



## ARMA Update [xx] March 2023

*(English Version)*

### **Key Updates on the Requirements for Old-Age Benefit Program (Jaminan Hari Tua – JHT)**

#### **General Overview**

Last year on 26 April 2022, the Minister of Manpower (“**MoM**”) enacted the Minister of Manpower Regulation No. 4 of 2022 on Processes and Regulations for the Payment of the Old-Age Benefit Program (“**MoM Reg 4/2022**” or “**Regulation**”). This Regulation serves as a response to the previous MoM Regulation No. 2 of 2022 dated 4 May 2022 (“**MoM Reg 2/2022**”) that sparked a wave of concern among workers.

The MoM Reg 2/2022 states that the JHT program participants (“**Participants**” or “**JHT Participants**”) who resigned or have their jobs terminated can receive their JHT payments only if they have reached the age of 56 (fifty-six) years. These created concerns which primarily focused on the requirement for Participants, which they have to wait until they had reached the age of 56 (fifty-six) before they could secure any JHT program benefits (“**Benefits**”).

As a result of MoM Reg 2/2022, access to JHT benefits for workers has become complicated. They may have to wait years to receive their benefits should they resign or be laid off. This regulation has triggered several negative feedbacks from the public, and many are calling for its revocation.

In order to accommodate these concerns, the Minister has readjusted the Benefits disbursement requirements and procedures through the issuance of MoM Reg 4/2022. We outline new provisions and other key provisions of MoM Reg 4/2022 below.

#### **Employee’s Rights to Disburse JHT**

The Regulation specify that JHT shall be paid to JHT Participants if any of the following events occurs:<sup>1</sup>

1. Participants reaches the retirement age;
2. Participant has permanent disability; or
3. Participants pass away.

#### **JHT Rights for Participants that Reach Retirement Age**

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<sup>1</sup> Article 4 MoM Reg 2/2022



In regard to Participants who reach retirement age, the Regulation give additional provision which have not been regulated on the previous MoM Reg 2/2022 that states Benefits will be disbursed immediately and in cash not only if the Participants has reached the age of 56 (fifty-six) years old, but also whenever Participants has reached another retirement age which are specifically regulated in Working Agreement (*Perjanjian Kerja*), Company Regulation (*Peraturan Perusahaan*), or Collective Working Agreement (*Perjanjian Kerja Bersama*).<sup>2</sup>

Moreover, other than the provision stated above, MoM Reg 4/2022 also states that Benefits may be disbursed to:<sup>3</sup>

1. Participants whose employment agreement periods have expired; or
2. Non wage-receiving Participants who quit working.

### **JHT Rights for Participant with Permanent Disability**

Participants with permanent disabilities are also entitled to JHT benefits, which may be claimed before reaching retirement age. However, they are only entitled to the JHT benefits 1 (one) month after being declared permanently disabled. To claim such benefits, the Participant concerned would be required to submit certificate of the examiner and/or advisory doctor proofing the disability.

### **JHT Rights for Participant Who Pass Away**

If the JHT participant passes away, the JHT benefits will be given to the heirs, which may include the widow/widower or children (if any). If not, the JHT benefits shall be distributed to the Participant's direct blood relatives, siblings, in-laws, or other people named in the Participant's bequest.

### **Benefits Disbursement Procedure**

MoM Reg 4/2022 specifies that Benefits will be disbursed by BPJS Ketenagakerjaan based on applications that are submitted by Participants or their heirs. Upon receiving applications, BPJS Ketenagakerjaan will undertake a verification process and disburse the Benefits within a maximum period of five business days after complete and correct applications have been received.<sup>4</sup>

It is important to note that Participants will only receive Benefits for premiums that have been paid by them and their employers to BPJS Ketenagakerjaan. If there are premium arrears, unpaid premiums should then be paid by the employers to the BPJS

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<sup>2</sup> Article 6 (1), MoM Reg 4/2022

<sup>3</sup> Article 6 (2) MoM Reg 4/2022

<sup>4</sup> Article 18 and Article 19 MoM Reg 4/2022



Ketenagakerjaan. Once premiums arrears have been paid, the remaining Benefits will then be disbursed to the Participants by the BPJS Ketenagakerjaan.<sup>5</sup>

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<sup>5</sup> Article 20 MoM Reg 4/2022