PVD insight: Decoding saving behavior and retirement savings adequacy in Thailand

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Provident fund (PVD) is one of the main pillars of Thailand's retirement savings system and an important channel for millions of working-age Thais to save for retirement.

According to statistical data as of 31 December 2025, total provident fund assets across the system stood at 1,601,276 million baht, comprising 349 funds, 25,642 employers and 3,101,025 provident fund members.*

Beyond fund value and membership, the key question is: will individual provident fund members have sufficient savings for retirement?

The SEC's Research and Data Department conducted a study entitled **"Provident Fund Individual Account-Level Analysis"** to examine projected retirement savings that members are expected to receive upon retirement, employee contributions, investment policy selection and investment plan switching behavior.

The study on members' retirement savings adequacy, as reflected in saving behavior, found that members are projected to have average retirement savings of approximately 1.5 million baht, calculated from present value through retirement age. When the Minimum Lump Sum (MLS), referenced in the research at 5 million baht, is used as the minimum retirement savings benchmark, approximately 95% of members have projected retirement savings below the benchmark.

In addition, the estimated gross replacement rate of members averages 39.6%,*** which is lower than the OECD average of 60% and lower than that of Indonesia, a peer country, at 54%. However, the gross replacement rate of provident fund members remains close to those of Hong Kong (42%) and Malaysia (38%). The findings indicate that most provident fund members have insufficient retirement savings, while the gross replacement rate, being below the international average, also points to limitations in maintaining quality of life after retirement.

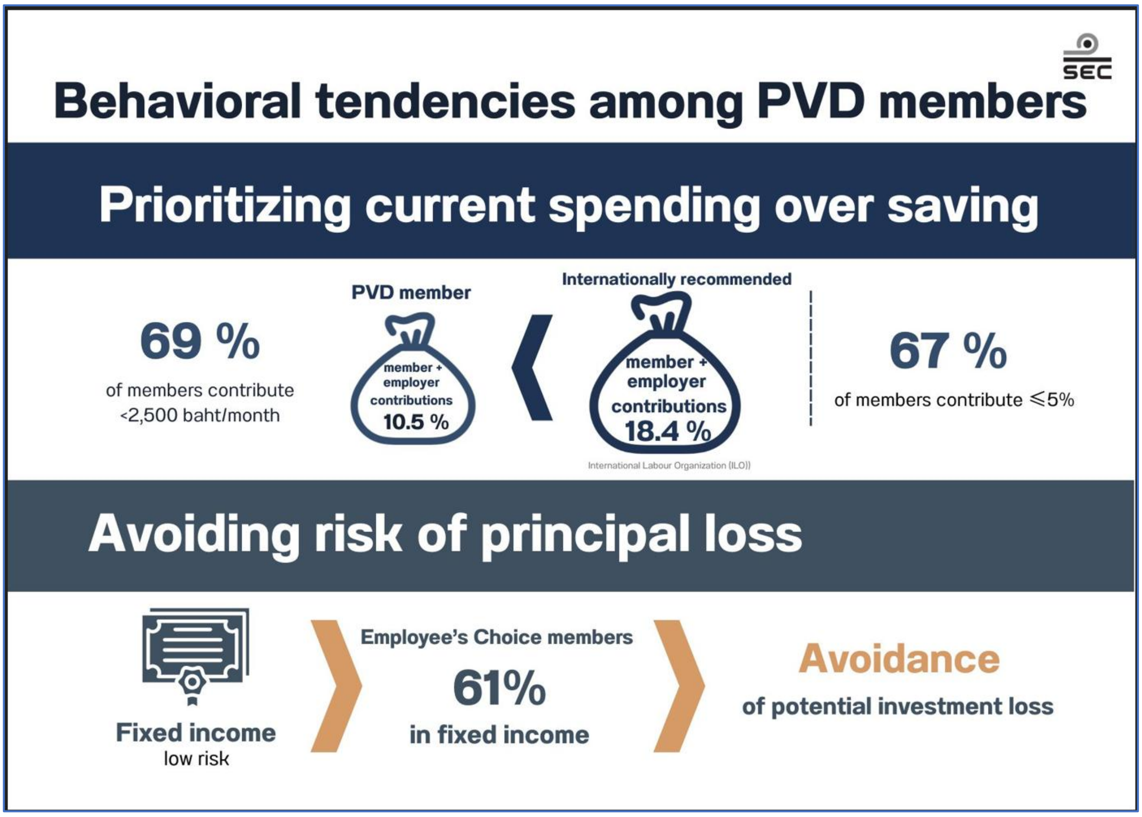
The study on investment behavior in provident funds also identified certain behavioral tendencies that affect members' retirement savings, for example:

A tendency to prioritize current spending over saving

The sample study found that 69% of provident fund members contribute less than 2,500 baht per month. The estimated combined contribution rate of provident fund members and employers in the sample was 10.5% of income, which is lower than the 18.4% of income recommended by the International Labour Organization (ILO). In addition, when comparing members' monthly income with their monthly contribution behavior, the study found that 67% of provident fund members contribute no more than 5% of monthly income to provident funds. This reflects that, although provident fund members' income increases, their monthly saving rate does not rise in line with income.

A tendency to avoid risk that may reduce principal

The data indicate that 52% of the value of provident funds was allocated to fixed-income assets, which are classified as lower-risk assets compared with equity and allocation funds, which accounted for 17% and 30% of investment, respectively. When considering only members who are able to select their own investment policies (members whose employers provide Employee's Choice), fixed-income allocations accounted for 61%. This reflects that, where employers provide members with choices to select investment plans on their own, most members still choose to invest in low-risk assets, even though the investment options currently offered by asset management companies are diverse, such as domestic equities, foreign equities and alternative assets.



The study data show that the provident fund system, with total fund value of more than 1,601,276 million baht and 3,101,025 provident fund members, is one of the country's main savings pillars. However, when each member's savings are estimated through retirement, the average amount is 1.5 million baht per person, with approximately 95% of members having retirement savings below the minimum retirement savings benchmark of 5 million baht. Therefore, increasing savings and adjusting the investment allocation to an appropriate level are matters that members should consider.

In addition, more than 85% of workers in the system still do not have access to provident funds. Employers may consider establishing provident funds for this group of employees. Expanding the provident fund member base, together with increasing channels for retirement savings, will help workers prepare for retirement with greater financial security.

For more than 20.19 million informal workers, particularly younger generations who are self-employed and are not in the provident fund system, retirement investment options through retirement mutual funds (RMFs), as well as the Thailand Individual Savings Account (TISA), which is expected to be introduced in the future, may also serve as tools to improve savings adequacy and help maintain retirees' quality of life over the long term.

Notes:
* Report on the operation and supervision of provident fund management for the second half of 2025
** Minimum Lump Sum (MLS) refers to the average amount for retirees in 2026 with underlying health conditions and living on a sufficient basis. (Source: Kasetsart University Sriracha Campus and Chulalongkorn University (2019), Research project on the analysis of the minimum level of savings assets that retirees should have to ensure basic quality of life (in old age))
*** Based on data from members of employers selected for in-depth analysis with available age data, covering only approximately 842 members from the public sector. Salary was estimated based on assumptions regarding average length of service with public- and private-sector employers to determine employer contribution rates, most of which are based on length of service. The calculation also used an average life expectancy of 80.3 years (77.4 years for men and 83.1 years for women), based on the National Statistical Office's 2024 data.