

VOLUNTARY DEFINED BENEFIT PENSION SYSTEM WILLINGNESS TO PARTICIPATE THE CASE OF VIETNAM

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This paper investigates the determinants of the participation of workers from the informal sector in public voluntary pension scheme. Based on answers of workers of the informal sector in Vietnam about their willingness to participate in an actuarially fair pension system, it forecast their potential participation to the public voluntary pension scheme Vietnam is about to implement. This system includes institutional features common to many public pension systems: entitlement to pension income is related to a minimum contributory period of 20 years and, a minimum level of contribution related to the minimum wage is required for participation. The results show that these institutional features by worsening the already low inclination of workers to participate reduce significantly the capacity of the system to achieve high coverage rates in the long-term.

Keywords: social security and public pensions, informal sector, Vietnam, voluntary pension system, coverage