Understanding Social Security System in Vietnam

Vietnam has three obligatory social security systems: social insurance, health insurance and unemployment insurance. Employees can be in Vietnam’s social security system after signing a labour contract without fixed included term or exceeding three months.

Currently, social insurance and unemployment insurance are applicable only to locals, while health insurance must be bought by Vietnamese and foreign employees who have signed a Vietnamese labour contract. This rule does not apply to workers employed by overseas registered enterprises and then posted to Vietnam. Without a local contract, health insurance cannot be bought in Vietnam.

Recently, Vietnam has updated its articles on social security. From 1 January 2018, if a foreigner has a work permit or other appropriate certifications from the authorities, he or she will be able to join the social insurance programme.

The contribution is calculated on the base salary plus other monthly fixed allowances and there is no cap or maximum to the amount of the contributions. All employees, including foreign employees who have worked in Indonesia for over six months, must participate in the social security program.

### Insurance Premium Rates

<table>
<thead>
<tr>
<th>Type of Insurance</th>
<th>Employee’s Contribution</th>
<th>Employer’s Contribution</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Social insurance</td>
<td>8%</td>
<td>17.5%</td>
<td>25.5%</td>
</tr>
<tr>
<td>Health insurance</td>
<td>1.5%</td>
<td>3%</td>
<td>4.5%</td>
</tr>
<tr>
<td>Unemployment insurance</td>
<td>1%</td>
<td>1%</td>
<td>2%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>10.5%</strong></td>
<td><strong>21.5%</strong></td>
<td><strong>32%</strong></td>
</tr>
</tbody>
</table>
Salaries listed in labour contracts include social insurance, health insurance and unemployment insurance, capped at 20 times the minimum salary stipulated by the government or the region.

<table>
<thead>
<tr>
<th>Regional</th>
<th>Minimum Government’s Salary Per Month</th>
<th>Ceiling Level for Social/Health Insurance Contributions Per Month</th>
<th>Minimum Regional Salary Per Month</th>
<th>Ceiling Level for Unemployment Insurance Contributions Per Month</th>
</tr>
</thead>
<tbody>
<tr>
<td>Regional 1</td>
<td>VND 1,300,000</td>
<td>VND 26,000,000</td>
<td>VND 3,750,000</td>
<td>VND 75,000,000</td>
</tr>
<tr>
<td>Regional 2</td>
<td>VND 1,300,000</td>
<td>VND 26,000,000</td>
<td>VND 3,320,000</td>
<td>VND 66,400,000</td>
</tr>
<tr>
<td>Regional 3</td>
<td>VND 1,300,000</td>
<td>VND 26,000,000</td>
<td>VND 2,900,000</td>
<td>VND 58,000,000</td>
</tr>
<tr>
<td>Regional 4</td>
<td>VND 1,300,000</td>
<td>VND 26,000,000</td>
<td>VND 2,580,000</td>
<td>VND 51,600,000</td>
</tr>
</tbody>
</table>

(Exchange rate: VND 22,700 = USD 1)

For employees whose labour contract term are less than three months, their personal salary will include the social insurance payment but they have to get their own personal social insurance.

The social insurance fund includes sick pay, maternity allowance, work-related injury allowance, occupational disease allowance, old-age allowance and allowance for family dependents of the dead.

**Sick Pay**
Employees can receive sick pay during their recovery from illness or when they take care of their ill children under seven years old. They require certification from medical institutions.

The number of leave days depends on how long the employee has been paying for social insurance. If less than 15 years, employees can have at most 30 days of sick leave each year. If over 30 years, there can be 60 days of sick leave each year. The sick pay is 75% of the salary of the previous month.

**Maternity Allowance**
Employees can benefit from the maternity allowance, not only for giving birth but also for adopting a child under four months old. They apply for maternity allowance by providing the payment certificate for social insurance within twelve months before giving birth to a child or adopting one.

Generally, female employees have four months of maternity leave. If they give birth to twins or more, they can have 30 days more maternity leave for each additional child.

Pregnant female employees are entitled to prenatal check-up leave, capped at five days. Other related leaves include miscarriage leave and leave for taking contraceptive measures such as implanting an intrauterine device.

The monthly maternity allowance is equivalent to the average salary for the prior six months. In addition, employees can receive a one-time maternity allowance equivalent to two months of minimum salary.

**Work-related Injury Allowance and Occupational Disease Allowance**
If an employee’s working ability declines more than 5%, he can get work-related injury allowance or disease allowance. If his working ability declines by 5 to 30%, he is entitled to a one-time allowance. If his working ability declines for more than 30% when he retires, he will receive more allowance.

If the employee’s working ability declines by more than 81%, he not only receives the above allowances, but also a pension equal to the standard minimum salary. If an employee dies from work-related injury or disease, his family receives a one-time allowance of 36 months of standard minimum salary.

**Old-age Allowance**
Female employees above 55 years old or male employees above 60 years old are entitled to apply for old-age allowance, if they have been paying for social insurance for more than 20 years. Employees who do not can apply to get a lower old-age allowance if they meet secondary requirements.

The monthly old-age allowance is calculated according to the duration of payment for the social insurance and the average monthly salary. The monthly maximum payment amount for old-age allowance is 75% of the average salary stipulated by
the government, while the minimum payment amount for the old-age allowance is the minimum salary standard set by the government.

Male employees whose payment period for social insurance exceeds 30 years and female employees, 25 years, are entitled to 0.5% of the average salary multiplied by the old-age allowance for the extra contribution years. For example, the old-age allowance for a male employee who retires after working for 34 years is 0.5% of average salary * four years.

**Allowance for Family Dependents of the Dead**

After the employee’s death, the allowance for family dependents of the dead will be borne by the social security fund regardless of what the employees paid for social insurance and any withdrawals from the monthly old-age allowance or work-related injury/occupational disease allowance. The amount is ten times the standard minimum salary. There are also special allowances for one-time disbursements to the family of the dead.

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