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# *Maqashid Sharia* Approaches in Pension Fund Programs: Bank Muamalat Indonesia and Taspen Comparison

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**Abstract:** Pension funds function as instruments for long-term welfare protection; however, their development in Indonesia remains constrained by low financial literacy, limited public participation, and governance and fiscal sustainability issues, including investment irregularities in state pension institutions. In line with rising demand for sharia-compliant financial instruments, the *Maqashid Sharia* framework emphasizes welfare (*maslahah*), accountability, and risk mitigation. This study aims to analyze the implementation of pension fund programs at Bank Muamalat Indonesia and Taspen through a *Maqashid Sharia* lens, by examining governance structures, investment mechanisms, and the alignment of programs with welfare objectives and system sustainability. This qualitative case study relies on secondary data, including corporate profiles, portfolios, participant statistics, and financial reports of Taspen and DPLK Syariah Muamalat. The findings indicate that Taspen's defined benefit, pay-as-you-go scheme provides benefit certainty for civil servants and their heirs, thereby fulfilling individual-level *maslahah* (*hifz al-nafs, hifz al-nasl*). However, from a macro-*Maqashid perspective*, it imposes a heavy fiscal burden on the state budget, undermines *hifz al-mal* at the state level, and exposes the state to governance and investment risks. Conversely, DPLK Syariah Muamalat program, grounded in sharia principles, supervised by a Sharia Supervisory Board, and operated under a defined contribution scheme with selectable investment packages, is more closely aligned with *Maqashid Sharia* (*hifz al-din, al-mal, al-nafs, al-nasl, al-'aql*), although its outreach remains limited. The study recommends gradual reform toward a fully funded model based on business-to-business partnerships and sharia-compliant investment instruments as an alternative pension design that is more equitable, sustainable, and consistent with *Maqashid Sharia*.

**Keywords:** *Maqashid Sharia; Pension Funds; Fiscal Sustainability; Investment Management; Islamic Finance*

## 1. Introduction

Pension funds are essential instruments for securing long-term retirement welfare for participants. In many developing countries, including Indonesia, their adoption remains limited. Low pension literacy and financial inclusion result in only a small segment of the population understanding or possessing formal pension products.[1] In the 1970s and

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1980s, the limited availability of pension programs in private institutions and companies increased the appeal of civil service positions, which provided more secure retirement benefits.[2] Within this framework, the state functions as both the macroeconomic authority and the primary architect of regulatory frameworks and pension funding for civil servants. This dual role introduces significant long-term fiscal sustainability challenges.[3] Consequently, a robust and effective regulatory framework is vital for pension fund administration.[4] Given this institutional context, it is also necessary to examine the ethical principles that underpin labor and retirement in Indonesia.

Islam highlights lawful and ethical work as both worship and a way to safeguard human well-being.[5] Work is not just for present needs. It also secures future welfare. People seek decent work for moral and economic reasons. Article 27 (2) of the 1945 Constitution affirms the state's duty to provide employment and ensure citizens have a dignified standard of living. The state enacts this duty through pension laws, mainly Law No. 11 of 1992 and its regulations. These create the base for the national pension system for Indonesian workers.[6] Nevertheless, despite this legislative foundation, significant challenges remain regarding public awareness and participation in pension plans.

Despite the regulatory mandate, pension literacy and participation rates in Indonesia remain low. According to the Financial Institution Pension Fund Association (DPLK), only approximately 9% of Indonesians achieve financial well-being in retirement. The majority continue working or rely on others for support. Limited public understanding of pension mechanisms and benefits constitutes a significant barrier to sectoral growth. As a result, pension funds contribute suboptimally to the non-bank financial sector and national economic development. Research demonstrates that pension programs can enhance employee performance and motivation, as retirement guarantees provide psychological and economic incentives that increase worker loyalty and productivity. Furthermore, professionally managed pension fund accumulation can serve as a source of long-term financing for national development

[1] M Yunus and M Elsyarif, 'Pension Literacy and Inclusion in Developing Countries', *Journal of Social Economics* 12, no. 1 (2025): 45–60; N Khai and M Rahman, 'Understanding Pension Awareness in Southeast Asia', *Asian Economic Review* 18, no. 2 (2024): 112–29.

[2] A Ananta, R Setiawan, and D Putri, 'Civil Service Employment Trends in Indonesia (1970–1980)', *Indonesian Journal of Public Policy* 9, no. 3 (2021): 155–70.

[3] J Moeis and R Tambunan, 'Fiscal Sustainability of Indonesia's Pension System', *Journal of Fiscal Studies* 7, no. 1 (2022): 1–21.

[4] Efrita Norman and Enah Pahlawati, 'Manajemen Dana Pensiun Syariah', *Reslaj: Religion Education Social Laa Roiba Journal* 3, no. 2 (2021): 226–35.

[5] A Musanna, 'Islamic Perspectives on Work and Livelihood', *Journal of Islamic Economics and Ethics* 4, no. 1 (2023): 22–35.

[6] Muhammad Habibi Miftakhul Marwa, 'Urgensi Penegakan Kode Etik Pada Dana Pensiun Syariah Muhammadiyah', *Kanun Jurnal Ilmu Hukum* 22, no. 3 (2020): 395–416.

and support the deepening of capital markets and economic stability.[7] Therefore, increasing participation is essential not only for retirement security but also for advancing broader economic objectives.

With the evolution of economic activities, *muamalah* practices within Indonesia's Muslim community have expanded. Financial institutions are increasingly developing programs such as Sharia-compliant pension funds. The government has accelerated this transition, as evidenced by DSN MUI Fatwa Number 88 of 2013, which endorses Sharia pension funds and promotes old-age security programs that support economic welfare. Nevertheless, the majority of pension funds in Indonesia are still restricted to state civil servants (ASN). PT. Tabungan dan Asuransi Pensiun (Persero), a state-owned enterprise (BUMN), manages the Civil Servant Savings and Insurance Funds, but this system does not employ a Sharia financial model.[8] In light of these developments, it is important to analyze existing pension schemes, with particular attention to their funding structures and fiscal implications.

The government fully finances civil servant pension funds through a defined benefit system that operates on a pay-as-you-go basis. This scheme is supported by 4.75% salary contributions collected by PT. Taspen (Persero), supplemented by annual allocations from the State Budget. This arrangement has led to significant challenges. Finance Minister Sri Mulyani Indrawati reported that pension expenditures for civil servants have reached 2,800 trillion rupiah in the State Budget, imposing a substantial fiscal burden. She emphasized the need for reform in the Pension Fund Program, as the increasing number of civil servant pensioners continues to escalate the financial strain each year.[9] The structure and consequences of this scheme illustrate the broader issues associated with pension fund sustainability.

Under this scheme, the government is obligated to continue pension payments to civil servants until the recipient's death, with payments extending to the last child until age 25, employment, or marriage. PT. Asuransi Angkatan Bersenjata Republik Indonesia (ASABRI) employs a similar approach. The ASABRI case underscores the necessity for Taspen to exercise prudent investment management. The Audit Board of the Republic of Indonesia (BPK) identified that Taspen holds investment shares that do not comply with Ministry of Finance regulations, totaling Rp 1.18 trillion across 13 issuers. The

[7] Marifah Yuliani, 'Manajemen Lembaga Keuangan Non Bank Dana Pensiun Berdasarkan Prinsip Syariah', *Dinamika Penelitian: Media Komunikasi Penelitian Sosial Keagamaan* 17, no. 2 (2017): 221–40.

[8] Lokot Zein Nasution and Muhammad Khoirul Fuddin, 'Dana Pensiun Pendorong Kesejahteraan Pekerja Dan Penjaga Eksistensi Umkm Dalam Menghadapi Masyarakat Ekonomi Asia', *Jurnal Ekonomi Pembangunan* 13, no. 2 (2015): 178–98.

[9] BPK RI, 'Memberatkan Apbn Hingga Rp 2.800 Triliun, Kemenkeu Akan Rombak Skema Dana Pensiun', Jdih.Bpk.Go.Id, 2022.

BPK calculated Taspen's unrealized losses at Rp762.82 billion, representing 64.19% of the acquisition price. An unrealized loss indicates a decline in share value without the sale of the shares. Consequently, Taspen's stock investment value in these 13 issuers remains at 425.53 billion rupiah.[10] This is troubling because Taspen could get better returns from more profitable investments. Considering these investment challenges, governance risks emerge as another area requiring closer evaluation.

Taspen has encountered significant governance challenges, including unrealized losses of Rp762.82 billion across 13 issuers[11] and documented investment failures at other state pension institutions, such as ASABRI, which incurred losses of Rp22.78 trillion[12]. These issues highlight the need to examine governance and ensure pension fund investments follow prudent standards. In Islamic economics, pension funds should operate in accordance with the *Maqashid Sharia*. This means preventing harm, preserving wealth, supporting welfare, and protecting family stability. *Maqashid Sharia* principles can be adapted for many financial instruments, including sharia-compliant pension products. For example, the DPLK Syariah Muamalat program follows this approach. It recorded asset growth of Rp1.7 trillion and a 6.5 percent return on investment in 2024.[13] This context sets the stage for a comparison between sharia-based and conventional pension fund models in Indonesia.

A considerable body of literature has examined pension funds from various perspectives, both within Islamic finance and conventional financial systems. Studies on sharia-based pension schemes, such as those by Yuliani[14], highlight persistent regulatory barriers and the limited availability of compliant investment instruments, while Jamal and Risyda[15] document the gradual growth of sharia pension fund assets at the national level. Similarly, Isepputri et al.[16] emphasize the strategic institutional strengthening needed to ensure the sustainability of Sharia pension funds in an evolving financial ecosystem. In contrast, research on conventional pension funds largely focuses on governance and investment risks. Sanyoto et al.[17] Examine the

[10] Erlina F. Santika, 'Potensi Rugi Taspen Atas Investasi Saham Di 13 Emiten Bisa Mencapai Rp762,82 Miliar', Databoks.Katadata.Co.Id, 2023.
[11] Santika.
[12] RI, 'Memberatkan Apbn Hingga Rp 2.800 Triliun, Kemenkeu Akan Rombak Skema Dana Pensiun'.
[13] Rizka Khaerunnisa, 'Hasil Usaha DPLK Syariah Muamalat Naik 36,6 Persen Di Kuartal I-2024', Antaranews.Com, 2024.
[14] Yuliani, 'Manajemen Lembaga Keuangan Non Bank Dana Pensiun Berdasarkan Prinsip Syariah'.
[15] Risyda Nurul Qolbi, 'Lembaga Dana Pensiun Syariah Di Indonesia', *Sharecom: Jurnal Ekonomi Syariah Dan Keuangan Islam* 1, no. 1 (2023): 1–18.
[16] Isepputri et al., 'Manajemen Strategi Perkembangan Dana Pensiun Syariah Di Indonesia', *Jurnal Ilmiah Research and Development Student (JIS)* 2, no. 1 (2024): 1–9, https://doi.org/10.59024/jis.v2i1.567.
[17] Edy Sanyoto et al., 'Optimalisasi Investasi Dana Pensiun Milik Negara: Studi Kasus Dana Pensiun Hutama Karya', *Binamulia Hukum* 12, no. 2 (2023): 417–27.

optimization of investment strategies within state-owned pension funds, revealing that risk management practices and policy choices significantly influence portfolio performance. Moeis et al.[18] further demonstrate that the pay-as-you-go scheme operated by Indonesia's civil service pension system poses substantial long-term fiscal pressures on the national budget. Beyond technical and fiscal concerns, several studies have also explored the normative foundations of pension management within Islamic law, such as Johari[19], which analyze inheritance rules, equity, and the protection of wealth as integral components of Islamic pension principles. Nevertheless, despite the growing literature, significant gaps remain, particularly regarding direct comparisons based on *Maqashid Sharia*.

Despite these studies' contributions, the literature lacks a direct, comprehensive comparison of DPLK Syariah Muamalat's sharia-based pension program and Taspen's conventional program using the *Maqashid Sharia* analytical framework. This study specifically contrasts whether the fully funded, defined-contribution model of DPLK Syariah Muamalat delivers greater *maslahah* than Taspen's defined-benefit, pay-as-you-go scheme. Additionally, it examines differences between the two in investment risk, fiscal sustainability, and benefit stability, all linked to the five foundational dimensions of *Maqashid Sharia*: *hifz al-mal*, *hifz al-nasl*, *hifz al-nafs*, *hifz al-din*, and *hifz al-'aql*. The study also seeks to clarify how Sharia governance mechanisms, such as the Sharia Supervisory Board (DPS), affect institutional accountability and risk mitigation in Islamic pension schemes. Finally, it evaluates whether Sharia models could serve as credible alternatives for national pension reform amid Indonesia's fiscal constraints, filling an important gap in prior research.

These gaps underscore the urgency of conducting a comparative analysis that explores the fundamental differences between Bank Muamalat Indonesia's fully funded scheme and Taspen's defined-benefit, pay-as-you-go model, particularly through the lens of *Maqashid Sharia*. The divergent funding structures have far-reaching implications for long-term risk management, transparency, participant protection, and fiscal sustainability. BMI's framework, which is governed by Sharia principles and supervised by the Sharia Supervisory Board, offers a unique governance model that contrasts sharply with Taspen's, which has faced public scrutiny over unrealized investment losses and potential governance vulnerabilities. Applying a *Maqashid Sharia* perspective is essential for evaluating whether Islamic pension models enhance welfare and prevent harm, and for assessing their potential relevance to reforming Indonesia's civil service pension system. The scarcity of *Maqashid Sharia*–based comparative studies in the

[18] Moeis and Tambunan, 'Fiscal Sustainability of Indonesia's Pension System'.

[19] Muhamad Johari, 'Dana Pensiun Dalam Perspektif Ekonomi Islam', *Muamalat: Jurnal Kajian Hukum Ekonomi Syariah* 8, no. 2 (2016): 125–32.

context of pension funds, especially between a state-owned institution and an Islamic financial institution, further reinforces the academic significance of this inquiry.

Consequently, this research seeks to fill a critical gap in the literature by conducting a systematic comparative analysis of the implementation of BMI's sharia pension program and Taspen's conventional pension scheme through the *Maqashid Sharia* framework. The findings are expected to contribute theoretically by expanding the application of *Maqashid Sharia* in pension fund studies; empirically, by providing evidence on governance and sustainability differences across pension models; and practically, by offering policy insights for developing a more equitable, sustainable, and Sharia-compliant pension system in Indonesia.

The development of *Maqashid Sharia* has been applied to Islamic economics, Islamic products, and finance. In its development, *Maqashid Sharia* has a flexible nature and is not limited by time in its application, so that, as the era develops, it can be applied to various Islamic banking products, Islamic insurance, and other Islamic financial institutions, including Islamic Pension Fund products. One of the Islamic financial institutions that has created a Sharia Pension Fund program is BMI through DPLK Syariah Muamalat. DPLK Syariah Muamalat continues to grow, recording a slow increase in 2024, with assets reaching 1.7 trillion rupiah and an ROI growth of 6.5%.[20]

The researcher adopts the theme *Maqashid Sharia*-Based Approaches in Pension Fund Programs: Bank Muamalat Indonesia and Taspen Comparison, as numerous studies have previously examined the application of *Maqashid Sharia* in financial institutions, yielding various findings and recommendations that are expected to bring long-term *maslahah* (welfare and benefit).

## 2. Methods

This study employs a qualitative case study design to obtain an in-depth understanding of pension fund management practices in Indonesia. The case study method is considered appropriate because it allows the researcher to examine real institutional contexts in which regulatory, governance, and investment dynamics interact in complex ways. The selection of cases is based on theoretical relevance and contrasting characteristics that can produce meaningful comparative insights. BMI was selected as the first case because it is one of the earliest and most established Islamic financial institutions offering a fully funded sharia-based pension program through DPLK Syariah Muamalat, which operates under sharia governance and *Maqashid Sharia* principles. Taspen, on the other hand, represents Indonesia's largest state-managed pension institution operating under a

[20] Khaerunnisa, 'Hasil Usaha DPLK Syariah Muamalat Naik 36,6 Persen Di Kuartal I-2024'.

defined-benefit, pay-as-you-go scheme. Taspen's system is directly linked to fiscal sustainability issues and has been highlighted by public auditors due to governance and investment irregularities. The contrasting models, sharia versus conventional, fully funded versus defined benefit, institutional governance versus state fiscal dependency, provide strong justification for comparing both institutions to assess their alignment with *Maqashid Sharia* and long-term welfare objectives.

This study relies primarily on secondary data, including annual reports, audited financial statements, corporate governance documents, official publications, policy documents, pension participation data, and regulatory frameworks relevant to both institutions. Additional supporting information is drawn from reports issued by the Financial Services Authority (OJK), the Audit Board of the Republic of Indonesia (BPK), and other credible public sources. Because secondary data may vary in completeness and currency, the researcher applies several strategies to ensure data validity and reliability. Documents are cross-checked across multiple sources, preference is given to audited and officially published reports, and publication dates are reviewed to ensure that the data used are up-to-date and reflect the most recent institutional performance.

To maintain the credibility and trustworthiness of the qualitative findings, this study incorporates several qualitative validation techniques. Triangulation is performed by comparing data from different types of documents, such as financial statements, regulatory reports, and institutional disclosures, to confirm consistency across sources. Peer debriefing is conducted by consulting academic colleagues and experts in Islamic finance and pension governance to evaluate the soundness of interpretations and analytical procedures. Confirmability is ensured by maintaining a clear audit trail of the analytical steps taken throughout the study, including documentation of how data were selected, reduced, and interpreted. Additionally, prolonged engagement with institutional documents and communication with representatives of BMI and Taspen strengthens contextual understanding and mitigates the risk of misinterpretation. Although member checking was limited due to the use of secondary data, factual information was clarified and verified whenever possible through formal communication channels with the institutions.

Data analysis follows the interactive model of Miles, Huberman, and Saldaña, involving data collection, data reduction, data display, and conclusion drawing. During data reduction, all documents are screened for relevance to pension scheme characteristics, governance structures, investment patterns, risk exposures, and program alignment with *Maqashid Sharia* indicators. The selected data are then organized into tables, matrices, and visual diagrams to facilitate pattern recognition and comparative interpretation. The final stage synthesizes all findings into a conceptual analysis grounded in the five dimensions of *Maqashid Sharia*: *hifz al-din*, *hifz al-nafs*, *hifz al-'aql*, *hifz al-nasl*, and *hifz al-mal* to assess the extent to which each pension model advances welfare, mitigates harm, and ensures long-term financial sustainability for its participants.

Through this methodological design, the research ensures that the comparative analysis of BMI and Taspen is theoretically grounded, empirically credible, transparent in its analytical procedures, and aligned with qualitative research standards required for academic rigor.

## 3. Results and Discussion

### 3.1. The Concept of *Maqashid Sharia* in Islamic Finance

The study of *maqashid sharia* in Islamic economics is a very interesting topic and is currently trending in the advancement of Islamic economics and finance. One example is the application of the *maqashid index* to evaluate the performance of Islamic banks. In addition, Muslim scholars such as Imam Juwaini, Imam Ghazali, Imam Syatibi, and Ibn Ashur have also developed maqashid sharia as a scientific discipline. However, most of these studies discuss only the issue of worship, such as the book of al-Tirmidhi al-Hakim (Abu Abdullah Muhammad bin Ali), "*As-Shalatu wa Maqashiduha*," or the book of al-Iz bin Abdussalam, "*Maqashidu al-Ibadah*." The aspect of *muamalah* should continue to be developed, as it is a basic activity for Muslims in everyday life.[21]

Apart from *muamalah* in daily life, to prevent economic imbalance, maqashid sharia also aims to restore balance between the real and monetary sectors. With the situation constantly changing, it is important to use the right economic methodology. Without the right methodology, when global economic practices undergo fundamental changes, they will also seek new and appropriate justification tools, or face a difficult-to-avoid, tragic situation.

*Maqashid sharia* is one of the main requirements for ijtihad in resolving various life problems in the economic and financial fields, which are increasingly developing. *Maqashid sharia* is not only needed to formulate macroeconomic policies but also to develop sharia-compliant banking and financial products. *Maqashid Sharia* is also very much needed in formulating banking regulations and products for Sharia financial institutions, so that they can develop effectively and remain in line with a rapidly changing business environment. An in-depth study of the concept of *maqashid sharia* regarding Sharia financial products will enable Sharia financial institutions to develop innovative products that do not contravene Sharia, thereby enabling them to

[21] Zainil Ghulam, 'Implementasi Maqashid Syariah Dalam Koperasi Syariah', *Iqtishoduna* 7, no. 1 (2016): 90–112.

be more creative in producing new products and to compete with, and even surpass, products from conventional banks.[22]

The order of *maqashid sharia* is considered by the majority of scholars to be a broad path for sharia banks to address dynamic contemporary problems, as it is based on common interests and welfare.[23] *Maqashid sharia* can be achieved by fulfilling the five basic human needs, namely, maintaining religion (*ad-din*). Second, maintaining the soul (*an-nafs*). Third, maintaining reason (*al-aql*). Fourth, maintaining property (*al-maal*). Fifth, maintaining descendants (*an-nasl*). In this case, the economic system to be built is considered successful if it can prosper its people, and the people are said to be prosperous if their basic needs are met. Therefore, the economic system and its institutions must achieve their main goal, namely, social welfare, which is closely related to the *maqashid sharia* itself. [24]

So in general, *maqashid sharia* in Islamic economics and finance aims to: 1) Economic, financial and business stability of wealth distribution through the financial system to develop financial institutions, protect people's wealth through deposit schemes in insurance offered by regulators, convert savings into investments for the future; 2) Ensuring justice in business and finance, which is why various activities such as usury, monopoly, *gharar*, *ghalat*, *ghubn*, and *taghrir* are highly condemned or prohibited in Islamic economics and finance; 3) Cultivating the Principle of Justice; 4) Establishing contracts or instruments in acquiring property and wealth; 5) The circulation of wealth in the financial system; 6) Conservation or sustainability and protection of wealth; 7) The right to own and acquire wealth; 8) Transparency in business and finance; 9) Documentation in the field of Islamic finance; 10) Wealth building and investment; 11) Prevent risks and difficulties in business and finance.

According to Ahcene Lahsasna, *Maqashid sharia* in financial planning aims to: 1) Circulation of wealth in business transactions through proper financial planning and management; 2) Preservation and protection of wealth; 3) Transparency in wealth and finance; 4) Wealth development and investment; 5) Prevents difficulties and dangers in the acquisition of wealth and finances; 6) Ensuring fairness in the circulation of wealth. Therefore, some planning is needed to make this happen, namely risk planning and takaful, investment planning, zakat planning, residential planning, and retirement planning. Property is a trust that must be managed well,

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[22] Husni Kamal and Arinal Rahmati, 'Konsep Maqashid Syariah Dalam Pengembangan Produk Lembaga Keuangan Islam', *AT-TIJARAH: Jurnal Penelitian Keuangan Dan Perbankan Syariah* 2, no. 2 (2020): 120–33, https://doi.org/10.52490/at-tijarah.v2i2.962.

[23] Popon Srisusilawati et al., 'Implementasi Maqashid Syariah Terhadap Produk Perbankan Syariah', *Al-Mustashfa: Jurnal Penelitian Hukum Ekonomi Syariah* 7, no. 1 (2022): 1, https://doi.org/10.24235/jm.v7i1.8409.

[24] Sandy Rizki Febriadi, 'Aplikasi Maqashid Syariah Dalam Bidang Perbankan Syariah', *Amwaluna: Jurnal Ekonomi Dan Keuangan Syariah* 1, no. 2 (2017): 231–45, https://doi.org/10.29313/amwaluna.v1i2.2585.

like other resources; property owned by humans is also not absolute ownership. Humans must be able to apply *maqashid sharia* to the assets they own. When they are able to protect their assets, then humans will also be carried away by their ability to protect their religion, themselves, their descendants, and their minds from things that could lead them to harm or destruction. [25]

Maintaining offspring is inseparable from the economy; creating a golden, quality generation is a crucial part of life, because quality human resources will have a direct impact on various aspects of life. The importance of maintaining offspring needs to be a concern for every human being, including in economic terms, so that humans need to create a competent generation to continue their role in economic activities and maintain the welfare that has been achieved. So that the achievement of welfare is not in vain and does not stop at its generation.[26]

### 3.2. *Maqashid Sharia*-Based Approache in Pension Fund Program of DPLK Syariah Muamalat

The implementation of the Pension Fund Program at BMI is managed by a subsidiary of BMI itself, namely DPLK Syariah Muamalat. The author will explain three indicators in the implementation of the DPLK Syariah Muamalat program, namely: how the process is carried out by the company, from participation and fund management to supervision by the Sharia Supervisory Board, and the results and impacts that can be seen for the welfare of the people. In addition to being run by the Company's Top Management, DPLK Syariah Muamalat also has a Sharia Supervisory Board that oversees the company's activities to ensure continued compliance with Sharia principles. DPLK Syariah Muamalat has individual and non-individual product segments.[27]

The contract scheme in the DPLK Syariah Muamalat Program is guided by DSN-MUI Fatwa Number 88/DSN-MUI/XI/2013, which sets out General Guidelines for the Implementation of Pension Programs Based on Sharia Principles. There are several contracts used in this scheme based on the guidelines of DSN-MUI Fatwan No.88, namely: 1) *Hibah bi syahthin* Contract; 2) *Wakalah bil Ujrah* Contract; 3) *Mudharabah* Contract; and 4) *Ijarah* Contract.

Participants can choose the investment package that best suits them. This means that all DPLK Syariah Muamalat programs are also based on the *mudharabah muqayyadah*

[25] Angga Syahputra, Asmuni Asmuni, and Tuti Anggraini, 'Urgensi Maqashid Syariah Dalam Pengelolaan Harta', *Jurnal Iqtisaduna* 9, no. 1 (2023): 14–27, https://doi.org/10.24252/iqtisaduna.v9i1.36636.

[26] Efriza Pahlevi Wulandari, Kasuwi Saiban, and Misbahul Munir, 'Implementasi Maqashid Syariah Dalam Pemberdayaan Ekonomi Masyarakat', *Invest Journal of Sharia & Economic Law* 2, no. 1 (2022): 1–15, https://doi.org/10.21154/invest.v2i1.3661.

[27] DPLK Muamalat, 'DPLK Syariah Muamalat', 2024.

contract, where participants are given the option to limit their pension funds to only a few instruments according to the investment package, depending on their respective choices, whether they want a short-term or long-term investment package, with the assumption that the investment level varies according to the risk and potential profit. The higher the risk level, the greater the investment participants will receive. This is in accordance with the rules in *muamalat fiqh*, namely *al-Ghunm bi al-Ghurm wa al-Ghurm bi al-Ghunm*, the profit is with the risk, and the risk always accompanies the profit.[28]

Therefore, DPLK Syariah Muamalat provides the freedom to choose instruments that suit their tastes. Regarding the performance of DPLK Syariah Muamalat, the latest Sharia Supervisory Board Report for 2021 shows that the number of participants was 121,870, a decrease from previous years. The following is a table of participant developments in the last 3 years:

Table 1. Number of Muamalat Syariah DPLK Participants Period 2018-2021

| **Year** | **Number of participants** | **Number of Participants (Increase/Decrease)** | **Percentage Decrease** |
|---|---|---|---|
| 2018 | 133,325 | - | - |
| 2019 | 121,810 | - 4,311 | - 3.23% |
| 2020 | 124,704 | + 4,310 | + 3.34% |
| 2021 | 121,870 | - 2,834 | - 2.27% |

*Source: DPS DPLK Syariah Muamalat Report (processed data)*

Based on the financial performance table above, total investment in 2019 decreased by around 190 billion rupiah due to the loss of around 4,311 participants. This also impacted investment income, which decreased by 16.97 billion rupiah, and net profit, which decreased by 10.74 billion rupiah. However, the overall Return on Investment increased by around 6%. The important point is that the investment made by DPLK Syariah Muamalat is quite good, as it is allocated to sharia-compliant investment instruments. Based on the latest report of DPS DPLK Syariah Muamalat, most of the pension fund investments were placed in Sharia Deposit instruments (68.33%), State Sharia Securities (SBSN) (20.36%), Corporate Sukuk (5.25%), Mutual Funds (5.21%), and Stocks (0.94%).

DPLK Syariah Muamalat continues to grow, recording a gradual increase in 2024, with assets reaching 1.7 trillion rupiah and a 6.5% increase in ROI. As for the number of participants, as of the end of the first quarter of 2024, DPLK Syariah Muamalat's individual and corporate customer base remained around 122,000.[29]

The Pension Fund Program owned by BMI, known as DPLK Syariah Muamalat, benefits all groups, including company employees and independent workers. This

[28] A. Djazuli, *Kaidah-Kaidah Fikih: Kaidah-Kaidah Hukum Islam Dalam Masalah-Masalah Yang Praktis* (Jakarta: Kencana, 2006).

[29] Khaerunnisa, 'Hasil Usaha DPLK Syariah Muamalat Naik 36,6 Persen Di Kuartal I-2024'.

program also offers investment packages tailored to participants' needs, in line with Sharia principles.

In principle, the Muamalat Syariah DPLK program can be categorized as a *dharuriyyat* need. because it is feared that employees or individuals who do not participate in this program will be at risk of not being able to meet their food and shelter needs in old age, especially for parents with children, who are worried they will no longer have a steady income. To see whether this program is truly at the *dharuriyyat* level, it can be reviewed from 2 sides, namely:

### 1) Communities that become participants in Islamic Financial Institution Pension Funds

From the participation perspective, which can reach all levels of society, it can be concluded that BMI wants each individual to participate in this program for the benefit of their families in the future. Educational needs from Elementary School to College are basic needs that must be prepared early on. So, by participating in the DPLK Syariah Muamalat program, participants have sought to protect their families' souls from poverty, protect their families' minds from stupidity, and maintain their families' survival and honor. This can be seen from the company's portfolio, which shows positive performance, although not yet significant, and can provide profit not only to the Company but also to the Participants.

In principle, the concept of *maslahah dharuriyyat* is a *maqashid sharia* principle that emphasizes the importance of fulfilling basic and urgent needs, which are the basic rights of every individual and are essential to the survival and sustainability of society as a whole. As for future *dharurat* needs, they must be prepared for now, as the rules of fiqh emphasize that harm must be prevented early.

### 2) Bank Muamalat Indonesia as the Organizer of the Islamic Financial Institution Pension Fund Program

DPLK Syariah Muamalat program has contributed significantly to helping close the gap in the Government's pension fund program, through Taspen, where this program is only open to participants with an ASN background. There are more than 120,000 participants in the DPLK Syariah Muamalat. Although this number is still far from the market share of the Indonesian workforce that has not actually been touched by pension funds and old-age security programs.

Based on data from the Ministry of Manpower, the total working-age population (15 years and above) in Indonesia as of August 2023 was 212,587,441, with the workforce at 147,707,452 (69.48%) and the non-workforce at 64,879,989 (30.52%). However, the workforce that is actually working does not reach 100%, but only 94.68% or

139,852,377 people.[30] However, looking at this number, it is quite a prospect for developing pension fund institutions, as its potential is still substantial and can be further optimized. Based on data from the State Civil Service Agency (BKN), the number of civil servants participating in the Taspen Pension Fund program per semester I-2023 is 4.28 million.[31] The number of active workers registered with BPJS Employment is 41.46 million people.[32] This means that if synchronized with the number of the Workforce of 139.85 million people, then there is still a potential of 94.11 million people who do not have old age security because Taspen only takes a market share of 3.06% of civil servants, and BPJS Ketenagakerjaan has only reached 29.65% of the total market share of the workforce in Indonesia.

DPK Syariah Muamalat becomes a pension fund institution that maintains sharia compliance based on sharia contracts used in its programs, namely *Mudharabah Muqayyadah* and *Mudharabah Muthlaqah* Contracts, depending on the participant's choice. This implementation confirms that the DPLK Syariah Muamalat Program has fulfilled the element of maintaining religion (*hifzhu ad-din*). By investing the participants' pension funds in sharia-based investment instruments supervised by the Sharia Supervisory Board of BMI. In addition, DPLK Syariah Muamalat also uses a business-to-business model to pick up the ball for pension fund program participants, opening up opportunities for corporations to participate in the corporate pension fund program through cooperation with BMI. This is an effort to expand BMI's business through its subsidiaries to secure more pension funds for investment in various instruments. The results of this investment will certainly increase the company's profitability and will continue to grow it into a healthy company amid tight competition from commercial banks, especially Conventional Commercial Banks. It can therefore be concluded that this program has also fulfilled the safeguarding of assets *(hifzhu al-maal) element* of the company.

### 3.3. *Maqashid Sharia*-Based Approache in Pension Fund Program of Taspen

Within the framework of Islamic economics, a sharia-compliant pension fund program can be classified as a *maslahah dharuriyyat* because it safeguards long-term economic well-being, protects human dignity, and ensures social and financial stability for families in old age. The inability to fulfil *dharuriyyat* needs is understood as a condition that may disrupt the overall order of life, including the levels of *hajiyyat* and *tahsiniyyat*. Although other investment instruments, such as stocks or mutual funds, may serve as

[30] Kementerian Ketenagakerjaan, 'Ketenagakerjaan Dalam Data', Satudata.Kemnaker.Go.Id, 2024.

[31] Yuli Nurhanisah, 'Jumlah ASN Di Indonesia', Indonesiabaik.Id, 2023.

[32] BPJS Ketenagakerjaan, 'BP Jamsostek Bidik Jumlah Peserta Aktif 53,86 Juta Pada 2024, Begini Strateginya', Www.Bpjsketenagakerjaan.Go.Id, 2024.

alternatives for future financial planning, they carry high volatility risks that may lead to *mudarat* if managed without sufficient competence or if their benefits cannot be optimally transferred to heirs. In this context, pension funds offer a safer, more stable, and capital-protective mechanism, making them substantively more aligned with the principles of *maslahah*.

However, despite the theoretical positioning of pension funds as an ideal instrument for ensuring welfare in old age, their implementation in Indonesia reveals several fundamental challenges. The ratio of active civil servants to retirees has exceeded 60 percent, generating significant fiscal pressure because the defined-benefit and pay-as-you-go scheme obliges the government to allocate annual pension expenditures through the state budget (APBN). Various findings indicate that Taspen's management of pension funds remains suboptimal, including investment losses and potential governance risks. The weak structural design of the pension system results in an imbalance among benefit adequacy, fiscal affordability, and long-term sustainability.[33] If the current scheme persists, the government faces a potential *fiscal time bomb* driven by the growing number of retirees and the shrinking number of active civil servants who contribute to this solidarity-based system. Furthermore, technological advancements have reduced the need for new civil servant positions, narrowing the pension system's future financing base.

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[33] Triyan Pangastuti, 'Menkeu Beberkan Faktor Rendahnya Penetrasi Dana Pensiun Di Indonesia', Investor.Id, 2022.
[34] Pangastuti.

Additional challenges arise from small institutions and companies that do not provide pension programs due to limited financial capacity, small workforce size, or different business priorities. Yet, from a *maqashid sharia* perspective, protecting income in old age is part of *hifz al-mal* and *hifz al-nafs*, and therefore should be a concern for all workers, both formal and informal.

In principle, the Pension Fund program of Taspen can also be categorized as a necessity because it is feared that civil servants, as state servants, will lose their income in old age and will not be able to meet the needs of clothing, food, and shelter for their families. To see whether this program is truly at the *dharuriyyat* level, it can be seen again from 2 sides, that is:

### *1) Civil Servants as Participants in the Pension Fund Program*

As a reaffirmation, *dharuriyyat* is a concept in Islamic law that emphasizes the importance of basic needs for the survival and welfare of society. This concept emphasizes the importance of fulfilling basic needs, which are the basic rights of each individual, to maintain the survival and sustainability of society as a whole.

The implementation of the Pension Fund Program for all civil servants in Indonesia does not conflict with the principles of *maslahah dharuriyyat* for several reasons:

a. This Pension Fund Program for Civil Servants provides very important benefits: it aims to ensure the survival and welfare of retired Civil Servants and their families when they are no longer productive at work, and provides a pension guarantee until the last child reaches 25 years old / unmarried.
b. The Pension Fund Program can, in principle, contribute to state revenue by managing monthly civil servant contribution funds invested in various financial instruments, such as government bonds, deposits, and stocks, and by potentially levying taxes on civil servant pension income. In addition, if the management of pension funds by Taspen, as a BUMN, is carried out properly, it will also have a positive impact on state revenue through BUMN dividend deposits.
c. The Civil Servant Pension Fund Program enhances the purchasing power of retired civil servants at an age when they are no longer productive, thereby indirectly increasing domestic consumption. With increased consumption, economic sectors such as trade and services benefit, thereby boosting tax revenues.

### *2) Government as Organizer of Pension Fund Program*

The government, as the organizer of the Pension Fund Program through its BUMN, namely Taspen, has primarily sought to ensure the sustainability of the future of civil servants. However, the pension fund payment scheme, which increases the number of retired civil servants each year, makes the program a burden on the APBN. This is because the government fully funds pension benefits under the defined-benefit, pay-as-you-go system.

The pension fund payment method under the pay-as-you-go scheme can pose long-term risks because the ratio of retired to active civil servants is nearly equal, requiring the government to set aside funds in excess of contributions from active civil servants. As previously explained, the number of retired civil servants has exceeded half of the active civil servant population, or more than 68%, which is around 2.92 million people. Even over the last 10 years, there has been no increase in the number of civil servants, as technological advances have replaced the need for human resources, improving organizational efficiency within each agency.

The current pension fund program that uses a defined benefit scheme with a pay-as-you-go method, where the Government is obliged to pay pension benefits for retired civil servants until they die, and is continued by their last child until the age of 25, can cause greater harm than benefit because it creates a very heavy burden on the state and continues to increase every year. This is considered contrary to *maslahah dharuriyyat* because the benefits obtained by participants are in contrast to the debt burden obtained by the Government. On the other hand, the results of the management of the collection of civil servant pension funds, deposited every month to Taspen to be developed into various investment instruments are not enough to cover the large allocation of the State Budget for the payment of civil servant pension funds every month. In fact, according to the BPK, an unrealized loss condition was found in the shares disbursed by Taspen, which resulted in company losses.

Therefore, the conclusion that can be drawn from this condition is that the implement-tation of the Taspen Pension Fund Program, based on the defined benefit scheme with the pay-as-you-go method, is considered contrary to the principle of *maslahah dharuriyyat*, so that a reform of the pension fund program is needed so as not to burden the APBN. The ongoing APBN deficit will negatively impact the national economy. Excessive debt increases can raise concerns about the country's fiscal sustainability, ultimately disrupting the implementation of long-term social welfare and development programs.

The above conditions clearly contradict the principle of *maslahah dharuriyyat*, which requires that this program create *maslahah* and avoid *mafsadah* that can damage human life, yet it does the opposite. In addition, a breakthrough is needed to develop Sharia units so that investments made can avoid elements of *maysir*, which can cause loss of investment capital due to distribution to non-Sharia-based instruments.

In summary, the analysis indicates that while Taspen's pension fund program fulfills individual welfare needs, it faces systemic constraints that challenge its long-term sustainability. In contrast, the fully funded model, whether applied within Taspen or through independent Sharia DPLK institutions, offers stronger alignment with maqashid principles by simultaneously protecting public finances, individual savings, and intergenerational equity. Therefore, reforming Indonesia's pension system toward a sharia-based, fully funded structure represents not only an economic necessity but also a normative imperative within Islamic public policy.

### 3.4. Pension Fund Program Models in the Future

Within the framework of Islamic economics, a sharia-compliant pension fund program can be categorized as a form of *maslahah dharuriyyat*, as it functions to safeguard long-term economic welfare, protect human dignity, and ensure social and financial stability for families in old age. The inability to fulfill these *dharuriyyat* needs is understood as a condition that may disrupt the order of life, including the domains of *hajiyyat* and *tahsiniyyat*. Although various alternative investment instruments, such as stocks or mutual funds, can be used for future financial planning, these instruments carry high volatility risks and may produce *mudarat* if managed without sufficient competence or if they cannot be effectively transferred to heirs. In this regard, pension funds offer a safer, more stable, and capital-protective mechanism, making them substantially closer to the principle of *maslahah*.

Nevertheless, although pension funds are theoretically an ideal instrument to ensure well-being in old age, their implementation in Indonesia reveals several fundamental problems. The ratio of active civil servants (PNS) to retirees has exceeded 60 percent, placing significant fiscal pressure on the government because the defined-benefit, pay-as-you-go scheme requires annual pension allocations through the state budget (APBN). Various findings indicate that Taspen's pension fund management has not been optimal, including investment losses and potential governance risks. Weaknesses in the pension system's design have led to an imbalance among benefit adequacy, fiscal affordability, and long-term sustainability.[35] If the current scheme is maintained, the government faces a fiscal time bomb due to the increasing number of retirees and the shrinking population of active civil servants who finance the solidarity-based system. At the same time, technological advancements have reduced the need for new civil servant formations, thereby narrowing the funding base for future pensions.

Government efforts to recruit Government Employees with Work Agreements (PPPK) may reduce long-term fiscal burdens because their pension arrangements differ from those of PNS. However, without comprehensive reform of the pension system design, the fiscal risks for future generations cannot be avoided. Another issue is that the pension program in Indonesia is practically available only to PNS, state-owned enterprises (BUMN), and a small number of large companies, creating the

[35] Pangastuti.

perception that employment outside these sectors offers no future security. The case of PT Astra International Tbk, where more than 21,000 participating companies failed to claim their employees' pension rights due to a lack of information,[36] illustrates disparities in education and access to information. This situation contradicts Article 8 of Law No. 13/2003, which guarantees workers' rights to obtain information regarding employment and social security.[37]

Additional barriers arise among small institutions and companies that do not offer pension programs due to limited financial capacity, small employee numbers, or differing business priorities. Yet from the perspective of *maqashid syariah*, protecting income in old age is part of *hifz al-mal* and *hifz al-nafs*, and therefore should be a concern for all workers, whether in the formal or informal sectors.

The author provides options for resolving the Pension Fund Program problem for both civil servants and private or independent workers, namely:

### *1) Fully Funded Scheme for Civil Servants*

One of the spending items often considered a burden on the APBN is employee spending. This spending item is given to civil servants in connection with their duties in providing public services. Along with rising economic needs, inflation, and government attention to the welfare of civil servants, this employee spending item has increased year over year, including the budget for paying civil servant pension salaries, which is also rising. One solution to reduce the burden on the APBN from civil servant pension payments is to shift from a pay-as-you-go, defined-benefit pension system to a fully funded system.[38]

In principle, changing the pension fund scheme from a pay-as-you-go scheme to a fully funded scheme will mathematically benefit retired civil servants because they will receive a fairly large amount of pension funds at once. The pension money obtained from the pay-as-you-go scheme is relatively small because the pension calculation is based on a maximum of 75% of the last basic salary, but the payments are relatively long because they are paid monthly rather than all at once. However, the problem is that changing the pay-as-you-go scheme to a fully funded scheme requires a budget that involves the central budget (APBN) and regional budget (APBD) simultaneously in a large amount. If the Government changes the pension fund scheme implemented by DPLK Syariah Muamalat, the Government's burden should be reduced.

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[36] Yane Rosdiana, 'Hambatan Dalam Pemenuhan Hak Pekerja Atas Pembayaran Manfaat Pensiun Dari Lembaga Dana Pensiun Astra (Studi Di PT Astra Internasional Tbk Jakarta)', preprint, Brawijaya University, 2014.

[37] Rosdiana.

[38] Joko Tri Haryanto, 'Analisis Beban Fiskal Manajemen Pegawai Pemerintah Dengan Perjanjian Kerja', *Jurnal Kebijakan Dan Manajemen PNS* 9, no. 2 November (2015).

The following is a simulation of the pension fund program for Civil Servants Group III aged 25 years with the fully funded DPLK Syariah Muamalat system:

Table 2. Simulation of Civil Servants Grade III Age 25 Years (PP No. 5 of 2024)

| Group | MKG | Basic salary | Compulsory Pension Contribution (8%) | Outstanding Investment Funds | Investment Return 5% / Year |
|---|---|---|---|---|---|
| III/a | 0 | 2,228,560 | 2,139,418 | 2,139,418 | 106,971 |
| III/a | 1 | 2,785,700 | 2,674,272 | 4,813,690 | 240,684 |
| III/a | 2 | 2,873,500 | 2,758,560 | 7,572,250 | 378,612 |
| III/a | 3 | 2,873,500 | 2,758,560 | 10,330,810 | 516,540 |
| III/a | 4 | 2,964,000 | 2,845,440 | 13,176,250 | 658,812 |
| III/b | 5 | 3,089,300 | 2,965,728 | 16,141,978 | 807,099 |
| III/b | 6 | 3,186,600 | 3,059,136 | 19.201.114 | 960,056 |
| III/b | 7 | 3,186,600 | 3,059,136 | 22,260,250 | 1,113,012 |
| III/b | 8 | 3,287,000 | 3,155,520 | 25,415,770 | 1,270,788 |
| III/c | 9 | 3,426,000 | 3,288,960 | 28,704,730 | 1,435,236 |
| III/c | 10 | 3,533,900 | 3,392,544 | 32,097,274 | 1,604,864 |
| III/c | 11 | 3,533,900 | 3,392,544 | 35,489,818 | 1,774,491 |
| III/c | 12 | 3,645,200 | 3,499,392 | 38,989,210 | 1,949,460 |
| III/d | 13 | 3,799,400 | 3,647,424 | 42,636,634 | 2,131,832 |
| III/d | 14 | 3,919,100 | 3,762,336 | 46,398,970 | 2,319,948 |
| III/d | 15 | 3,919,100 | 3,762,336 | 50,161,306 | 2,508,065 |
| III/d | 16 | 4,042,500 | 3,880,800 | 54,042,106 | 2,702,105 |
| IV/a | 17 | 4,213,500 | 4,044,960 | 58,087,066 | 2,904,353 |
| IV/a | 18 | 4,346,200 | 4,172,352 | 62,259,418 | 3,112,971 |
| IV/a | 19 | 4,346,200 | 4,172,352 | 66,431,770 | 3,321,588 |
| IV/a | 20 | 4,483,100 | 4,303,776 | 70,735,546 | 3,536,777 |
| IV/b | 21 | 4,672,800 | 4,485,888 | 75,221,434 | 3,761,072 |
| IV/b | 22 | 4,819,900 | 4,627,104 | 79,848,538 | 3,992,427 |
| IV/b | 23 | 4,819,900 | 4,627,104 | 84,475,642 | 4,223,782 |
| IV/b | 24 | 4,971,700 | 4,772,832 | 89,248,474 | 4,462,424 |
| IV/c | 25 | 5,182,000 | 4,974,720 | 94.223.194 | 4,711,160 |
| IV/c | 26 | 5,345,200 | 5,131,392 | 99,354,586 | 4,967,729 |
| IV/c | 27 | 5,345,200 | 5,131,392 | 104,485,978 | 5,224,299 |
| IV/c | 28 | 5,513,600 | 5,293,056 | 109,779,034 | 5,488,952 |
| IV/d | 29 | 5,746,800 | 5,516,928 | 115,295,962 | 5,764,798 |
| IV/d | 30 | 5,927,800 | 5,690,688 | 120,986,650 | 6,049,332 |
| IV/d | 31 | 5,927,800 | 5,690,688 | 126,677,338 | 6,333,867 |
| IV/d | 32 | 6,114,500 | 5,869,920 | 132,547,258 | 6,627,363 |
| **Total** | | | **132,547,258** | | **96,961,473** |
| **Total Retirement Savings Plus Additional Profit Sharing** | | | | | **229,508,730** |

Simulation results for Grade III civil servants contributing 8 percent of their monthly salary indicate that the accumulated pension savings of IDR 229.5 million remain significantly below the ideal retirement benefit of approximately IDR 1 billion, as proposed in the government's pension reform discourse. The resulting gap of IDR 770.4 million per participant confirms that a fully funded scheme would still require state support; however, the required contribution is considerably more manageable compared with the current fiscal burden of the pay-as-you-go system, which reaches IDR 158.6 trillion annually. With an estimated 150,000 new retirees each year, the projected subsidy under a fully funded model is approximately IDR 115.5 trillion, representing a 27 percent reduction in comparison with the existing pension expenditure. From a *Maqashid Sharia* perspective, this reduction reflects a substantive mitigation of public wealth deterioration (*mudarat fiskal*), thereby contributing to the protection of state financial stability (*hifz al-māl al-dawlah*).

Further evaluation shows that the fully funded model distributes risk more equitably. In the pay-as-you-go system, the financial burden of old-age benefits is placed on the current workforce and the national budget, making the scheme highly vulnerable to demographic shifts. The declining number of active civil servants, driven by bureaucratic streamlining and digitalization, limits the contribution base, thereby reducing the state's capacity to meet broader public obligations. This represents a structural form of harm that contradicts the principle of *dar' al-mafāsid*. Conversely, in a fully funded system, benefits are generated from accumulated participant contributions and investment returns, which ensures that future generations are not disproportionately burdened. Hence, the fully funded model is more aligned with *hifz al-nasl* by safeguarding intergenerational equity.

The introduction of Government Employees with Work Agreements (PPPK) provides an additional policy dimension. PPPK, as a civil service pension plan without defined benefit pensions, reflects a gradual governmental shift toward a more fiscally sustainable retirement design, similar to a fully funded model. However, this study finds that such measures yield limited long-term benefits unless accompanied by parallel reforms to the existing civil service pension scheme. As a result, disparities in pension arrangements for PNS and PPPK could create inequality in retirement protection, contradicting *hifz al-nafs*, which emphasizes dignity and welfare for all personnel within the state apparatus. Harmonizing pension structures toward a fully funded model is therefore essential to ensure coherence, fairness, and sustainability in the national pension system.

The investment analysis reinforces these conclusions. DPLK Syariah Muamalat's pension program, which recorded a 6.5 percent return on investment in 2024 using Sharia-compliant instruments under prudent governance and DPS oversight, demonstrates lower risk and greater alignment with *hifz al-māl*. In contrast, Taspen recorded an unrealized loss of IDR 762.82 billion across 13 issuers, and similar governance vulnerabilities were evident in the ASABRI case. These empirical findings validate that Sharia-compliant investment practices, characterized by prudential asset allocation, avoidance of speculative elements, and strong governance processes, offer greater protection of participant assets and enhance long-term financial resilience.

Conceptually, this study finds that a fully funded pension model may be considered more *maslahah* when it meets three core criteria: (1) substantially reducing the state's fiscal burden without diminishing participant welfare; (2) ensuring asset protection through transparent, low-risk, and Sharia-compliant investments; and (3) promoting intergenerational sustainability by preventing unfair burden transfer to future taxpayers. Empirical evaluation through numerical simulation and risk analysis confirms that the Sharia-based fully funded model better meets these three indicators than the current pay-as-you-go scheme.

### 2) *Fully Funded Business-to-Business Model Scheme for Private or Independent Workers*

The business-to-business model developed by BMI through its DPLK Syariah Muamalat program offers a significantly more inclusive mechanism for expanding pension fund access among private-sector and self-employed workers. Under this scheme, companies or institutions establish a dedicated business unit that collaborates with DPLK Syariah through an *akad mudharabah muqayyadah*, enabling pension contributions to be invested in productive real-sector activities such as internal business development or partnerships with third-party enterprises. From a national labor market perspective, this model could reach more than 94 million formal and informal workers who currently lack access to old-age security programs. Empirically, such expansion of participation could increase national savings, stimulate real-sector investment, and strengthen the diversification of Sharia-compliant pension portfolios, thereby reducing long-term investment volatility and enhancing systemic financial resilience.

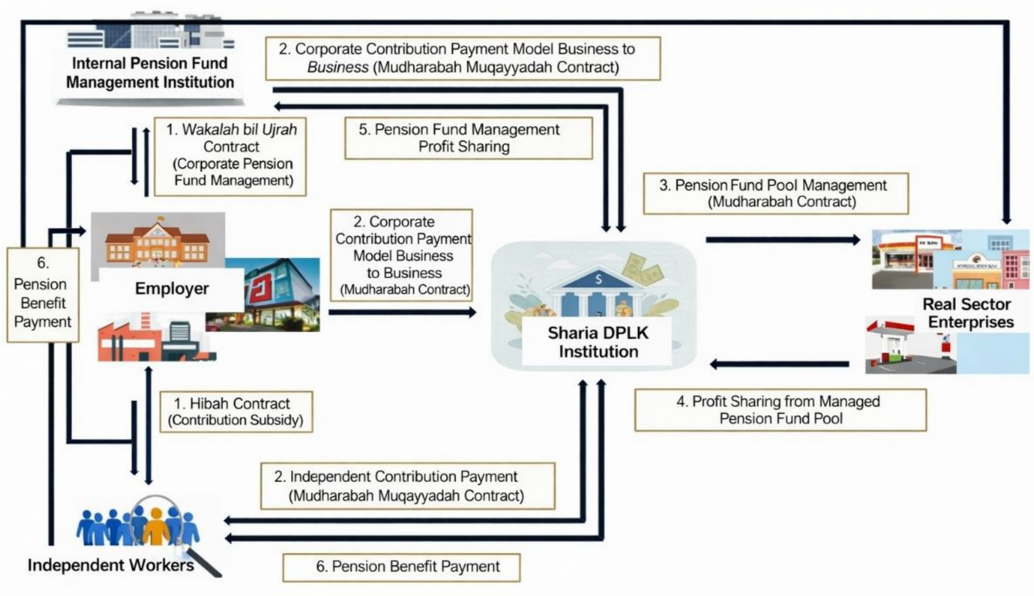


Figure 1. Concept Map of the Innovation Model of the Sharia Pension Fund Program

Building on the proposed Sharia-compliant pension model, companies seeking to implement a pension program are encouraged to establish a dedicated Business Unit that also functions as a fund-collecting entity through monthly salary deductions. This Business Unit collaborates with DPLK Syariah Muamalat under an *akad mudharabah muqayyadah*, focusing on real-sector investment activities, such as developing the institution's own business units or partnering with external enterprises. The profits generated from these investments are allocated to each employee's pension principal according to the agreed *nisbah*, ensuring transparent and equitable distribution of returns.

This Business-to-Business (B2B) innovation model may also be adopted by the Government through a strategic partnership between Taspen and DPLK Syariah Muamalat to establish a Sharia Investment Unit within Taspen. Such collaboration represents an initial step toward integrating Sharia-based investment principles into the national pension architecture while also capturing the substantial market potential among Indonesia's Muslim population. By adopting this model, pension programs for workers, including those in private enterprises, informal sectors, and self-employment, can become more sustainable, thereby fulfilling the objectives of *maslahah dharuriyyat*, particularly in safeguarding wealth (*hifz al-mal*) and ensuring long-term socioeconomic security (*hifz al-nafs*).

Overall, implementing a fully funded Sharia-compliant pension scheme for both civil servants and private-sector or independent workers offers a more sustainable alternative to the pay-as-you-go system. This approach aligns more closely with the core principles of *Maqashid Sharia*-protection of life, wealth, and long-term family welfare, while simultaneously reinforcing national fiscal stability by reducing long-term budgetary pressures.

## 4. Conclusion

This study concludes that Indonesia's pension system presents a structural contrast between the defined-benefit, pay-as-you-go model administered by Taspen and the fully funded, Sharia-compliant model operated by DPLK Syariah Muamalat. From a *Maqashid Sharia* perspective, the Taspen scheme successfully ensures income continuity for civil servants and their dependents; however, it generates substantial fiscal pressure due to the rising number of retirees, declining proportion of active civil servants, and governance vulnerabilities evidenced by unrealized investment losses. These trends indicate growing *mafsadah* to public finances, which threatens *hifz al-mal al-dawlah* (protection of state wealth) and institutional sustainability. In contrast, the fully funded model of DPLK Syariah Muamalat demonstrates greater alignment with *maslahah* principles through transparent contribution-based funding, halal investment portfolios, and risk distribution that does not impose long-term burdens on future generations. Empirical simulation results show that although government support may still be required to meet ideal benefit levels, the fiscal exposure is significantly lower than under the pay-as-you-go scheme. This fulfills the Maqashid objectives of preventing harm (*dar' al-mafasid*), safeguarding wealth (*hifz al-mal*), and maintaining long-term socioeconomic stability.

Furthermore, the Sharia-based business-to-business pension model offers an opportunity to expand pension coverage for the over 94 million private- and informal-sector workers who currently lack structured old-age protection. By integrating real-sector investments and Sharia contractual principles, this model enhances sustainability and reinforces intergenerational equity, an essential dimension of *hifz al-nasl*.

Overall, the findings establish that the Sharia-compliant fully funded pension model offers a more sustainable, equitable, and *Maqashid*-aligned alternative to Indonesia's conventional pension structure. These insights underscore the importance of integrating Islamic economic principles into national pension reform to strengthen fiscal resilience and promote long-term welfare.

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