

Overall assessment of pension system in Jordan

1. Achievement of ILO core principles

a) *Based on your assessment of the pension system in your country, what are the core principles in ILO standards that you believe the pension system fully or mostly achieves? Please explain.*

3rd and 9th principles are the most principles JSSC achieves. In exchange for the high contribution rate, 17.5% deducted from insureds' gross wage, a retiree receives relatively large benefits, for example, a retiree who has participated for 30 years receives 75% of his reference wage. Comparing this percentage with ILO minimum standard in this regard, which is 40%, it becomes clear how generous Jordan's scheme is. As for the reference wage, it is the average wage of the beneficiary during the last three years prior receiving the benefit. This factor in specific ensures to beneficiaries getting pensions that could be described as adequate, predictable, and close to the level of income s/he was accustomed to before retirement. Our law also stipulated linking pensions to inflation on an annual basis.

b) *What are the core principles in ILO standards that you believe the pension system does not achieve or only partially achieves? Please explain.*

During the completion of the questionnaire, four of the nine principles were evaluated 3 out of 5, and the rest of principles were evaluated 4 out of 5, but I think that two of these principles should be mentioned in this axis.

Starting from the sixth principle (Financial, Fiscal and sustainability), and since the biggest challenge which faces JSSC is its financial position, specifically in the medium and long term. Based on the previous actuarial studies which warned of the seriousness of the financial position, and the generous benefits the scheme commits, not to mention the new benefits approved within JSSC's response to the crisis of the Covid-19 epidemic, adding to these circumstances the financial position of the treasury itself. All these circumstances force JSSC to find unconventional financing policies to meet its financial obligations towards the insured in the future.

Moving to the 1st principle (Progressive realization of universal coverage), despite the huge efforts exerted in this field, JSSC (in my humble opinion) will not be able to reach its goal of including all workers in the Kingdom under its umbrella without collaborative efforts from all responsible bodies to overcome obstacles and further motivate workers moving from shadow economy to the formal. In the first place, Workers choose to work in shadow economy because of the high taxes in general. Although JSSC has drafted a regulation that provides workers in this sector the right of joining the scheme at reduced contribution, but this initiative won't be enough to motivate workers in this sector to make the desired transformation.

2. What is your overall assessment of your country's pension system?

When talking about the overall assessment of the pension system we can find that it focuses on extending coverage to uncovered groups, providing adequate levels of pensions, securing the financial sustainability of the pension system, maintaining pensions systems over time in the context of aging populations, and maturing pension, briefly, it is accessible, adequate, and non- discrimination system.

3. What could be done to strengthen the pension system?

- Main problem we're facing here in Jordan is the tendency of insureds to retire earlier, so we have to offer this option only for the ones who have to (like workers in hazardous jobs).
- JSSC scheme considered as one of the most expensive schemes in the world. Hence, we should think of other financing options to help those who have the willing to enroll for the program but couldn't afford it.
- One of the main actions that could be done by JSSC is launching Initiatives that motivate firms to hire people with disabilities in order to remove barriers for those people.