
Employment & Benefits

Social Security Pension Scheme Regime in Force from 1 July 2022

On 4 March 2021, the Royal Government of Cambodia issued Sub-Decree No. 32 ANK.BK on the Social Security Scheme on Pension ("**SSSP**") for Persons Defined Under Provisions of the Labour Law¹ ("**Sub-Decree**"). The SSSP took effect from 1 July 2022 following the issuance of Interministerial Prakas No. 165/22 MLVT/Br.K.NSSF dated 28 June 2022.

The Sub-Decree establishes the SSSP and sets out the mechanism, conditions, formalities, and procedures for registration with the SSSP, the contribution rate/structure and payment mode, the benefits under the SSSP, as well as the claim procedure. The Sub-Decree applies to all persons defined under the provisions of the Labour Law including those who work at two or more workplaces. The pension scheme is managed and administered by the National Social Security Fund ("**NSSF**").

There are two main schemes under the SSSP: the compulsory contribution scheme ("**CCS**") and the voluntary contribution scheme ("**VCS**"). Under the CCS, contribution is compulsory and the employers or owners of companies and employees jointly and equally contribute to NSSF. Under the VCS, contribution is voluntary and the qualified member of NSSF can request to participate in NSSF by voluntarily making the contribution by himself/herself.

The SSSP provides four benefits: (i) old age pension, (ii) invalidity pension, (iii) survivor pension and (iv) funerary allowance.

In this Update, we briefly highlight certain key aspects of the Sub-Decree and its implementing regulations.

Pension under CCS

All employers or owners of companies employing one or more employee must register their companies with NSSF for a pension scheme within 30 days from the date the Sub-Decree took effect. If a company is established after the coming into force of the Sub-Decree, the company shall register within 30 days after the company commences operations. They are required to register their employees within three days from the date of employment. They are exempted from registration if the companies and employees have been registered with NSSF for the health care and occupational risk schemes.

The employers or owners of the companies are obliged to collect and pay the monthly contribution to NSSF's account by the 15th of following month via partnership banks. Monthly contribution is to be paid equally by the employer or owner of the company and the employee. However, employers and

¹ Persons Defined Under Provisions of the Labour Law refer to employees and companies of industry, mining, commerce, crafts, agriculture, services, land or sea transportation, whether public, semi-public or private, non-religious or religious, whether they are of professional education or charitable characteristic as well as the liberal profession, associations or groups of any nature.

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employees may apply to NSSF to request to make annual contribution payment instead of monthly contribution.

Employers or owners are also required to regularly report to NSSF on the number of employees. For monthly contribution payment, this must be done by the 20th of following month. For annual contribution payment, this must be done 15 days after an employee joins or leaves the company or every 12 months if there is no hiring or departure of employees from the company.

The main conditions to claim the benefits under the CCS are set out below.

- **Old Age Pension:** The claimant must be: (i) registered under the pension scheme; (ii) at least 60 years old; and (iii) have paid the contribution for at least 12 months.
- **Invalidity Pension:** The claimant must be: (i) registered under the pension scheme, and (ii) have paid the contribution for at least 60 months before becoming an invalid.
- **Survivor Pension:** The claimant, who is the spouse or child of the deceased employee, can claim for the survivor pension if the deceased (i) qualifies for an Old Age Pension or an Invalidity Pension, or (ii) is a member of NSSF who has paid contribution for at least 60 months.
- **Funerary Allowance:** Death of an employee who qualifies for Old Age Pension or Invalidity Pension. According to Prakas No. 169/22 MLVT/Br.K.NSSF dated 5 July 2022 on the Formalities and Procedures of Providing Funerary Allowance of Pension Scheme for Persons Defined Under Provisions of the Labour Law, the beneficiary shall notify NSSF within two weeks from the death of the employee, and submit within three months from the death the relevant documents such as a copy of the death certificate and other documents as may be required by NSSF. This allowance is equal to five months of last pension of the dead employee, capped at KHR2,000,000 (approx. US\$ 500).

Pension under VCS

The contribution payment under the VCS is made by the member of NSSF who is qualified to participate in NSSF. Set out below are the benefits that a member may obtain under the VCS and the conditions that must be met.

| Benefits | Conditions |
|---|---|
| Old Age Pension Invalidity Pension Survivor Pension Funerary Allowance | Lost a paid job before the age of 60 and can afford to pay contribution. 60 years old and wishes to pay contribution in order to receive a greater amount of old age pension than the actual old age pension payable under the CCS |
| Old Age Pension | Has a wage higher than the ceiling wage that the person is obliged to cover in the CCS |

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Pension Contribution Rates for both CCS and VCS

The pension contribution rates for both the CCS and the VCS are as follows:

- **Phase 1:** 4% of contributory wage or contributory requested amount during the first five years.
- **Phase 2:** 8% of contributory wage or contributory requested amount during the second five years.
- **Phase 3:** Increased rate of 2.75% of contributory wage or contributory requested amount during next 10 years and every next 10 years onwards.

Contributions of employers or company owners and employees from two workplaces will be consolidated in the same month.

The contribution payment of the pension scheme shall be implemented from 1 October 2022 onwards in accordance with Prakas No. 170/22 MLVT/Br.K.NSSF dated 5 July 2022.

If you have any queries on the above, please feel free to contact our team members below who will be happy to assist.

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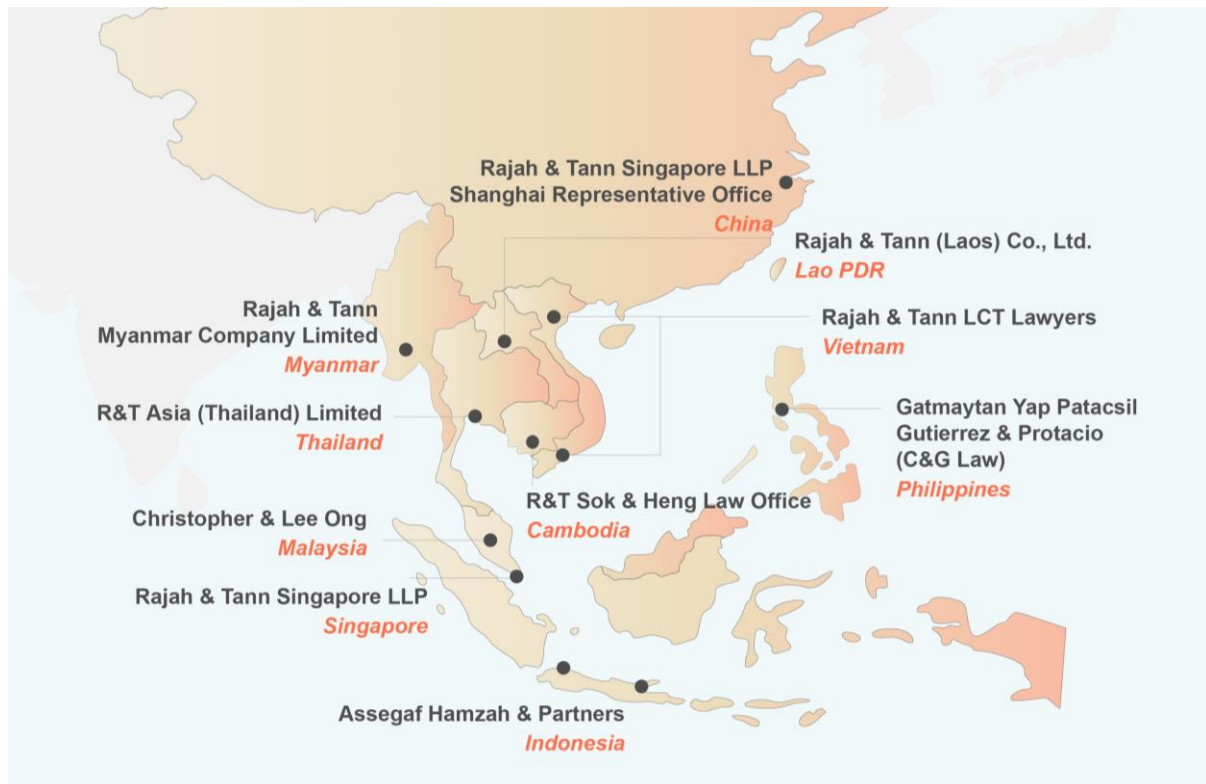
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