (i.e., in concordance with the absolute income hypothesis), while some expressed that they had taken some measures to smooth their consumption by saving some of their income or finding another source of income after retirement (PIH). There is also a regional dimension to this decision. The lower PL for Kapuas Regency reflects the lower cost of living in the district, which explains the absence of any mention of moving out of the district in the interviews. One high-income participant who had a high level of travel before retirement planned to cut their amount of travel after retirement. Homeownership and the existence of social networks such as family were also indicated as being reasons to stay in the interviews. In addition, one participant also looked at job opportunities after retirement. This not only confirms [Park and Hewings' \(2007\)](#) or [Önder and Schlunk's \(2019\)](#) arguments that the adequacy of retirement benefits would affect the pattern of migration and, hence, the level of development in an area but also opens up other factors to be investigated further.

It is important to note, however, that for most pensioners, the smoothing process is not engaged in to bridge a big gap between before and after retirement, as their salaries are already considered low. The RIH is also adhered to, as the definition of basic consumption is impacted by the pensioners' previous places in the household income distribution. The main implication of this is that although the pensioners will be able to fulfill what are considered their basic needs, it will be harder for them to adjust to further changes such as an increase in prices.

Furthermore, based on the explanation above, the Indonesian government should determine how many pension payments are adequate to achieve the goals of the pension system, intended to prevent retirees from falling into poverty. It should measure the possibility of improving adequacy without risking the sustainability of the CSP system. Sustainability would suffer if pension benefits were changed on their own. As a result, in addition to raising pension benefits, pension reforms should be implemented. Pension reforms might counteract the increase in government costs. Many nations have started carrying out systemic or parametric reforms based on international experiences. However, the Indonesian government should determine the transition cost if it intends to enact systemic reforms that would replace the present system with a new one. Therefore, we recommend implementing parametric changes such as raising the contribution rate, switching to automatic price indexation of benefits, and progressively raising the retirement age ([Palacios and Whitehouse 2006](#)).

Since pension systems should provide pensioners with an adequate income regardless of the state of the economy, switching to automatic price indexation of payments would protect pensioners' purchasing power. In addition, raising the retirement age would enhance the financial sustainability of the plan since more civil servants would be contributing to the system, and the pension budgets would be reduced because pensioners would receive benefits for a shorter period. Until now, the retirement age has remained 58, while Indonesian life expectancy has increased by 1.09 years, rising from 67.2 years in 2000 to 68.3 years in 2021, according to the WHO ([World Health Organization Data 2021](#)). Therefore, considering the current life expectancy of Indonesians, the government should raise the minimum pension age.

5. Conclusions

The pension system for civil servants in Indonesia is designed to help them meet the requirements for a decent living during retirement and serve as a reward for the services they have provided. The current pension system provides an income that allows a reasonable RR based on the ILO standards. Nevertheless, the problem is the salary itself; hence, the average income in the regency is too low to allow the pensioners to save, and the level varies. Due to the low RRs of the interviewees' pension benefits, most of the interviewees cannot meet pensioners' financial needs.

Civil servants corresponding to levels I and II generally find it harder to save in the workplace and more challenging to achieve adequate levels and are more reliant on the state's income level through the benefits of the CSP plans. Meanwhile, pensioners at the highest level (IV/e) might have a "comfortable" living standard when working. However, this group of pensioners will find it difficult to enjoy a similar standard of living during retirement since they will have a low RR. They will be unable to maintain their standards of living after retirement.

All the interviewees' pension benefits were over the PL in Kapuas Regency. Unfortunately, some of the interviewees may become impoverished if they relocate to other regencies in Central Kalimantan or elsewhere in Indonesia, while pensioners corresponding to level I who live in other regencies in Central Kalimantan and throughout Indonesia might have to live in poverty. This is one factor that has affected the lack of intention to migrate among the interviewees, in addition to homeownership, family, and job opportunities.

All the interviewees believed their pensions could cover their basic needs, but only a few believed they could cover advanced needs. Most interviewees said it only covered 25% of their total expenditures; therefore, pensioners may require other sources of income to supplement their retirement income, such as working for a private company. The adjustment or lack of it for some shows that this behavior cannot be identified with only one income hypothesis. Most of the interviewees were willing to adjust based on their retirement incomes (corresponding to the absolute income hypothesis), while some intended to smooth their consumption by saving or finding another source of income after retirement (PIH). The RIH is also adhered to, as the definition of basic consumption is impacted by the pensioners' previous places in the household income distribution. Other issues may also hamper this adjustment, such as having an existing loan, still caring for a family home, or being unable to obtain homeownership while still working. This article's findings are restricted to Kapuas Regency. Future studies along these lines will therefore be needed across Indonesia, particularly in other regencies that differ from Kapuas Regency in certain aspects.

We should determine the adequacy of CSP based on the situation in Kapuas Regency and other locations (constituting the goal of a future study). This will allow us to consider the option of increasing adequacy without risking the sustainability of the CSP system through simulation. We would thus know how much of a pension benefit would be sufficient to meet the objectives of the pension system; hence, pensioners would not fall into poverty. Pension reforms should be implemented in addition to increasing pension benefits since they might offset the rise in government expenses. Therefore, parametric

reforms such as increasing the contribution rate, shifting to automatic price indexation of benefits, and gradually raising the retirement age are suggested. This research will help policymakers provide better pension benefits while maintaining sustainability.

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