

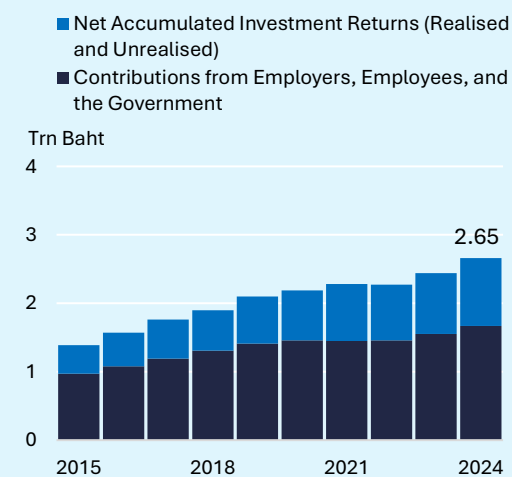
Thailand's Social Security Fund: A Safety Net Under Strain



“From a safety net to a crisis of trust — if delays are allowed to undermine the future of Thailand's workforce.”

For over three decades, the Social Security Fund (SSF) has quietly supported Thailand's workforce. Nearly 25 million individuals, ranging from corporate employees in Bangkok's skyscrapers to self-employed vendors in rural markets, depend on it for protection against illness, job loss, and the unpredictability of old age.

Accumulated Contributions and Net Investment Returns over the Past 10 Years (2015–2024)



Source: Social Security Office.

While the fund's reserve of 2.65 trillion baht — approximately 15% of the country's GDP — may seem comforting on paper, it conceals a more challenging reality: Thailand is experiencing rapid aging, and the financial cushion is not as robust as it appears. Experts warn that without significant adjustments, the fund could face a deficit within the next two decades, necessitating difficult decisions regarding the country's social contract.

A Pillar Under Pressure

In 2025, the Social Security Office covered 24.81 million people across three schemes. At the center is Article 33 — 12.14 million private-sector employees whose monthly deductions provide the fund's most reliable cash flow. Unlike Article 39, which covers former employees, and Article 40, for the self-employed, Article 33 members are also the most exposed if the pension system falters.

For them, contributions are more than a legal obligation. They are decades of steady payments made in good faith, with the expectation of a dependable income in retirement. Under the fund's pay-as-you-go structure, however, the

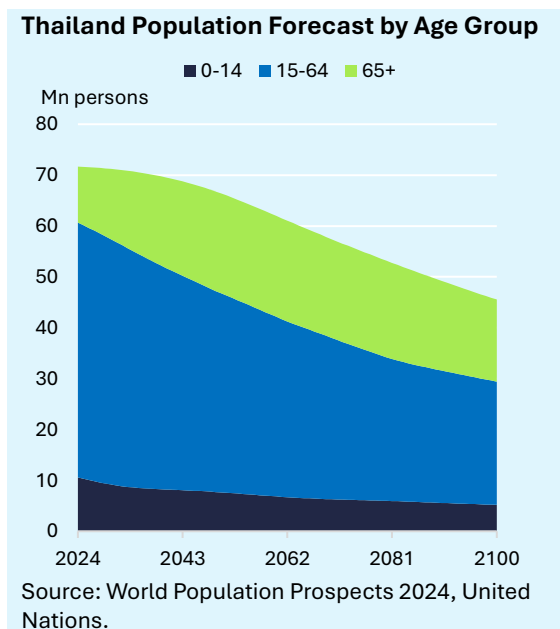
money they contribute today is used almost immediately to support current retirees. The fund's health is therefore not just a matter of financial balance — it is a test of trust between the state and the largest group of workers in the country.

Social security is not an abstract policy. It is the card shown at a hospital, the income that tides a family over when a job disappears, and above all, the pension that allows people to live with dignity after they stop working. If the fund weakens, Article 33 members will feel it first — and hardest.

The Demographic Time Bomb

Today, about 15% of Thais are aged 65 or older, while 70% remain in their working years. By 2050, more than one in four will be past retirement age. That means fewer people paying in, more drawing out, and rising pressure on the safety net.

Pay-as-you-go systems work when the workforce is large and retirees are fewer. But as the balance tips, each worker will be carrying more retirees on their shoulders. For Article 33 members, this imbalance isn't just a statistic — it could be the difference between a pension that lasts and a promise that runs dry.



Frozen Contributions, Rising Obligations

Contribution rates for Article 33 have been frozen for decades: 5% of monthly wages from employees (capped at 750 baht), another 5% from employers, and 2.75% from the government — a total of

12.75% of the wage base. Politically, the rate is easy to defend; financially, it's a growing risk. As people live longer and benefits stay generous, the same rate will struggle to keep pace with rising costs.

The International Labour Organization (ILO) and local actuarial studies warn that the current rate is only sufficient until 2030. After that, the math turns against the fund — and without reform, the three parties may one day have to contribute over 40% of wages just to keep it afloat.

Low Returns, Limited Growth

The SSF's investments add another layer of strain. Over the past five years, the fund's average annual return has been just 2.59%, barely ahead of inflation in some years. This reflects an ultra-conservative, fixed-income-heavy portfolio designed to protect capital.

Many global pension funds have diversified into equities, infrastructure, and alternative assets, aiming for long-term returns above 4–5%. These strategies carry more risk but offer a better chance of meeting future obligations. For SSF, staying too safe for too long risks leaving it without the growth needed to keep its promises.

A Narrowing Window for Reform

The SSO does not regularly publish updated actuarial projections, but ILO models paint a sobering picture: without reform, deficits could appear within two decades and reserves could run dry not long after. The exact timing will depend on economic growth, wage trends, and investment performance.

Thailand is not alone — Japan and South Korea face similar pressures — but its rapid shift to an ageing society compresses the timeline. As the saying goes, the country is “getting old before getting rich,” leaving little room for gradual change.

Paths to Reform

Practical, politically feasible steps could help secure the SSF's future:

- **Raise the maximum insurable wage** from THB 15,000 to boost revenues alongside adjustments to contribution percentages.

- **Adjust the pension eligibility age** toward 60–65 to reflect longer lifespans.
- **Improve investment performance** by diversifying into higher-yield assets while managing risk.
- **Strengthen governance** through an independent investment committee and asset–liability planning.

International examples show it can be done. Sweden’s notional defined contribution system and Canada’s investment-driven model prove that sustainability is possible without dismantling core benefits. For Thailand, the real question is not whether reform is possible, but whether it will happen in time.

The Politics of Delay, the Moment of Decision

Pension reform is politically treacherous. Raise contributions, and there’s pushback. Delay retirement, and resistance grows. Cut benefits,

and trust erodes. Yet delay makes the eventual fix more costly. Intergenerational fairness is also at stake — younger workers may end up paying more for less.

The 2.65 trillion baht reserve is substantial, but no fund can withstand demographic and economic pressures forever. The next five to ten years will decide whether the SSF remains a dependable safety net or becomes another fiscal burden. Reform is not about choosing whether to act — it’s about deciding whether to act in time. Once the numbers turn red, the cuts will be deeper, the remedies harsher, and trust harder to rebuild. Without bold action, tomorrow’s workers may inherit not a promise kept, but a promise broken.

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