



**CONSTITUTIONAL COURT  
OF THE REPUBLIC OF INDONESIA**

**SUMMARY OF DECISION  
FOR CASE NUMBER 152/PUU-XXII/2024**

**Concerning**

**Periodic Payment of Pension Fund Benefits**

<b>Petitioners</b>	: <b>Freddy TH. Sinurat, et al.</b>
<b>Type of Case</b>	: Judicial review of Law Number 4 of 2023 concerning Development and Strengthening of the Financial Sector (Law 4/2023) against the 1945 Constitution of the Republic of Indonesia (1945 Constitution)
<b>Subject Matter</b>	: Article 161 of paragraph (2), Article 163 paragraph (1), Article 164 paragraph (2) of Law 4/2023 are contrary to Article 28H paragraph (4), Article 28I paragraph (1) and paragraph (2), Article 28D paragraph (1) of the 1945 Constitution
<b>Verdict</b>	: 1. To declare that Petition of Petitioner II is inadmissible 2. To dismiss the petition of Petitioner I, Petitioner III to Petitioner VII entirely
<b>Date of Decision</b>	: August 14, 2025
<b>Overview of Decision</b>	:

Petitioner I to Petitioner VII are individual Indonesian citizens who each work as private employees participating in the Defined Pension Plan at the Astra Pension Fund, as evidenced by their participant cards. With the existence of the article *a quo*, Petitioner I to Petitioner VII are unable to receive pension benefits in a lump sum and can only receive pension benefits at 20%, thus shattering all the plans or aspirations each had formulated during the pension preparation briefing.

Regarding the Court's authority, since the Petitioners' petition is a review of the constitutionality of norms of a Law, *in casu* Article 161 of paragraph (2), Article 163 paragraph (1), Article 164 paragraph (2) of Law 4/2023 against the 1945 Constitution, the Court has the authority to hear the petition *a quo*.

Whereas in the hearing with the agenda of listening to the statements of the DPR and the President on May 7, 2025, Petitioner I, Freddy TH Sinurat, conveyed in the hearing that the Petitioner named Ekaseni (Petitioner II) had been declared deceased on January 23, 2025 [*vide*

minutes of the hearing dated May 7, 2025, p. 2- 3]. In relation to this matter, the Court had received a letter from the Petitioner dated January 24, 2025, concerning a notification that one of the Petitioners in Case Number 152/PUU-XXII/2024, namely Ekaseni (Petitioner II), passed away on January 23, 2025 at 07:19 WIB at Columbia Asia Specialized Surgical Hospital Pulomas, East Jakarta. In view of this legal fact, because the petition *a quo* subject is not singular, as there remain other petition subjects besides Petitioner II, the petition *a quo* may therefore proceed.

Whereas after the Court carefully examines the explanations of Petitioner I, Petitioner III to Petitioner VII in describing their legal standing and the evidence submitted regarding the review of Article 161 of paragraph (2), Article 163 paragraph (1), Article 164 paragraph (2) of Law 4/2023, in the Court's opinion, Petitioner I, Petitioner III to Petitioner VII are individual Indonesian citizens who have clearly proven the existence of a causal relationship (*causal verband*) regarding the alleged constitutional losses that is specific and potential due to the enactment of the norms being petitioned for review. Because Petitioner I, Petitioner III to Petitioner VII are individual Indonesian citizens who work as private employees participating in the Defined Pension Plan at the Astra Pension Fund, as evidenced by their participant cards. Petitioner I, Petitioner III to Petitioner VII have also proven pension contribution payments consisting of employee contributions of 3.2% (three point two percent) of the basic salary every month and employer contributions of 6.4% (six point four percent) of the basic salary every month, as evidenced by pay slips [*vide* Evidence P-4]. In the context of the petition *a quo*, according to Petitioner I, Petitioner III to Petitioner VII, the enactment of the norms of Article 161 of paragraph (2), Article 163 paragraph (1), Article 164 paragraph (2) of Law 4/2023 potentially violates their constitutional rights, as guaranteed by Article 28H paragraph (4), Article 28I paragraph (1) and paragraph (2), Article 28D paragraph (1) of the 1945 Constitution. The alleged constitutional losses of Petitioner I, Petitioner III to Petitioner VII occur because they are unable to receive pension benefits in a lump sum and can only receive benefit payments of 20% (twenty percent). If the petition of Petitioner I through Petitioner VII is granted, except for Petitioner II, by providing a lump sum payment of pension benefits of 100% (one hundred percent), the alleged constitutional losses will not occur. Thus, regardless of whether the argument of Petitioner I, Petitioner III to Petitioner VII regarding the unconstitutionality of Article 161 of paragraph (2), Article 163 paragraph (1), Article 164 paragraph (2) of Law 4/2023 is proven or not, the Court is of the opinion that Petitioner I, Petitioner III to Petitioner VII (hereinafter referred to as the Petitioners) have the legal standing to act as Petitioners in the petition *a quo*.

Regarding the subject matter of the Petitioners' petition, with respect to the phrase "shall be made on a periodic basis" in the norm of Article 161 paragraph (2) of Law 4/2023, in the Petitioners' opinion, it does not provide a choice, even though what is regulated in such a mandatory term is the Petitioners' personal property rights, namely pension benefits originating from the employer contributions and the Petitioners' contributions through monthly salary deductions placed in the Petitioners' accounts. The presence of the word "shall" in the norm of the Article *a quo* constitutes a form of coercion that can be interpreted as arbitrariness by the lawmakers, resulting in the taking over of the Petitioners' personal property rights, namely pension benefits protected by the Constitution. Therefore, the phrase "shall be made on a periodic basis" in the norm of the Article *a quo* creates a sense of injustice and has the potential to cause constitutional losses for the Petitioners, and therefore, the Article *a quo* is contrary to Article 28D paragraph (1) of the 1945 Constitution. Regarding the constitutionality issue of the norm argued by the Petitioners, the norm of Article 161 paragraph (2) of Law 4/2023, which regulates payment of pension benefits, is one of the norms regarding the implementation of pension plans by Pension Fund institutions, so that this norm must be understood comprehensively as an integrated regulation for the implementation of pension plans. Law 4/2023 stipulates that pension benefits mean benefits received by participants either on a periodic basis and/or in a lump sum as old-age

income, which are linked to retirement age, length of service, and/or contribution period [*vide* Article 134 point 4 of Law 4/2023]. In this case, Article 161 paragraph (2) of Law 4/2023 stipulates that pension benefits are the rights of participants, widows/widowers, or children, the payment of which shall be made on a periodic basis, while the Elucidation of Article 161 paragraph (2) explains that what is meant by “made on a periodic basis” is that the pension benefits are paid monthly in accordance with the Pension Fund Regulations. Periodicity or monthly payments within the norm *a quo* do not negate pension benefits because they remain workers’ rights, provided the workers are registered as pension plan participants, and the benefit value is determined by retirement age, length of service, and/or contribution period. Thus, the provisions in Article 161 paragraph (2) of Law 4/2023, which stipulate a limitation that the payment of pension benefits shall be made on a periodic basis, are not provisions that eliminate the rights of pension plan participants to pension benefits. In this case, the provisions in question regulate the payment procedures, while the value and amount of pension benefits are determined in implementing regulations.

Meanwhile, regarding the phrase “on a periodic basis and/or in a lump sum” in the description of the meaning/definition of pension benefits as regulated in Article 134 point 4 of Law 4/2023, it does not necessarily determine that every pension plan participant has the right to receive payment of pension benefits in a lump sum as an alternative to periodic payments. The word “lump sum” in the definition of pension benefits is actually intended to refer to exceptions or special conditions as regulated in Article 164 of Law 4/2023, which essentially stipulates that pension benefits can be paid in a lump sum, provided: 1) The Participant dies more than 5 (five) years before reaching the Normal Retirement Age; 2) the amount of the Pension Benefits is less than a certain amount as determined by the Financial Services Authority; 3) the payment of Pension Benefits to the designated party as referred to in Article 155 paragraph (4) of Law 4/2023; and/or 4) the existence of certain conditions as determined by the Financial Services Authority. Regarding the specific conditions in question, the Financial Services Authority (*Otoritas Jasa Keuangan* or OJK) has issued Financial Services Authority Regulation (*Peraturan Otoritas Jasa Keuangan* or POJK) Number 27 of 2023 (PJOK 27/2023). Therefore, the procedure for payment of pension benefits is not a choice or agreement that can be made between participants and the Pension Fund institution, as the option to pay in a lump sum can be exercised only if specific requirements or conditions are met.

Furthermore, regarding the payment of pension benefits that shall be made on a periodic basis which, argued by the Petitioners, has violated their rights, in the Court’s opinion, if this is correlated to the objectives and philosophical basis of Law 4/2023, then the regulations regarding the procedures and mechanisms for payment of pension benefits must still take into account the principles of the national economy as the values contained in Pancasila and the 1945 Constitution. In essence, Article 33 of the 1945 Constitution mandates that the economy be structured as a joint effort under the principle of kinship, in accordance with the principles of togetherness, fair efficiency, sustainability, environmental awareness, independence, and the maintenance of a balance between progress and national economic unity. Therefore, policies in the financial sector, including those related to pension plans, must take into account economic sustainability and resilience, thereby balancing the rights of individual citizens with the state’s responsibility to maintain a balance between progress and national economic unity. In this case, if it is correlated to the meaning of pension benefits as “old-age income”, then there is an element of state responsibility in this provision to ensure that workers receive economic protection guarantee even though they have retired or are no longer working, so the state must be present in providing regulations, one of which is through procedures for fulfilling rights. Because the aim of collecting and managing pension funds is, in principle, to maintain continuity of income in old age, to realize social justice;

The granting of rights in the form of periodic pension benefits is determined not as a choice or agreement, because periodic payments are the best way to maintain income continuity, which is the main objective of pension plans, and, at the same time, to support national economic and macroeconomic resilience. The lump-sum payments regulated by Law 4/2023 can be made only if specific terms or conditions are met [*vide* Article 164 of Law 4/2023], as considered above. If participants or pension beneficiaries are given the freedom to agree on the procedure for payment of pension benefits on their own wishes, then this will create legal uncertainty in terms of determining the value or amount of pension benefits that the participant is entitled to receive, because the meaning of maintaining continuity of income in old age or during retirement is to ensure that the state can periodically adjust the value or amount that can be received by participants or entitled parties adaptively or adjust it taking into account the dynamics of the economy such as the cost of living, purchasing power, or the impact and potential for economic crises. In this regard, Article 163 of Law 4/2023 provides, among other things, options for the method of periodic payments, either paid by pension funds, or, if the participants, widows/widowers, or children wish, by purchasing an annuity or sharia annuity from a life insurance company or a sharia life insurance company.

Therefore, even though it is paid periodically, this provision does not reduce participants' rights to the pension benefits they are entitled to receive under statutory regulations. Therefore, in the Court's opinion, limiting the procedure for payment of pension benefits periodically is a legal policy that does not violate citizens' rights, including the right to obtain fair legal certainty and the right to possess private property, as guaranteed in Article 28D paragraph (1) and Article 28H paragraph (4) of the 1945 Constitution. Therefore, the Petitioners' argument challenging the unconstitutionality of Article 161 paragraph (2) of Law 4/2023 against Article 28D paragraph (1) and Article 28H paragraph (4) of the 1945 Constitution is legally unjustifiable.

Whereas furthermore, the Petitioners also challenge the obligation for participants, widows/widowers, or children to choose to purchase an annuity or sharia annuity from a life insurance company or a sharia life insurance company as regulated by Article 163 paragraph (1) of Law 4/2023 which, in the Petitioners' opinion, all risks inherent in owning an annuity become the Petitioners' responsibility, as regulated by Article 56 paragraph (4) letter b *juncto* Article 70 paragraph (4) letter b PJOK 27/2023 stipulating that: "the risk related to the development of the accumulated contributions shall be borne by the Participant, widow/widower, or child." Regarding the Petitioners' argument *a quo*, the Court needs to make an association with the provisions in Law 11/1992, which essentially states that pension beneficiaries can only choose the payment method of pension benefits in the form of a life annuity from a Life Insurance Company, and does not provide other options to pension beneficiaries. These provisions do not provide options, thus limiting the rights of pension beneficiaries. Therefore, after the enactment of Law 4/2023, it is provided that "the periodic payment of pension benefits may be made by being paid by the pension fund or purchasing an annuity or sharia annuity from a life insurance company or a sharia life insurance company" [*vide* Article 163 paragraph (1) of Law 4/2023]. The norm of the Article *a quo*, in the Court's opinion, provides a mechanism created by the lawmakers to ensure that pension benefits are appropriately managed to provide sustainable income for participants, widows/widowers, or children. The word "or" in the norm of the Article *a quo* can be understood as an option or alternative for pension beneficiaries regarding the pension payment method they wish to choose, *in casu* the Petitioners. Moreover, Law 4/2023 has amended the provisions for purchasing annuities, from a life annuity as stipulated in Law 11/1992 to a minimum period of 10 (ten) years, as stipulated in POJK 27/2023. In this regard, the Court can understand the Petitioners' concerns, but without intending to assess the concrete cases regarding problems at insurance companies such as cases of default, fictitious investment cases, and corruption of investment funds, in principle, Law 4/2023 has required every insurance company to implement

good corporate governance in terms of investment management, risk management, and internal control, as well as applying the principles of prudence, transparency, accountability, professionalism and fairness. Strengthening regulations and supervision of insurance companies is intended to reduce the risk of default and other problems. Likewise, institutionally, life insurance companies in Indonesia are supervised by the OJK, which has a duty to ensure the health of insurance companies and the stability of the insurance industry, including through institutions, regulations, and supervision. Regarding the selected annuity, without the Court intending to assess the legality of the OJK Regulation, the provisions of Article 56 paragraph (5) letter c *jo* Article 70 paragraph (5) letter c of POJK 27/2023 state that “the selected annuity or sharia annuity must meet the requirements, namely being a product of a life insurance company or a sharia life insurance company that, in the last 3 (three) years, has met the minimum solvency level target in accordance with the Financial Services Authority Regulation on the financial soundness of insurance companies and reinsurance companies, as evidenced by audited financial statements”. Furthermore, Article 56 paragraph (5) letter d *jo* Article 70 paragraph (5) letter d of POJK 27/2023 also stipulates that the selected annuity or sharia annuity must be a product of a life insurance company or a sharia life insurance company that has obtained approval from the OJK. Thus, concerns regarding annuity risks, including default, have been anticipated by regulations requiring life insurance companies to have solvency and financial resilience standards. The OJK’s function and role as a supervisor is to stop the operations of insurance companies that do not meet the requirements. Accordingly, the Petitioner’s argument challenging the constitutionality of Article 163 paragraph (1) of Law 4/2023 against Article 28D paragraph (1) of the 1945 Constitution is legally unjustifiable.

Whereas, in addition to arguing the conditional unconstitutionality of Article 163 paragraph (1) of Law 4/2023, the Petitioners also argue that the enactment of Article 164 paragraph (2) of Law 4/2023 makes the Petitioners experience discriminatory treatment between workers who are participants in the employer’s pension fund and workers who are not participants in the employer’s pension fund. Regarding the Petitioners’ argument, Law 4/2023 has determined 2 (two) types of pension plans, namely the Defined Benefit Pension Plan (PPMP) and the Defined Contribution Pension Program (PPIP). In this case, Article 162 paragraph (2) and paragraph (4) of Law 4/2023 stipulate that both in PPMP and PPIP, pension benefits are paid periodically within a specific period. Law 4/2023 differentiates the two types of plans in the sense stated in Article 134 point 7 and point 8 of Law 4/2023, which respectively state that PPIP is a pension plan in which the contributions are stipulated in the pension fund regulations, and all contributions together with the returns on their investment are recorded in the individual accounts of each participant as pension benefits. Meanwhile, PPMP is a pension plan whose benefits are stipulated in the pension fund regulations, or any other pension plan that does not constitute a PPIP. In this regard, it is important to note that the Petitioners are Astra Employees who are PPIP participants whose pension benefits are not guaranteed and depend on investment returns. Meanwhile, PPMP guarantees defined benefits and risks borne by the employer, while for PPIP participants, the risk lies entirely with the participants. After carefully studying the regulations regarding PPMP and PPIP payments, the Court finds similarities in the payment mechanisms. In PPMP, payments are made on a periodic basis, while lump-sum payments can be made at 20% (twenty percent), with the remaining benefits calculated using a specific formula. The main difference between the two lies in the risk bearer. In PPMP, payment risk is guaranteed by employers, whereas in PPIP, it is borne by participants. A decrease in investment returns will affect the accumulated pension benefits participants receive. Because the norm of Article 164 paragraph (2) of Law 4/2023, which the Petitioners are petitioning for review, has the same essence as Article 161 paragraph (2), namely regarding the nature of payment of pension benefits which are made on a periodic basis, as the Court has considered in Sub-paragraph [3.14.1] above, the legal considerations applies in a *mutatis mutandis* manner in considering the constitutionality of norm Article 164 paragraph (2)

of Law 4/2023. Therefore, the mechanism for periodic payment of pension benefits in PPIP, as regulated in Article 164 paragraph (2) *a quo*, is a legal policy not contrary to the 1945 Constitution, particularly Article 28H paragraph (4) of the 1945 Constitution. Thus, the Petitioners' argument challenging the constitutionality of the norm of Article 164 paragraph (2) of Law 4/2023 is legally unjustifiable.

Whereas pursuant to all the descriptions of the legal considerations above, the Court is of the view that Article 161 paragraph (2), Article 163 paragraph (1), and Article 164 paragraph (2) of Law 4/2023 have been proven not to give rise to uncertainty regarding fair legal protection, protection against discriminatory treatment and protection of property rights, as guaranteed in Article 28D paragraph (1), Article 28H paragraph (4), and Article 28I paragraph (1) and paragraph (2) of the 1945 Constitution, not as argued by the Petitioners. Thus, the Petitioner's arguments are entirely legally unjustifiable.

Accordingly, the Court subsequently passes down a decision in which the verdicts are as follows:

1. To declare that Petition of Petitioner II is inadmissible;
2. To dismiss the petition of Petitioner I, Petitioner III to Petitioner VII entirely.