

LAW OF THE REPUBLIC OF INDONESIA  
NUMBER 40 OF 2004  
ON  
NATIONAL SOCIAL SECURITY SYSTEM

BY THE BLESSINGS OF ALMIGHTY GOD

PRESIDENT OF THE REPUBLIC OF INDONESIA,

Considering : a. that every person is entitled to social security enabling them to fulfill decent life basic needs and give them more dignity to the realization of prosperous, fair, and wealthy Indonesian people;  
b. that in order to provide comprehensive social security, the state develops a National Social Security System for all people of Indonesia;  
c. that based on the considerations as referred to in point a and point b, it is necessary to establish Law on National Social Security System;

Observing : Article 5 section (1), Article 20, Article 28H section (1), section (2), and section (3), and Article 34 section (1) and section (2) of the 1945 Constitution of the Republic of Indonesia;

With the Joint Approval of  
THE HOUSE OF REPRESENTATIVES  
and  
THE PRESIDENT OF THE REPUBLIC OF INDONESIA

HAS DECIDED:

To enact : LAW ON NATIONAL SOCIAL SECURITY SYSTEM.

CHAPTER I  
GENERAL PROVISIONS

Article 1

In this Law:

1. Social Security means one of the forms of social protection to ensure that all people may fulfill basic needs of their decent life.
2. National Social Security System means a mechanism of administration of social security program by several social security agencies.
3. Social Insurance means a compulsory fund collection mechanism from contribution to provide protection on social economic risk suffered by members and/or their family members.
4. Compulsory savings means a compulsory deposit for the members of social security program.
5. Contribution Aid means any contribution paid by the Government for the poor and the underprivileged to the Social Security program.
6. Social Security Agency means a legal entity established to administer the social security program.
7. Social Security Fund means a trust fund belonging to all members which consists of contributions including their investment yields managed by Social Security Agency for the payment of benefits to the members and for the operational costs of administering the social security program.
8. Member means any person including a foreigner national who works for at least 6 (six) months in Indonesia, who has paid contributions.
9. Benefit means any social security benefits which becomes rights of the members and/or their family members.
10. Contribution means amount of money paid regularly by the members, employers, and/or the Government.
11. Worker means any person who works and earns a salary, a wage, or other forms of remuneration.

12. Employer means an individual, entrepreneur, legal entity, or other entities employing workers or state administrator employing civil servants by paying them salary, wage, or other forms of remuneration.
13. Salary or Wage means Workers' right received and paid in the form of money as compensation from an Employer to the Workers received and paid pursuant to employment contract, agreement or legislation, including allowances for the Workers and their families for a work and/or service that they have performed or will perform
14. Employment Injury means an accident occurred during employment relations, including the accident occurred during the commutes from home to the workplace or vice versa, and disease caused by work environment.
15. Disability means the reduction or loss of bodily functions or loss of limbs which directly or indirectly results in reduced or lost ability of a worker to perform their job.
16. Total Permanent Disability means a Disability which results in the inability of a person to perform a job.

## CHAPTER II

### BASIS, OBJECTIVES, AND PRINCIPLES OF ADMINISTRATION

#### Article 2

National Social Security System is administered on the basis of principles of humanity, benefits, and social justice for all people of Indonesia.

#### Article 3

National Social Security System aims to guarantee the fulfillment of basic needs of decent life for any members and/or their family members.

#### Article 4

National Social Security System is administered under the principles of:

- a. mutual cooperation;
- b. non-profit;
- c. transparency;
- d. prudence;
- e. accountability;
- f. portability;
- g. mandatory participation;
- h. trust fund; and
- i. investment yields of Social Security Fund to be entirely used for program development and in the best interests of the members.

### CHAPTER III SOCIAL SECURITY AGENCY

#### Article 5

1. Social Security Agency is established by Law.
2. Since the enactment of this Law, the existing social security agency is declared as Social Security Agency pursuant to this Law.
3. Social Security Agencies as referred to in section (1) are:
  - a. State-Owned Limited Liability Company (*Perusahaan Perseroan*, Persero) Jaminan Sosial Tenaga Kerja (JAMSOSTEK);
  - b. State-Owned Limited Liability Company (Persero) Dana Tabungan dan Asuransi Pegawai Negeri (TASPEN);
  - c. State-Owned Limited Liability Company (Persero) Asuransi Sosial Angkatan Bersenjata Republik Indonesia (ASABRI); and
  - d. State-Owned Limited Liability Company (Persero) Asuransi Kesehatan Indonesia (ASKES);
4. In the event that Social Security Agency other than those as referred to in section (3) is required, a new one may be established under Law.

CHAPTER IV  
NATIONAL SOCIAL SECURITY COUNCIL

Article 6

For the administration of National Social Security System, National Social Security Council is established under this Law.

Article 7

- (1) National Social Security Council is responsible to the President.
- (2) National Social Security Council has functions to formulate public policies and synchronization administration of the National Social Security System.
3. National Social Security Council is assigned to:
  - a. conduct review and research related to administration of social security;
  - b. propose investment policy of National Social Security Fund; and
  - c. propose social security budget for contribution aid recipients and availability of operational budget to the Government.
4. National Social Security Council has authority to monitor and evaluate the administration of social security program.

Article 8

- (1) National Social Security Council has 15 (fifteen) members, consisting of elements of Government, figures and/or experts understanding social security, employers organization, and worker organization.
- (2) National Social Security Council is led by the Head who also serves as a member and other members appointed and dismissed by the President.
- (3) The Head as referred to in section (2) is from Government element.
4. In implementing its duties, the National Social Security Council is assisted by Secretary Council led by one

secretary appointed and dismissed by the Head of National Social Security Council.

5. The office term of members of the National Social Security Council is 5 (five) years, and may be re-appointed for one additional term.
- (6) To be appointed as the members of the National Social Security Council, they must fulfill the following requirements:
  - a. Indonesian citizens;
  - b. fear of God Almighty;
  - c. physically and mentally healthy;
  - d. have good behavior;
  - e. at least 40 (forty) years old and not more than 60 (sixty) years old at the time nominated as members;
  - f. graduated minimum with bachelor's degree;
  - g. have expertise in social security;
  - h. have concern in social security; and
  - i. never been imprisoned for a criminal act based on court verdict with final and binding effect.

#### Article 9

In implementing its duties, National Social Security Council may ask for input and assistance from the experts as required.

#### Article 10

Organizational and work structure of National Social Security Council as referred to in Article 6, Article 7, Article 8, and Article 9 is further regulated by a Presidential Regulation.

#### Article 11

Members of the National Social Security Council may resign or be dismissed prior to the expiration of their office term due to:

- a. death;
- b. permanently unable;
- c. resignation;
- d. unqualified as referred to in Article 8 section (6).

Article 12

- (1) For the first time, the Head and members of the National Social Security Council are proposed by Ministers administering affairs in the field of social welfare.
- (2) Procedures for appointment, replacement, and dismissal of members of the National Social Security Council are further regulated in a Presidential Regulation.

CHAPTER V  
MEMBERSHIP AND CONTRIBUTION

Article 13

- (1) The Employers are obligated to register themselves and their workers gradually as members to Social Security Agency, in accordance with social security program being participated.
2. The gradual stages as referred to in section (1) are further regulated by a Presidential Regulation.

Article 14

1. The Government registers the contribution aid recipients as members gradually to Social Security Agency.
2. The contribution aid recipients as referred to in section (1) are the poor and underprivileged.
3. The provisions as referred to in section (1) and section (2) are further regulated by a Government Regulation.

Article 15

- (1) Social Security Agency is obligated to provide a single identity number to any members and their family members.
2. Social Security Agency is obligated to provide information regarding the rights and obligations to the members to obey the prevailing provisions.

Article 16

Every member is entitled to obtain benefits and information regarding the implementation of social security program being participated.

Article 17

1. Every member is obligated to pay contribution which amount decided based on percentage of wage or any certain nominal amount.
2. Every employer is obligated to collect contribution from the worker, add compulsory contribution, and pay such contribution to Social Security Agency periodically.
3. The amount of contribution as referred to in section (1) and section (2) is decided for each type of program periodically in accordance with social, economic, and basic needs of decent life development.
4. The contributions of social security program for the poor and underprivileged are paid by the Government.
5. At the first stage, the contribution as referred to in section (4) is paid by the Government for health security program.
6. The provisions as referred to in section (4) and section (5) are further regulated by a Government Regulation.

CHAPTER VI

SOCIAL SECURITY PROGRAM

Part One

Types of Social Security Program

Article 18

The types of social security program are:

- a. health security;
- b. employment injury security;
- c. old-age security;
- d. pension security; and
- e. death security.

Part Two

Health Security

Article 19

1. Health security is administered nationally on the basis of social insurance and equity principles.



2. Health security is administered with the purpose of guaranteeing the members to obtain benefits of health care and protection in fulfilling health basic needs.

#### Article 20

1. Health security members are any persons paying contribution or their contributions paid by the Government.
2. Family members of members are entitled to receive health security benefit.
3. Any members may include their other family members as their dependents by adding the contributions.

#### Article 21

1. The health security membership is valid for not later than 6 (six) months since the members are terminated from their works.
2. In the event that members as referred to in section (1) are still unemployed and underprivileged after 6 (six) months, the contribution is paid by the Government.
3. For underprivileged members with total permanent disability, the contribution is paid by the Government.
4. The provisions as referred to in section (1), section (2), and section (3) are further regulated by a Presidential Regulation.

#### Article 22

1. Health security benefit is of individual service nature in form of healthcare including promotional, preventive, curative, and rehabilitative cares including drugs and disposable medical substance.
2. For healthcare resulting in care-abuse, members co-pay the cost.
3. Provisions regarding healthcare and co-payment of cost as referred to in section (1) and section (2) are further regulated in a Presidential Regulation.

Article 23

1. The health security benefit as referred to in Article 22 is provided in Government- or private-owned healthcare facilities cooperating with Social Security Agency.
2. In the event of emergency, the healthcare as referred to in section (1) may be provided in healthcare facilities not cooperating with Social Security Agency.
3. In the event the unavailability of medically qualified healthcare facilities in certain area, the Social Security Agency is obligated to give compensation.
4. In the event that members need to be hospitalized, the class is based on the standard.
5. Provisions as referred to in section (3) and section (4) are further regulated in a Presidential Regulation.

Article 24

1. The amount of payment to healthcare facilities for each area is determined on the basis of agreement between the Social Security Agency and healthcare facilities association in that area.
2. Social Security Agency is obligated to pay healthcare facilities on the service received by the members not later than 15 (fifteen) days since the receipt of payment request.
3. Social Security Agency develops healthcare system, quality control system and healthcare payment service to improve the efficiency and effectiveness of health security.

Article 25

The pricelist and ceiling price of drugs, disposable medical substance secured by Social Security Agency are determined in accordance with the legislation.

Article 26

The types of service not secured by Social Security Agency are further regulated in a Presidential Regulation.

Article 27

1. The amount of health security contribution for waged members is determined on the basis of wage percentage up to certain limit, gradually are share paid by worker and employers.
2. The amount of health security contribution for non-waged members is determined on the basis of nominal reviewed periodically.
3. The amount of health security contribution for contribution aid recipients is determined on the basis of nominal determined periodically.
4. The wage ceiling as referred to in section (1) is reviewed periodically.
5. The amount of contribution as referred to in section (1), section (2), and section (3), as well as wage ceiling as referred to in section (4) is further regulated in a Presidential Regulation.

Article 28

1. Worker with more than 5 (five) family members desired to include their family members is obligated to pay additional contribution.
2. The additional contribution as referred to in section (1) is further regulated in a Presidential Regulation.

Part Three

Employment Injury Security

Article 29

1. The Employment Injury security is administered nationally on the basis of social insurance principle.
2. The Employment Injury security is administered for securing the members to obtain healthcare benefits and cash benefits if a worker suffered from an employment injury or a occupational disease.

#### Article 30

The members of Employment Injury security are those paying contribution.

#### Article 31

1. Members suffered from employment injury are entitled to receive healthcare benefits in accordance with their medical requirement and receive cash benefits in the event of permanent total disability or death.
2. The cash benefits of employment injury security are paid in lump sum to the beneficiaries of deceased or disabled workers in accordance with their disability levels.
3. For certain types of service or injury, the employers co-pay the cost.

#### Article 32

1. The employment injury security benefits as referred to in Article 31 section (1) are in Government-owned or qualified private-owned healthcare facilities cooperating with Social Security Agency.
2. In the event of emergency, the healthcare as referred to in section (1) may be provided in healthcare facilities not cooperating with Social Security Agency.
3. In the event of employment injury occurred in certain area that does not have qualified healthcare facilities, the Social Security Agency is obligated to give compensation.
4. In the event that members need to be hospitalized, they are treated in the standard classes.

#### Article 33

Further provisions regarding cash benefits, beneficiaries' rights, compensation, and medical care as referred to in Article 31 and Article 32 are regulated in a Governmental Regulation.

#### Article 34

1. The amount of employment injury security contribution is equal to certain percentage from the wage or income wholly covered by the employers.

2. The amount of employment injury security contribution for non-waged members is the nominal value determined periodically by the Government.
3. The amount of contribution as referred to in section (1) are various for each worker class in accordance with work environment risk.
4. Provisions as referred to in section (2) and section (3) are further regulated in a Government Regulation.

Part Four  
Old-Age Security

Article 35

1. Old-age security is administered nationally on the basis of social insurance principle or compulsory saving.
2. Old-age security is administered with purpose for securing that members receive cash if they retire, suffer from total permanent disability, or die.

Article 36

Old-age security members are those paying contribution.

Article 37

1. Old-age security cash benefits are paid in lump sum at the time members retire, die, or suffer from total permanent disability.
2. The amount of old-age security benefits is determined on the basis of accumulated paid contribution plus its investment yields.
3. The payment of old-age security benefits may be given partially until certain limit upon the minimum membership of 10 (ten) years.
4. If the members die, their legitimate beneficiaries are entitled to receive old-age security benefits.
5. Provisions as referred to in section (3) and section (4) are further regulated in a Government Regulation.

#### Article 38

1. The amount of old-age security contribution for waged members is determined on the basis of certain percentage of certain wage or income is share paid by employers and workers.
2. The amount of old-age security contribution for non-waged members is determined on the basis of nominal value determined periodically by the Government.
3. Provisions as referred to in section (1) and section (2) are further regulated in a Government Regulation.

#### Part Five

#### Pension Security

#### Article 39

1. The pension security is administered nationally on the basis of social insurance principle or compulsory saving.
2. The pension security is administered to maintain the decent life degree when the members lose or are short of income due to retirement age or suffering from total permanent disability.
3. The pension security is administered on the basis of defined benefits.
4. The retirement age is determined in accordance with the provisions of legislation.

#### Article 40

The pension security members are the workers paying the contribution.

#### Article 41

1. Pension security cash benefits are received monthly as:
  - a. Old-age pension, received by the members upon retirement age until death;
  - b. Disability pension, received by the members who are disabled due to employment injury or disease until die;

- c. Widow/widower pension, received by the members' widows/widowers as the beneficiaries, until they die or remarry;
  - d. Children pension, received by members' beneficiaries until 23 (twenty-three) years old, work, or marry; or
  - e. Parent pension, received by single members' beneficiaries parents until certain limit in accordance with the provisions of legislation.
2. Any members or their beneficiaries are entitled to receive payment of periodical pension fund monthly upon fulfilling contribution period of minimum 15 (fifteen) years, unless regulated otherwise by the legislation.
  3. The pension security benefits are paid to the members reaching retirement age in accordance with the determined formula.
  4. If the members died after the contribution period of 15 (fifteen) years, their beneficiaries are entitled to receive pension security benefits.
  5. If the members retired before the contribution period of 15 (fifteen) years, the members are entitled to receive all of their accumulated contribution plus its investment yields.
  6. The beneficiaries' rights to children pension benefits are expired if the child is married, permanently working, or reaching 23 (twenty-three) years old.
  7. The disability pension benefits are paid to members suffered from total permanent disability even if they are not in their retirement age.
  8. Provisions regarding pension benefits as referred to in section (3) are further regulated in a Presidential Regulation.

#### Article 42

1. The amount of pension security contribution for waged members is determined on the basis of certain percentage of wage or income or any certain nominal value are share paid by employers and workers.

2. Provisions as referred to in section (1) are further regulated in a Government Regulation.

Part Six  
Death Security

Article 43

1. The death security is administered nationally on the basis of social insurance principle.
2. The death security is administered with purpose of granting death benefits paid to the deceased members' beneficiaries.

Article 44

The members of death security are those paying contribution.

Article 45

1. The death security cash benefits are paid not later than 3 (three) work days after receiving claim and approved by the Social Security Agency.
2. The amount of death security benefits is determined on the basis of certain nominal value.
3. Provisions regarding benefits as referred to in section (2) are further regulated in a Government Regulation.

Article 46

1. The death security contribution is borne by the employers.
2. The amount of death security contribution for waged members is determined on the basis of certain percentage of wage or income.
3. The amount of death security contribution for non-waged members is determined on the basis of certain nominal value paid by the members.
4. Provisions as referred to in section (1), section (2), and section (3) are further regulated in a Government Regulation.



CHAPTER VII  
SOCIAL SECURITY FUNDS MANAGEMENT

Article 47

1. The Social Security Funds are managed and invested by the Social Security Agency as optimum as possible by considering the aspects of liquidity, solvency, prudence, fund security, and adequate yields.
2. The mechanism of management and investment of Social Security Funds as referred to in section (1) are further regulated in a Government Regulation.

Article 48

The Government may take special actions to guarantee the maintenance of financial health level of Social Security Agency.

Article 49

1. The Social Security Agency manages the accountings in accordance with applicable accounting standards.
2. Cross-subsidy of programs by paying benefits of a program from other program fund is not allowed.
3. The members are at any time entitled to obtain information on accumulated contribution and its investment yields as well as benefits of old-age security, pension security, and death security programs.
4. The Social Security Agency is obligated to provide information on accumulated contribution as well as its investment yields to each member of old-age security at least once in a year.

Article 50

1. The Social Security Agency is obligated to establish technical reserve in accordance with the general and commonly accepted actuarial standards of practice.
2. Provisions as referred to in section (1) are further regulated in a Government Regulation.

Article 51

The supervision on the financial management of Social Security Agency is conducted by authorized institution in accordance with the legislation.

CHAPTER VIII

TRANSITIONAL PROVISIONS

Article 52

1. At the time this Law comes into force;
  - a. State-Owned Limited Liability Company (Persero) *Jaminan Sosial Tenaga Kerja* (JAMSOSTEK) established by the Government Regulation Number 36 of 1995 on Establishment of the Employment Social Security Agency Program (State Gazette of the Republic of Indonesia of 1995 Number 59), under Law Number 3 of 1992 on Employment Social Security (State Gazette of the Republic of Indonesia of 1992 Number 14, Supplement to the State Gazette of the Republic of Indonesia Number 3468);
  - b. State-Owned Limited Liability Company (Persero), PT DANA TABUNGAN DAN ASURANSI PEGAWAI NEGERI or abbreviated as PT TASPEN (Persero) established by Government Regulation Number 26 of 1981 on Transformation of Civil Servants Savings and Insurance Scheme Public Corporation into State-Owned Limited Liability Company (Persero) (State Gazette of the Republic of Indonesia of 1981 Number 38), under Law Number 11 of 1969 on Civil Servant Pensions and Pensions of Civil Servant's Widow/Widower (State Gazette of the Republic of Indonesia of 1969 Number 42, Supplement to the State Gazette of the Republic of Indonesia Number 2906), Law Number 8 of 1974 on Principles of Human Resources (State Gazette of the Republic of Indonesia of 1974 Number 55, Supplement to the State Gazette of the Republic of Indonesia Number

3041) as amended by Law Number 43 of 1999 (State Gazette of the Republic of Indonesia of 1999 Number 169, Supplement to the State Gazette of the Republic of Indonesia Number 3890)), and Government Regulation Number 25 of 1981 on Civil Servants Social Insurance (State Gazette of the Republic of Indonesia of 1981 Number 37, Supplement to the State Gazette of the Republic of Indonesia Number 3200);

- c. State-Owned Limited Liability Company (Persero), PT ASABRI or abbreviated as PT ASABRI (Persero) established by Government Regulation Number 68 of 1991 on Transformation of Public Corporation, Perusahaan Umum (Perum) the Republic of Indonesia Armed Forces Social Insurance Public Company into State-Owned State-Owned Limited Liability Company (Persero) (State Gazette of the Republic of Indonesia of 1991 Number 88 );
- d. State-Owned Limited Liability Company, Perusahaan Perseroan (Persero), PT Asuransi Kesehatan Indonesia, abbreviated as PT Askes (Persero) established by Government Regulation Number 6 of 1992 on Transformation of Husada Bhakti Public Corporation, Perusahaan Umum (Perum) to State-Owned Limited Liability Company (Persero) (State Gazette of the Republic of Indonesia of 1992 Number 16 );

remain in effect insofar not adjusted to this Law.

- 2. All provisions regulating the Social Security Agency as referred to in section (1) are adjusted to this Law not later than 5 (five) years as of the promulgation of this Law.

## CHAPTER IX CLOSING PROVISION

### Article 53

This Law comes into force on the date of its promulgation.

In order that every person may know hereof, it is ordered to promulgate this Law by its placement in the State Gazette of the Republic of Indonesia.

Enacted in Jakarta  
on 19 October 2004

PRESIDENT OF THE REPUBLIC OF INDONESIA,

signed

MEGAWATI SOEKARNOPUTRI

Promulgated in Jakarta  
on 19 October 2004

STATE SECRETARY OF THE REPUBLIC OF INDONESIA

signed

BAMBANG KESOWO

STATE GAZETTE OF THE REPUBLIC OF INDONESIA OF 2004 NUMBER 150

Jakarta, 3 July 2020

Has been translated as an Official Translation  
on behalf of Minister of Law and Human Rights  
of the Republic of Indonesia

DIRECTOR GENERAL OF LEGISLATION,

  
WIDODO EKATJAHJANA